



**Alaska Department of Natural Resources
Division of Oil and Gas
Public Notice of Application to Form Proposed Horseshoe Unit**

The Department of Natural Resources (Department) gives notice under 11 AAC 83.311 of an application to form the Horseshoe Unit. The proposed Horseshoe Unit is located onshore on the North Slope. It is situated south of the Colville River Unit along the Colville River. On October 21, 2021, Oil Search (Alaska), LLC (OSA) and Repsol E&P USA LLC (Repsol) the only working interest owners, filed an application to form the proposed Horseshoe Unit with the Division of Oil and Gas (Division). The proposed Unit Operator is Oil Search (Alaska), LLC. Oil Search's address is 900 East Benson Blvd Anchorage, AK 99508.

The Horseshoe Unit includes all or portions of the following lands:

Umiat Meridian, Alaska

T. 09 N. R. 05 E., secs. 3 thru 10.

T. 09 N. R. 04 E., secs. 1 thru 18.

T. 09 N. R. 03 E., secs. 1 thru 4; 11 thru 14; 21 thru 36.

T. 09 N. R. 02 E., secs. 25 thru 28; and 33 thru 36.

T. 08 N. R. 04 E., secs. All.

T. 08 N. R. 03 E., secs. All.

T. 08 N. R. 02 E., secs. All.

T. 07 N. R. 04 E., secs. 1 thru 21; 23 through 26, 28 through 30, 35 and 36.

T. 07 N. R. 03 E., secs. 1 thru 18.

T. 07 N. R. 02 E., secs. 1 thru 18, 19 through 22, 27 through 35

T. 06 N. R. 04 E., secs. 1 and 2; 11 thru 14.

You may review the non-confidential portions of the application on the Division's website at <http://dog.dnr.alaska.gov/Library/>, in-person at the Division's office, or by writing to Division of Oil & Gas, Units Section, 550 West 7th Avenue, Suite 1100, Anchorage, Alaska 99501-3560. The Division charges a photocopy fee of \$.25 per sheet, per 11 AAC 05.030(a)(3)(A).

Any person may file written comments on the application. Comments must be received by close of business 4:30 p.m., Alaska Time, January 17, 2022, and should be mailed to the Division of Oil and Gas, attention Kevin Pike, Unit Manager, at the above address, or emailed to DOG.Units@alaska.gov. The Department will consider all timely written comments and evaluate the application based on the criteria in 11 AAC 83.303 and 83.336(a)(2). After the close of the comment period, the Department will issue a written decision to approve or deny the unit formation application. Individuals or groups of people with disabilities, who require special accommodations, auxiliary aids or services, or alternative communication formats, please contact Lorence Williams at (907) 269-8507, or TDD (907) 269-8411 (5 days before end of comment period).

This notice also appears on the State of Alaska website at <http://dnr.alaska.gov/commis/pic/pubnotfrm>.

Published: December 16, 2021



Oil Search

APPLICATION FOR FORMATION OF THE HORSESHOE UNIT

October 1, 2021

Introduction

Oil Search (Alaska), LLC (“OSA”), on behalf of the identified Working Interest Owners OSA and Repsol E&P USA LLC (“Repsol”) (collectively the “WIOs”), hereby submits this application to form the Horseshoe Unit to the State of Alaska, Department of Natural Resources (“DNR”) and the United States Bureau of Land Management (“BLM”) pursuant to the provisions of 11 AAC 83.303, 11 AAC 83.306 and 43 CFR § 3137.23.

One hundred percent of the subsurface estate within the proposed Unit Area is held by the State of Alaska or the United States of America. The identified WIOs collectively control one hundred percent of the right, title and interest in the leases and oil or gas reservoirs or potential hydrocarbon accumulations to be included in the proposed Unit Area. All proper parties to the proposed Horseshoe Unit Agreement are listed in the Unit Agreement and have been invited to join the proposed Unit.

Invitations and an opportunity to join were provided to the proper parties to the proposed Horseshoe Unit Agreement.

OSA is nominated as Unit Operator pursuant to the Horseshoe Unit Agreement and Horseshoe Unit Operating Agreement.

In addition to the executed Horseshoe Unit Agreement, the following Exhibits and Attachments are included in support of this application:

- Exhibit A – Horseshoe Unit Ownership Information
- Exhibit B – Map of Horseshoe Unit Area and Tracts
- Exhibit E – Plan of Exploration
- Confidential Attachment A – Geologic, Geophysical and Engineering Information (Confidentiality requested pursuant to applicable law and regulations, including 5 USC § 552(b)(4) and (9), 43 CFR §§ 2.26 and 3100.4, AS 38.05.035(a)(8), and 11 AAC 82.810.)

Criteria for Unit Formation

11 AAC 83.303, 11 AAC 83.306, 43 CFR § 3137.21 and 43 CFR § 3137.23 describe the content and criteria that the DNR and BLM use in evaluation of an application for proposed Unit formation. A proposed Unit Agreement will be approved if it is determined that the proposed Unit is in the public interest and meets these provisions.

Development, production and processing of hydrocarbons through single common facilities will minimize surface and environmental impacts. Development of the proposed Unit area will include one or more drillsites, pipelines and processing facilities. The ability to develop the proposed Unit area and conduct operations in a consolidated manner will allow for a reduced overall footprint when compared to development on a lease-by-lease basis.

The proposed Horseshoe Unit overlies all or part of one or more oil or gas reservoirs, or all or part of one or more potential hydrocarbon accumulations. Attachment A provides pertinent geological, geophysical, and engineering characteristics and other information which establish oil or gas reservoirs and potential hydrocarbon accumulations in the proposed Unit Area. OSA requests that the materials in Attachment A be held confidential pursuant to AS 38.05.035(a)(8), 11 AAC 82.810 and applicable Federal policy including 5 USC § 552(b)(4) and (9), 43 CFR §§ 2.26 and 3100.4.

The leases encompassed by the proposed Horseshoe Unit have been explored directly by four wells:

- Horseshoe 1 and 1A, drilled in 2017;
- Stony Hill 1, drilled in 2018; and
- Stirrup 1, drilled in 2020.

All four wells discovered oil, collectively identifying producible reservoirs in three different horizons of the Nanushuk Formation. Several additional wells drilled nearby but outside of the proposed Unit Area also are significant for demonstrating the prospectivity of the Nanushuk Formation within the proposed Unit area. These wells are discussed in more detail in the confidential Attachment A.

In addition to drilling multiple discovery wells within the proposed Unit Area, the WIOs and their predecessors in interest have conducted other major exploration activities. These activities are described in more detail in the confidential Attachment A, and include acquisition of two different 3D seismic surveys covering several hundred square miles (Horseshoe 3D and Kuukpik 3D), licensing of additional seismic datasets, and extensive work assembling, reprocessing, merging, and improving these datasets.

The Unit Plan of Exploration (POE) is contained in the proposed Horseshoe Unit Agreement, Exhibit E. The POE sets forth the proposed activity to be undertaken by the WIOs in the initial five year period which will include seismic processing and interpretation of recently acquired 3D seismic and integration into prior seismic datasets, well-tie analysis, and extensive static and dynamic modeling. The WIOs propose to drill one well in the southern portion of the proposed Unit area under the POE.

The proposed Unit area protects all parties of interest, including the State of Alaska and the United States of America. Efficient recovery through unitization reduces overall costs and increases economic recovery limits, which increases revenue to the State of Alaska and the United States of America through royalties and taxes. Efficient development and production from consolidated Unit facilities also minimizes cultural and environmental impacts.

The Unit Agreement meets the requirements of Article 3 of 11 AAC Chapter 83 and 43 CFR Subpart 3137 and approval of this application for the Horseshoe Unit is in the public interest.

OSA proposes that the Horseshoe Unit formation be approved effective October 1, 2021. In accordance with 43 CFR § 3137.111 and 11 AAC 83.393(b). OSA requests an initial term of 10 years for the Horseshoe Unit.

If you have any questions or require any further information, contact Tim Jones at 907-375-4624, or via email at tim.jones@oilsearch.com.

Sincerely,



Bruce Dingeman
EVP and President Alaska

Cc: Tom Stokes, Director, Division of Oil and Gas
Wayne Svejnoha, BLM Alaska Energy and Minerals Branch Chief

HORSESHOE UNIT OPERATING AGREEMENT

BETWEEN

OIL SEARCH (ALASKA), LLC

AND

REPSOL E&P USA LLC

October 1, 2021

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Exhibits and Schedules

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- Exhibit B – Contract Area
- Exhibit C – Integrated Project Team Provisions
- Exhibit D – Accounting Procedure
- Exhibit E – Tax Partnership Provisions
- Exhibit F – 2021 Work Program and Budget
- Exhibit G – Decommissioning Procedures
- Exhibit H – Memorandum of Operating Agreement and Financing Statement
- Exhibit I – Form of Assignment
- Exhibit J – HSSE Policy Statement

HORSESHOE UNIT OPERATING AGREEMENT

THIS AGREEMENT is made and entered into on October _____, 2021, to be effective as of October 1, 2021 (“**Effective Date**”) among:

PARTIES

1. **Repsol E&P USA LLC**, a Texas limited liability company, with its principal place of business at 2455 Technology Forest Blvd., The Woodlands, Texas 77381 (“**Repsol**”); and
2. **Oil Search (Alaska), LLC**, a Delaware limited liability company, with its principal place of business at 900 E. Benson Blvd., Anchorage, Alaska 99508 United States of America (“**OSA**”).

The companies named above may sometimes individually be referred to as “**Party**” and collectively as the “**Parties.**”

RECITALS

- A. The Parties acknowledge and agree that this Agreement is subject to the provisions of the Unit Agreement (defined herein).
 - A. The parties desire to unitize the Leases set forth in Exhibit A as the initial Contract Area depicted on Exhibit B and form the Horseshoe Unit (HSU).
 - B. The Horseshoe 1 well and Stirrup 1 well each were drilled by OSA and Repsol or their predecessors in interest prior to entering into the Horseshoe Unit Agreement and Horseshoe Unit Operating Agreement.
 - C. The Alaska Department of Natural Resources (DNR) as to state leases and the United States Bureau of Land Management (BLM) as to federal leases must approve a Horseshoe Unit Agreement and formation of the HSU.
 - D. A Plan of Exploration (Exhibit E) is included as an Exhibit to the Unit Agreement. The Plan of Exploration as approved by the Agencies with the Unit Agreement will be deemed a Unit Plan approved under the Horseshoe Unit Operating Agreement with the same effective date as this Agreement.

By signature hereto, each party approves formation of the HSU and authorizes the Unit Operator to submit to DNR and the BLM as landowners of the leases comprising the HSU an application for approval of the Horseshoe Unit Agreement and formation of the HSU. In consideration of the premises set out above and the mutual covenants, agreements, and obligations set out below and to be performed hereby, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

As used in this Agreement, the following capitalized terms shall have the meaning ascribed to them below:

\$ or Dollars have the meaning given them in Article 1.2.Q.

AAA has the meaning given it in Article 17.2.C.

Accounting Procedure means the rules, provisions, and conditions contained in Exhibit D.

Acquired Party means the Party subject to a Change in Control.

Acquirer means the Party or Third Party proposing to acquire Control in a Change in Control.

Acquiring Party has the meaning given it in Article 8.7.C.1.

Acreage Basis when used to describe the basis of participation by the Parties within the Subject Lands, Contract Area, Participating Area, Tract, or other area designated pursuant to this Agreement with regard to voting, means participation by each such Party in the proportion that the surface acreage of any minerals (whether by leasehold or otherwise) for which it owns Participating Interests in such area bears to the total surface acreage of the Participating Interest of all such Parties therein. For the purposes of this definition, (a) the surface acreage of the Participating Interest in a Tract within the Subject Lands shall be the surface acreage of such Tract as set forth in Exhibit A, and (b) if there are two (2) or more undivided Participating Interests in a Tract, there shall be apportioned to each such Participating Interest that proportion of the surface acreage of the Tract that such Participating Interest bears to the entire Participating Interest in the Tract.

Administrative Functions means the administrative duties and functions to be performed by Operator as Operator on behalf of any Party pursuant to this Agreement, including Operator's performance of the following duties and functions under this Agreement: (i) receipt, payment, and accounting to Non-Operators of funds (or other amounts) controlled or held by Operator pursuant to this Agreement (including the imposition of any premiums set forth in Article 7.5); (ii) preparing and/or furnishing Venture Information (and any other reports, record, or information to which Non-Operators are permitted to receive or otherwise access), Work Programs and Budgets, AFEs, and notices, in each case, to Non-Operators pursuant to this Agreement; (iii) implementing and administering (including the calling of meetings) any voting, election, approval, or assignment of interests pursuant to this Agreement; and (iv) seeking the approval and direction of the Operating Committee and/or Non-Operators as required under this Agreement; provided that "Administrative Functions" do not include any such duties or functions performed on any Party's behalf in relation to any Third Party.

AFE means an authorization for expenditure under Article 6.8.

AFE Matter has the meaning given it in Article 6.8.A.

Affiliate means a legal entity that at any tier Controls, is Controlled by, or is Controlled by an entity that Controls, a Party.

Agency means any federal, state, or local government or division thereof, any governmental, regulatory, or administrative agency, or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power, or any court or governmental tribunal or arbitrator, in any case, that has jurisdiction over any of the Parties or any of their respective Participating Interests or assets, including ASRC and other native corporations (in each case, solely when acting in their respective capacities as lessor of Unitized Substances under the Unit Agreement or any similar arrangement), as applicable, required by applicable Laws or the Unit Agreement to approve any document (including Unit Plans), matter, decision, or proposal in connection with this Agreement and any Operations.

Agreed Interest Rate means interest compounded on a monthly basis, at LIBOR plus three (3) percentage points, applicable on the first Business Day before the due date of payment and afterwards on the first Business Day of each succeeding Calendar Month. If the resulting rate is contrary to any applicable usury law, then the rate of interest to be charged shall be the maximum rate permitted by applicable Law.

Agreement means this agreement, together with the Exhibits attached to this agreement, and any extension, renewal, or amendment agreed to in writing by the Parties.

Annual Cost Overrun has the meaning given it in Article 6.9.A.

Annual Expense and Minor Capital Expenditure Budget means the annual expense and minor capital expenditure budget included in the Work Program and Budget for each Calendar Year, including the line items associated therewith.

Anti-Bribery Laws and Obligations means for each Party: (i) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries; (ii) the U.S. Foreign Corrupt Practices Act, as amended from time to time; (iii) the U.K. Bribery Act, as

amended from time to time; and (iv) the laws prohibiting bribery and corruption in the countries of such Party's place of incorporation, principal place of business, and place of registration as an issuer of securities, and the laws prohibiting bribery in the countries of such Party's ultimate parent company's place of incorporation, principal place of business, and place of registration as an issuer of securities.

Appraisal Operations means operations and activities, including acquiring G&G Data, permitting, drilling Appraisal Wells, and conducting pre-FEED or FEED and other similar engineering and infrastructure studies, after one or more Discoveries is made in order to evaluate the quantitative and qualitative parameters of such Discovery or Discoveries, and may include Testing conducted in the bore of the well that made such Discovery or Discoveries.

Appraisal Plan & AFE means an overall plan for Appraisal Operations concerning one or more Discoveries and associated AFE(s) submitted to the Operating Committee for approval.

Appraisal Well means any well (other than an Exploration Well or a Development Well) whose purpose at the time of commencement of drilling such well is to appraise the extent or volume of Unitized Substance reserves in one or more existing Discoveries.

Arbitration Rules has the meaning given it in Article 17.2.C.

Assignment Date has the meaning given it in Article 8.8.E.1.

Basis of Disapproval has the meaning given it in Article 6.3.C.1.

BLM means the United States Bureau of Land Management.

Business Day means a Day, other than a Federal holiday, Saturday, or Sunday on which commercial banks in Anchorage, Alaska are customarily open for business.

Buy-Out Notice has the meaning given it in Article 8.8.C.1.

Buy-Out Option has the meaning given it in Article 8.8.A.

Buy-Out Price has the meaning given it in Article 8.8.A.

Buy-Sell Buying Party means, collectively, the Re-Vote Parties that, as a result of the Major Project Buy-Out Parties' election pursuant to Article 6.3.C.5(d), are purchasing the Buy-Sell Interest of the Buy-Sell Selling Parties.

Buy-Sell Initiation Notice Period has the meaning given it in Article 6.3.C.5(a).

Buy-Sell Interests means, as applicable:

- (i) the Non-Proceeding Parties' percentage share of the Major Project Interest, in the case that one (1) or more of the Major Project Buy-Out Parties have proposed to acquire the Major Project Interest of such Non-Proceeding Parties pursuant to Article 6.3.C.5(d); and
- (ii) the applicable Major Project Buy-Out Parties' percentage share of the Major Project Interest, in the case that such Major Project Buy-Out Parties have proposed to sell their Major Project Interest pursuant to Article 6.3.C.5(d).

Buy-Sell Offer has the meaning given to it in Article 6.3.C.5(a).

Buy-Sell Offer Period has the meaning given to it in Article 6.3.C.5(c).

Buy-Sell Option means the option held by the Proceeding Parties to either accept an Offer to Sell or an Offer to Buy pursuant to Article 6.3.C.5.

Buy-Sell Price means an amount in cash equal to (i) the Buy-Sell Interests of the relevant Buy-Sell Selling Party multiplied by (ii) the Major Project Value of the Major Project.

Buy-Sell Selling Party means a Re-Vote Party that, as a result of the Major Project Buy-Out Parties' election pursuant to Article 6.3.C.5(d), is selling its Buy-Sell Interests.

Buying Party has the meaning given it in Article 8.8.C.1.

Calendar Month means one of the twelve (12) calendar months of the Gregorian Calendar commencing on the first Day of each calendar month.

Calendar Quarter means a period of three (3) consecutive Calendar Months commencing January 1 and ending March 31, commencing April 1 and ending June 30, commencing July 1 and ending September 30, or commencing October 1 and ending December 31.

Calendar Year means a period of twelve (12) consecutive Calendar Months, commencing January 1 and ending December 31.

Cash Call means any request for the Parties to advance their respective Participating Interest shares of estimated cash requirements for the next Calendar Month's Operations in accordance with this Agreement.

Cash Transfer means a Transfer where the sole consideration, other than the assumption of obligations relating to the transferred Participating Interests, is cash, cash equivalents, promissory notes, or retained interests (e.g. production payments) in the Participating Interest.

Cash Value means the portion of the total monetary value (expressed in Dollars) of the consideration being offered by the proposed transferee (including any cash, other assets, and tax savings to the transferor from a non-cash deal) that reasonably should be allocated to the Participating Interests subject to the proposed Transfer or Change in Control.

Change in Control means a direct or indirect change in Control of a Party (whether through merger, spin-off, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees; provided that, for purposes hereof, a "Change in Control" shall not include a change in Control of a Party (i) created by a change in Control of the Ultimate Holding Company, (ii) resulting in ongoing Control by an Affiliate over which the Ultimate Holding Company of such Party maintains Control, including as may result from an internal reorganization of Operator and Operator's Affiliates, or (iii) that occurs due to a demerger or disaggregation of an Ultimate Holding Company, the shares of which are listed on a stock exchange and which demerger or disaggregation has the approval in a general meeting of the shareholders in that Ultimate Holding Company.

Code has the meaning given it in Article 13.5.

Commissioner means the Commissioner of the DNR, State of Alaska, or the Commissioner's authorized representative.

Common Data Base has the meaning given it in Article 20.3.D.2.

Completion means an operation intended to complete a well as a producer of Unitized Substances in one or more Zones, including the setting of production casing, perforating, stimulating the well, and production Testing conducted in such operation.

Consenting Party means a Party that agrees to participate in and pay its share of the Cost of an Exclusive Operation.

Consequential Loss means any losses, damages, Costs, or liabilities caused (directly or indirectly) by any of the following arising out of, relating to, or connected with this Agreement or the Operations: (i) reservoir or formation damage; (ii) inability to produce, use or dispose of Unitized Substances; (iii) loss or deferment of income; (iv) punitive damages; or (v) indirect damages or losses whether or not similar to the foregoing.

Contract Area means the area that is subject to the Unit Agreement and this Agreement and is depicted on Exhibit B, as amended from time to time in accordance with the Unit Agreement, submerged or not.

Contributing Share has the meaning given it in Article 8.3.A.

Control means the ownership directly or indirectly of fifty percent (50%) or more of the voting rights in a legal entity.

Cost means any and all costs and expenses incurred pursuant to this Agreement and all other expenses that, in each case, are herein made chargeable in accordance with the Accounting Procedure.

Crude Oil means all crude oils, condensates, natural gas liquids and other hydrocarbons and other substances in a liquid state suitable for transport as petroleum by the Kuparuk Transportation Company or another carrier to which the Petroleum Pipeline connects.

Day means a Gregorian Calendar day unless otherwise specifically provided.

Decommissioning means all work required for the abandonment of Joint Property pursuant to applicable Laws in accordance with good oil field practice and applicable legal obligations, including, where required, plugging of wells, abandonment, disposal, demolition, removal, and/or clean-up of Facilities, and any necessary site remediation and restoration.

Decommissioning Costs means the Costs of Decommissioning.

Decommissioning Response Deadline means as to each Party the thirtieth (30th) Day after receipt of Operator's notice of Decommissioning under Article 10.1.A.

Deepening means an operation to drill a well to an objective Zone below the deepest Zone in which such well was previously drilled, or below the deepest Zone proposed, whichever is the deeper.

Default has the meaning given it in Article 8.1.A.

Default Amount means the amount of the Defaulting Party's share of Joint Account charges that the Defaulting Party has failed to pay when due under this Agreement, but excluding the interest owed on such amount.

Default Notice means the notice of Default given to a Defaulting Party.

Default Period means the period beginning on the fifth (5th) Business Day after the date that the Default Notice is received under Article 8.1.A and ending when the Defaulting Party has remedied its Default in full by paying the Total Amount in Default.

Defaulting Party has the meaning given it in Article 8.1.A.

Delivery Point means the point at which Unitized Substances are measured for Entitlement allocation purposes and severed from the Contract Area.

Determination Subcommittee has the meaning given it in Article 20.2.B.

Development Operations means operations and activities, including drilling Development Wells, conducted under an approved Development Plan & AFE.

Development Plan & AFE means an overall plan for the development of Unitized Substances from one or more Discoveries and associated AFE(s) submitted to the Operating Committee for approval.

Development Well means any well drilled pursuant to a Development Plan & AFE.

Dilution Interest has the meaning given it in Article 8.7.B.

Dilution Notice has the meaning given it in Article 8.7.C.1.

Dilution Option has the meaning given it in Article 8.7.A.

Disagreeing Party has the meaning given it in Article 11.2.F.4 and Article 11.3.C.4, as applicable.

Discovery means the discovery of a Reservoir, the existence of which until the moment of discovery was unproven by drilling.

Dispute means any dispute, controversy, or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, relating to, or connected with this Agreement or the Operations, including any dispute as to the construction, validity, interpretation, enforceability, breach, or termination of this Agreement.

DNR means the Alaska Department of Natural Resources.

Effective Date has the meaning set forth in the Preamble.

Encumbrance means with respect to any interest or asset, a mortgage, lien, pledge, charge, or other burden.

Entitlement means the quantity of Unitized Substances (excluding all quantities used or lost in Operations) that a Party has the right and obligation to own, take in kind, and dispose of under this Agreement and the Leases, as such right and obligation may be modified by any lifting, balancing, sales, and other agreements entered into under Article 9.

Environmental Loss means any losses, damages, Costs, or liabilities (other than Consequential Loss) caused by a discharge of Unitized Substances, pollutants, or other contaminants into or onto any medium (including land, surface water, ground water, and/or air) relating to this Agreement, the Unit Agreement, or the Operations, including: (i) injury or damage to, or destruction of, natural resources or real or personal property; (ii) Cost of pollution control, clean-up, and removal; (iii) Cost of restoration of natural resources; and (iv) fines, penalties, or other assessments.

Equity Procedures means those specific techniques and methodologies to be used to determine Tract Participations for any determination as set forth in Article 20.2.

Excluded Interest has the meaning given it in Article 22.4.

Exclusive Operations means those operations and activities carried out under this Agreement, the Costs of which are chargeable to the account of fewer than all the Parties in accordance with Article 7.

Exclusive Well means a well drilled as an Exclusive Operation.

Exploration Operations means operations and activities, including acquiring G&G Data, permitting, conceptual, or other pre-FEED activities, and drilling Exploration Wells, whose purpose is to explore for accumulations of Hydrocarbons, and may include Testing conducted in the bore of a well that makes a Discovery.

Exploration Plan & AFE means an overall plan for Exploration Operations and associated AFE(s) submitted to the Operating Committee for approval in the Contract Area.

Exploration Well means any well, whose purpose at the time drilling commences, is to explore for an accumulation of Hydrocarbons, which accumulation was at that time unproven by drilling.

Facilities means any personal property or fixtures, wherever located and whether on or off the Contract Area, downstream of wellhead connections that are constructed or acquired pursuant to this Agreement for the purpose of producing, handling, storing, treating, or transporting Unitized Substances, including, but not limited to, on site personnel quarters and transportation systems (including roads, rights of way, and easements), communications systems, and oil spill response equipment.

Facilities Owners has the meaning given it in Article 6.11.A.

Facilities Sharing Agreements has the meaning given it in Article 6.11.B.

Facility Users has the meaning given it in Article 6.11.B.

FEED stands for front end engineering and design and is the phase of engineering following both preliminary design and award of the FEED contract, during which engineering design is conducted to develop specifications, process design, and engineering drawings to define the Facility or Facilities, and to prepare for licensing, regulatory, and Agency approvals.

FEED Appraisal Operations has the meaning given to it in Article 6.2.I.2.

FEED Appraisal Plan & AFE has the meaning given to it in Article 6.2.I.2.

FEED Decision means the Operating Committee's approval of a FEED Appraisal Plan & AFE.

Force Majeure means wars, riots, acts of God, unusually severe weather, or any other cause beyond a Party's reasonable ability to foresee or control including, but not limited to, delays caused by operational failure of existing transportation Facilities or delays caused by judicial or administrative decisions or lack of them. "Force Majeure" does not include a lack of monetary resources, regardless of the cause. The period of time during which performance of any action will be excused by Force Majeure will not extend beyond the time when such Force Majeure condition could have been cured or removed and such action could have been performed with the exercise of Good Faith Efforts; provided that Force Majeure does not include the insolvency or bankruptcy of the Party claiming Force Majeure.

G&G Data means only geological, geophysical, geochemical, and other similar data and information that is not obtained through a well bore.

Good Faith Efforts means taking such actions that are objectively reasonable to reach the identified outcome, measured according to what a prudent person acting reasonably would or would not have done, under the same or similar circumstances.

Gross Negligence / Willful Misconduct means any act or failure to act (whether sole, joint or concurrent) by any person or entity that was intended to cause, or was in reckless disregard of or wanton indifference to, harmful consequences such person or entity knew, or should have known, such act or failure would have on the safety or property of another person or entity.

HSSE means health, safety, security and human rights, and the environment.

HSSE Plan has the meaning given it in Article 6.6.A.

Hydrocarbons means all hydrocarbon Unitized Substances, including Crude Oil and Natural Gas.

ICC has the meaning given it in Article 17.3.

Income Tax means U.S. federal income tax, Alaska corporate income tax, and any other applicable U.S. state income tax corresponding to the ownership and operation of the Participating Interests that is substantially similar thereto including any interest or penalties with respect thereto.

Index means the Marshall and Swift index or such other index as is used for adjustment of prior Calendar Year to current Calendar Year costs for valuation of Joint Property for the purpose of the collection of ad valorem tax by the State of Alaska.

Initial Unit Boundary means the boundary of the Contract Area as of the Effective Date depicted on Exhibit B.

Intangible Value has the meaning given it in Article 22.2.A.1.

Interim Determination has the meaning given in Article 20.3.A.

International Trade Laws means applicable regulations governing international trade, including but not limited to the sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, export controls administered by the U.S. Department of Commerce Bureau of Industry and Security, and import and export measures implemented by the U.S. Customs and Border Protection.

Joint Account means the accounts established and maintained by Operator under this Agreement and the Accounting Procedure to record Costs, receipts, and credits of Operations.

Joint Operations means all operations and activities conducted by the Operator pursuant to this Agreement on behalf of all Parties.

Joint Property means, at any point in time, all wells, Facilities, equipment, materials, information, funds, and property (other than Unitized Substances) held for use in Operations.

Laws mean the laws, statutes, orders, rules, and regulations of all federal, state, and local governmental agencies and authorities having jurisdiction over the Subject Lands.

Lease Burden(s) means the royalty, net profits, or other interest reserved to the lessor in any oil and gas lease, or an overriding royalty, a non-participating royalty interest, production payment, or other similar burden created prior to the Effective Date of this Agreement and described in Exhibit A, but does not include a carried working interest, any interest payable out of profits to someone other than the applicable Party, or any interest created after the Effective Date of this Agreement.

Leases means the oil and gas leases within the Contract Area and described in Exhibit A.

LIBOR means the interest rate per annum equal to the British Bankers Association London Interbank Offered Rate for one-month Dollar deposits, as published in London by the Financial Times or, if not published, then by The Wall Street Journal.

Lien Holder has the meaning given it in Article 11.2.E.

Major Project means Development Operations to be conducted under a Development Plan & AFE that are reasonably expected to exceed seven hundred fifty million Dollars (\$750,000,000) in Costs (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index).

Major Project Buy-Out Parties has the meaning given it in Article 6.3.C.5(a).

Major Project Development Plan & AFE has the meaning given it in Article 6.3.C.

Major Project Disapproving Party has the meaning given it in Article 6.3.C.1.

Major Project Initial Vote has the meaning given it in Article 6.3.C.

Major Project Interest has the meaning given it in Article 6.3.C.5(a).

Major Project Re-Vote has the meaning given it in Article 6.3.C.4(b).

Major Project Participating Party has the meaning given it in Article 6.3.C.1.

Major Project Value has the meaning given it in Article 6.3.C.5(a).

Major Project Withdrawing Party has the meaning given it in Article 6.3.C.1.

Major Surface Contract means a contract with an entity that is not an Agency relating to surface use of lands on which it is contemplated that Development Operations will be conducted or Facilities will be located.

Minimum Credit Criteria means (i) a consolidated net worth to pay its obligations in all reasonable foreseeable circumstances or (ii) a long term debt rating of at least BBB- by Standard & Poor's, or Baa3 by Moody's Investors Service, or an equivalent rating by a successor entity to either agency.

Modified Participating Area has the meaning given it in Article 22.1.

Modified PA Date has the meaning given it in Article 22.1.

Multi-pay Discovery means two or more Discoveries that are proposed to be appraised in the same Appraisal Well.

Natural Gas means all Unitized Substances in a gaseous state (including wet gas, dry gas, and residue gas), but excluding Crude Oil suitable for acceptance as Sales Gas.

Non-Consenting Party means each Party who elects not to participate in an Exclusive Operation.

Non-Defaulting Party means a Party that is not a Defaulting Party.

Non-Operator means each Party to this Agreement other than Operator.

Non-Proceeding Party has the meaning given it in Article 6.3.C.5.

Notice of Dispute has the meaning given it in Article 17.2.B.

Offer to Buy has the meaning given to it in Article 6.3.C.5(c).

Offer to Sell has the meaning given to it in Article 6.3.C.5(c).

OOIP has the meaning given to it in Article 20.3.C.

Operating Committee means the committee established under Article 5.

Operations means all operations and activities conducted by the Operator pursuant to this Agreement, including but not limited to Exploration Operations, Appraisal Operations, Development Operations, Production Operations, Exclusive Operations, Joint Operations, Required Operations, and operations and activities for the purposes of Decommissioning.

Operator means the Party designated in Articles 4.1 or 7.8.

Operator Indemnitee means any of the Operator, its Affiliates, or their respective directors, officers, and employees. Operator Indemnitees means all of them.

OSA has the meaning given it in the Preamble.

Other Collateral has the meaning given it in Article 8.13.A.

Owner Participating Interests has the meaning given it in Article 6.11.A.

Parent Guarantee means an irrevocable guarantee from each Oil Search USA Inc. and Repsol USA Holdings Corporation, as applicable.

Participating Area means a Reservoir that is part of the Subject Lands that is (i) approved by the Operating Committee as part of a Development Plan & AFE pursuant to Article 6.3 (as modified or approved by the relevant Agencies) and/or (ii) approved as a participating area by the applicable Agencies.

Participating Interest means, as applicable, (i) a Party's percentage of participation in the Cost, risk, and rewards of an Operation conducted pursuant to this Agreement, and/or (ii) the rights and obligations derived from a Party's interest in the Contract Area and this Agreement, in each case which is expressed as a percentage to five (5) decimal places and calculated with respect to a particular matter pursuant to Article

3.2; provided that, for the avoidance of doubt, references to “Participating Interest” in [Article 11](#), [12](#), and/or [24](#) (and other similar provisions herein) shall be deemed to include and apply to the corresponding Working Interest of the relevant Party in the Subject Lands.

Parties has the meaning given it in the [Preamble](#).

Party means each of the persons and entities named in the [Preamble](#), including their respective successors and assignees, generically, and Parties means all of the persons and entities named in the [Preamble](#), including their respective successors and assignees, collectively.

Permitted Encumbrance means the Lease Burdens and any security interest arising under this Agreement or by the operation of Law.

Petroleum Pipeline means the pipeline that connects the Delivery Point for Crude Oil to a connection to the Kuparuk Transportation Company or another carrier to which the Petroleum Pipeline connects.

Plugging Back means a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone.

Post-Production Default has the meaning given it in [Article 8.5.D.3](#).

Pre-Execution Contractor Arrangements means the contractor arrangements described on [Schedule 4.9](#).

Pre-FEED Decision Appraisal Operations has the meaning given it in [Article 6.2.I.2](#).

Pre-FEED Decision Appraisal Plan & AFE has the meaning given it in [Article 6.2.I.2](#).

Pro-Rata Share means, as applicable:

- (i) in the case of the Major Project Buy-Out Parties, the pro rata share of the relevant Proceeding Party based on its Major Project Interest relative to the Major Project Interest of the other relevant Major Project Buy-Out Parties; and
- (ii) in the case of the Non-Proceeding Parties, the pro rata share of the relevant Non-Proceeding Party based on its Major Project Interest relative to the Major Project Interest of the other relevant Non-Proceeding Parties.

Proceeding Parties has the meaning given it in [Article 6.3.C.5](#).

Production Forecast has the meaning given it in [Article 9.4.A](#).

Production Operations means operations and activities intended to extract Unitized Substances for commercial purposes, especially operations and activities concerning producing wells (including Recompletion and Reworking), and field separation, processing, transportation, and storage, conducted pursuant to a Work Program and Budget, AFE, Development Plan & AFE, or otherwise in support of a projected production schedule.

Proposed Buy-Out Price has the meaning given it in [Article 8.8.D.1](#).

Public Official means (i) any officer, employee, director, principal, consultant, agent, or representative, whether appointed or elected, of any government (whether, federal, state, or local) department, Agency, instrumentality, or part of any of them, or any state or government owned or controlled entity, Agency, enterprise, joint venture, or partnership (including a partner or shareholder of such an enterprise); or (ii) any person acting in an official capacity for or on behalf of (a) any government department, Agency, instrumentality, or part of any of them, (b) any public international organization, or (c) any political party or political party official or candidate for office.

Qualified Operator means an entity that (or the parent or Ultimate Holding Company of which) meets the Technical Criteria and the Minimum Credit Criteria.

Receiving Party has the meaning given it in Article 12.6.A.

Recompletion means an operation whereby a Completion in a Zone (or part of a Zone) is abandoned in order to attempt a Completion in a different Zone (or different part of a Zone) within the existing wellbore.

Re-Determination has the meaning given it in Article 20.4.A.

Repsol has the meaning given it in the Preamble.

Required Operation means an Operation required by an order (or equivalent decision) of an Agency that has jurisdiction over any Operations in the Contract Area, including any Operation that is necessary to maintain and keep the Leases and the Unit Agreement in full force and effect; provided that the mere approval of a Unit Plan by an Agency shall not dictate that an Operation provided therein is a Required Operation.

Reserve Fund has the meaning given it in Article 8.5.C.

Reservoir means an underground formation containing an accumulation of oil or gas or other Unitized Substance. Each Zone of a general structure containing such an accumulation that is separated from any other accumulation of Unitized Substance and is not in pressure communication within the hydrocarbon column with any other accumulation in the structure is a separate Reservoir.

Re-Vote Parties has the meaning given it in Article 6.3.C.4.

Re-Vote Period has the meaning given it in Article 6.3.C.4(b).

Re-Vote Process has the meaning given it in Article 6.3.C.4.

Reworking means an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone (or part of a Zone) that is currently open to production in the wellbore. Such operations include well stimulation operations, but exclude any routine repair or maintenance work, drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well.

RTV has the meaning given to it in Article 20.3.C.

Sales Gas means Natural Gas containing acceptable amounts of water, natural gas liquids, other liquids, and other gaseous impurities and sufficient energy content to be accepted by a buyer or as suitable for acceptance by the Sales Gas Pipeline or another carrier to which the Sales Gas Pipeline connects.

Sales Gas Pipeline means the pipeline that connects the Delivery Point for Natural Gas to markets or another carrier to which the Sales Gas Pipeline connects.

Secondee means an employee of a Non-Operator or its Affiliate, who is subject to Secondment.

Secondment means the placement under Article 4.3 of an employee of a Non-Operator or its Affiliate in Operator's organization to provide services under a secondment agreement.

Security means (i) an irrevocable standby letter of credit or irrevocable commercial bank guarantee issued by a bank; (ii) an on-demand bond issued by a surety corporation; (iii) an irrevocable guarantee issued by a corporation or government; (iv) a Parent Guarantee; (v) any financial security required by an Agency or this Agreement; and (vi) any financial security agreed from time to time by the Parties; provided that the bank, surety, corporation, or government issuing the guarantee, standby letter of credit, bond, or other security (as applicable) has a net worth sufficient to pay its obligations in all reasonably foreseeable circumstances, or a long term debt rating of at least BBB- by Standard & Poor's, or Baa3 by Moody's Investors Service, or an equivalent rating by a successor entity to either agency.

Senior Supervisory Personnel means, with respect to a Party: (i) the individual who directs and is accountable for all operations and activities of such Party in Alaska, and any manager who directly reports to such individual and is responsible for exploration, appraisal, development, or production operations; (ii) any individual who functions for such Party or one of its Affiliates at a management level equivalent or superior to the positions described in (i) and is responsible for exploration, appraisal, development, or production operations; and (iii) any director or officer of such Party or one of its Affiliates.

Sidetracking means the directional control and intentional deviation of a well bore to change the bottom hole location unless done to straighten the hole or to drill around junk in the hole or to overcome other mechanical difficulties.

Sole Source Contract means a contract for the supply of goods or services for which Operator conducts no tender process because either Operator only tenders to one supplier or there is only one possible supplier, including contracts with landowners and for facilities sharing with Third Parties.

Subject Lands means all the Leases and Tracts that are described in Exhibit A (as amended from time to time in accordance any expansion of the Initial Unit Boundary), subject to any depth restrictions contained therein.

Sustained Unit Production has the meaning given it in the Unit Agreement.

Tangible Property has the meaning given it in Article 22.2.A.3.

Tax Partnership has the meaning given it in Article 13.5.

Tax Partnership Provisions means the terms and conditions set forth on Exhibit E.

Technical Criteria means an entity that meets any three of the following four criteria: (i) has acted as the operator under a joint operating agreement or unit operating agreement covering lands pursuant to an oil and gas lease, license contract, or similar agreement; (ii) during the previous 24-month period, has drilled at least one well to completion (or abandonment) to a depth equal to or greater than those of the reservoirs identified in the Contract Area; (iii) during the previous five-year period, has built, constructed, or operated a project equivalent to a Major Project similar to any such project conducted or expected to be conducted (as applicable) in the Contract Area; or (iv) with respect to Operator, has a majority of the same key management personnel in place following a Change in Control as were in place prior to such Change in Control.

Testing means an operation conducted in the well bore that is intended to evaluate the capacity of a Zone to produce Unitized Substances.

Third Party means any person other than a Party or an Affiliate of a Party.

Total Amount in Default means the sum of: (i) the Default Amount; (ii) Third Party Costs of obtaining and maintaining a Security held by the Non-Defaulting Parties, or the funds paid by the Parties to allow Operator to obtain or maintain Security, under Article 8.3.A.2; plus (iii) interest at the Agreed Interest Rate accrued on the amount calculated under subpart (i) from the date this amount is due by the Defaulting Party until paid in full by the Defaulting Party and on the amount calculated under subpart (ii) from the date this amount is incurred by the Non-Defaulting Parties until paid in full by the Defaulting Party.

Total Available Production means all Unitized Substances produced in the Contract Area and saved less the quantities used for Operations and any losses.

Tract means each separate parcel of land which is described in Exhibit A and given a Tract number.

Tract Participation means the percentage assigned to a Tract, or portion thereof, lying within a Participating Area for the purpose of allocating to such Tract, or portion thereof, Costs associated with that Participating Area and allocating Unitized Substances produced from such Participating Area, and determined in accordance with Article 20.

Transfer means any sale, assignment, novation, Encumbrance, or other disposition by a Party of any rights or obligations derived from the Unit Agreement or this Agreement (including its Participating Interest) or the Leases, other than its Entitlement and its rights to any credits, refunds, or payments under this Agreement, and excluding any direct or indirect Change in Control of a Party.

Ultimate Holding Company means a company or other body corporate that directly or indirectly Controls a Party and that itself is not Controlled by another entity.

Unit Agreement means the Horseshoe Unit Agreement effective as of _____ between Repsol and OSA, and approved by the DNR and BLM.

Unit Plan means a Plan of Exploration, a Plan of Development, or a Plan of Operations, as applicable, as required by the Unit Agreement.

Unitized Substances means all oil, gas (except helium), gaseous substances, condensate, distillate, and all associated constituent liquid or liquefiable substances (other than water) within or produced from the Contract Area.

Urgent Operational Matters means decisions on matters involving the use of a drilling rig, a completions or well intervention unit, vessel, or other heavy lift equipment (not normally maintained in the Contract Area) that is standing by in or near the Contract Area and such other operational matters reasonably considered by Operator to require by their nature urgent determination for purposes of complying with its obligations in Article 4.2.B.13.

Usable Well has the meaning given it in Article 22.2.A.1.

Value has the meaning given it in Article 22.2.A.4.

Venture Information means the information and results developed or acquired in Operations, which will be Joint Property, unless provided otherwise in this Agreement.

Work Program and Budget means a work program for Operations and corresponding budget as described and approved under Article 6.

Working Interest means the operating interest under an oil and gas lease under which the owner of that interest has the right to explore for, drill for, develop, and produce Unitized Substances. For the purposes of this Agreement, the Working Interest in a Lease, Subject Lands, Contract Area, Tract, or Participating Area is expressed as a percentage and is determined by dividing a Party's net surface acreage in the Lease, Subject Lands, Contract Area, Tract, or Participating Area by the total net surface acreage thereof.

Withdrawal Notice has the meaning given it in Article 8.6.C.

Withdrawal Option has the meaning given it in Article 8.6.A.

Zone means a stratum of earth containing or thought to contain an accumulation of Unitized Substances separately producible from any other accumulation of Unitized Substances.

1.2 Interpretation

As used in this Agreement, except as otherwise indicated in this Agreement or as the context may otherwise require:

1.2.A *Title and Headings*. The title and topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any Article herein;

1.2.B *Derivatives*. A capitalized derivative or other variation of a defined term will have a corresponding meaning and be construed accordingly;

- 1.2.C *Singular and Plural.* Reference to the singular includes a reference to the plural and vice versa;
- 1.2.D *Gender.* Reference to any gender includes a reference to all other genders;
- 1.2.E *Article.* Unless otherwise provided, reference to any Article or an Exhibit means an Article or Exhibit of this Agreement;
- 1.2.F *Conflicts.* If the provisions in the body of this Agreement conflict with the provisions in any Exhibit, the provisions in the body of this Agreement shall prevail;
- 1.2.G *Include.* The terms “include” and “including” mean include or including without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense;
- 1.2.H *Person.* A reference to a person includes natural or legal persons, an unincorporated association, or a partnership, and includes such persons’ successors and permitted assigns;
- 1.2.I *Variations.* A reference to a document includes a reference to every agreement or deed which varies that document;
- 1.2.J *Joint and Several.* Where a Party consists of two (2) or more persons, or a partnership, then the covenants and provisions of this Agreement shall bind, and are enforceable against, those persons and partners jointly and severally, and they will be considered one Party for voting purposes hereunder;
- 1.2.K *Statutes.* A reference to any statute, proclamation, rule, regulation, or ordinance includes any amendment, consolidation, modification, re-enactment, or reprint of it or any statute, proclamation, rule, regulation, or ordinance replacing it. A reference to a specified section, article, paragraph, schedule, or item of any statute, proclamation, rule, regulation, or ordinance means a reference to the equivalent section of the statute, proclamation, rule, regulation, or ordinance that is for the time being in force;
- 1.2.L *Agencies.* A reference to any Agency or body, if that Agency or body ceases to exist or is reconstituted, renamed, or replaced, or has its powers or functions removed (a defunct body), means the Agency or body which performs most closely the functions of the defunct body;
- 1.2.M *Amendments.* A reference in this Agreement to any other agreement is a reference to that agreement as it may be amended, supplemented, assigned, or novated from time to time, and to any agreement entered into in substitution or partial substitution for that agreement;
- 1.2.N *Parties.* Any reference to any of the Parties by their defined terms includes that Party’s executors, administrators, or permitted assigns or, being a company, its successors or permitted assigns;
- 1.2.O *Time.* A reference to time is to the time recognized in Anchorage, Alaska;
- 1.2.P *Defined Terms in Exhibits.* Any reference to a term in an Exhibit that is also a defined term in this Agreement shall have the same meaning given such term herein, unless such term is separately defined in the Exhibit;
- 1.2.Q *Dollars.* A reference to “\$” or “Dollars” is to United States Dollars unless otherwise stated; and
- 1.2.R *Shall and Must.* The words “shall” and “must” have the same meaning.

1.3 Non-Business Day

Except in the case of Urgent Operational Matters, if the Day on or by which a person must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day.

2. TERM AND TERMINATION

2.1 Prior Agreements

Prior to execution of this Agreement, OSA and Repsol conducted operations pursuant to the Form Unit Operating Agreement (the “Form UOA”) attached to a certain Alignment Agreement by and between Repsol and OSA, effective as of June 27, 2019. This Agreement replaces such Form UOA as it relates to the Contract Area from the Effective Date of this Agreement forward, provided that (i) all liabilities and payment obligations that have accrued under the Form UOA as of the Effective Date will continue to survive, and (ii) all audit and other rights under the Form UOA in respect to such liabilities and payment obligations and any prior approved actions described in Article 2.3 will continue to survive.

2.2 Term

2.2.A This Agreement is effective from the Effective Date and will continue in effect until:

- 2.2.A.1 The Unit Agreement terminates and any obligations arising out of or in connection with the Unit Agreement that have vested, matured, or accrued before such termination have been performed and satisfied;
- 2.2.A.2 All materials, equipment, and personal property acquired for or used in connection with Joint Operations and Exclusive Operations have been disposed of or removed; and
- 2.2.A.3 Final settlement (including settlement of any financial audit carried out under the Accounting Procedure and payment of any final arbitration award) has been made.

However, if the Unit Agreement does not become effective within five (5) months from and after the Effective Date of this Agreement, then at the expiration of said period, this Agreement shall terminate unless the Parties otherwise agree.

2.2.B Despite Article 2.2.A:

- 2.2.B.1 Article 10 will remain in effect until all Decommissioning obligations under this Agreement, the Unit Agreement, the Leases, and all applicable Laws have been satisfied; and
- 2.2.B.2 The provisions of Article 1, this Article 2, Articles 4.6, 14.2, 14.3, 16, 17 and Article 25 (except for Article 25.1 and 25.2), the liability and payment obligations under Articles 3.3.A, 3.3.B, 4, 6, 7 and 8, and the indemnity obligations under Articles 4.2.B.8, 4.6.B, 6.11.B, 7.3.A, 10.1.C, 10.2.E.2, 18.2.B, 18.3, 25.1.D, and Article 12 of Exhibit C will remain in effect until all obligations have been extinguished and all Disputes have been resolved.

2.2.C Termination of this Agreement shall be without prejudice to any rights and obligations arising out of or in connection with this Agreement that have vested, matured, or accrued before such termination.

2.3 Deemed Approval of Prior Actions

Subject to Article 2.1, each of the Parties acknowledges and agrees that it is not entitled hereunder to challenge or object to the following matters, decisions, and actions on the grounds that they were not approved or authorized under this Agreement, and hereby assumes such approvals in proportion to their Participating Interests: (A) all matters that were approved under the Form UOA prior to the Effective Date; and (B) solely with respect to time periods prior to the Effective Date, all decisions and actions taken by the Parties prior to the Effective Date in furtherance of “Operations” or “Unit Operations” in their capacity as “Operator” or “Non-Operator” (as each such term is defined in

the Form UOA), as applicable, in each case to the extent taken in accordance with and expressly permitted by the Form UOA.

2.4 Filing of Agreement with Agency

Notwithstanding Article 2.1, Operator shall file this Agreement with the applicable Agencies in accordance with the Unit Agreement and Laws promptly after the date hereof.

3. SCOPE

3.1 Scope

- 3.1.A The purpose of this Agreement is to establish the respective rights and obligations of the Parties concerning all Operations in the Contract Area, including the exploration, appraisal, development, and production of Unitized Substances, and Decommissioning.
- 3.1.B The Parties confirm that, except to the extent expressly included in the Unit Agreement or the Leases, the following activities are outside of the scope of this Agreement:
- 3.1.B.1 Construction, operation, ownership, maintenance, repair, and removal of Facilities downstream from the Delivery Point;
 - 3.1.B.2 Transportation of the Parties' Entitlement from the Delivery Point;
 - 3.1.B.3 Marketing and sales of Hydrocarbons, except as expressly provided in Article 9;
 - 3.1.B.4 Acquisition of rights to explore for, appraise, develop, or produce hydrocarbons outside of the Contract Area (other than through unitization with an adjoining area under the Unit Agreement or applicable Laws); and
 - 3.1.B.5 Exploration, appraisal, development, or production of minerals other than Unitized Substances, whether inside or outside the Contract Area.

3.2 Participating Interests

3.2.A The Participating Interests of the Parties in the Subject Lands as of the Effective Date are:

Party	Participating Interest
Oil Search	51.000000%
Repsol	49.000000%

- 3.2.B If a Party Transfers all or part of its Participating Interest under the provisions of this Agreement, the Participating Interests of the Parties shall be revised accordingly.
- 3.2.C The Participating Interests of a Party in a Participating Area shall be determined in accordance with Article 20.
- 3.2.D Where there is an Exclusive Operation, the Participating Interests of the Consenting Parties shall be determined pursuant to Article 7.
- 3.2.E Subject to Article 3.2.D, if the Parties' Working Interests become non-uniform in the Contract Area outside of a Participating Area due to Contract Area expansion, the Participating Interests of the Parties in an Operation shall be determined on an Acreage Basis over the Subject Lands on which such Operation is being conducted; provided that any Party that enters the Contract Area as the result of such expansion will have its initial Participating Interest determined on an Acreage Basis, but on the basis of its Working Interest of

record, with the term “Participating Interest” replaced with “Working Interest of record” in the definition of Acreage Basis.

3.3 Ownership, Obligations, and Liabilities

3.3.A Unless otherwise provided in this Agreement, the apportionment of Costs and liabilities and the ownership of Joint Property and Unitized Substances in any Operation conducted hereunder shall be as follows:

3.3.A.1 All Costs and liabilities incurred by Operator (or by any Party on behalf of all Parties, as set out in this Agreement) in the conduct of an Operation shall be borne by the Parties in proportion to their respective Participating Interests in such Operation.

3.3.A.2 All Unitized Substances from a well(s), subject to [Article 18](#), shall be owned by the Parties in proportion to their respective Participating Interests for such well(s).

3.3.A.3 All materials, Joint Property, Facilities, and other property, whether real or personal, acquired by the Operator, the Cost of which is chargeable to the Joint Account, shall be owned by the Parties in proportion to their respective Participating Interests in the Operation for which such materials, Joint Property, Facilities, or other property was acquired.

3.3.B Each Party shall pay when due, in accordance with the Accounting Procedure, its Participating Interest share of Joint Account charges, including Cash Calls and interest, accrued under this Agreement. A Party’s payment of any charge under this Agreement shall not prejudice its right to later contest the charge.

3.4 Commitment of Interests

3.4.A Each Party hereby subjects to this Agreement all of its Working Interests in the Subject Lands. Any Working Interest in the Subject Lands that is acquired by a Party subsequent to the Effective Date of this Agreement shall also be deemed subject to this Agreement.

4. OPERATOR

4.1 Designation of Operator

OSA is designated as Operator, accepts the rights, duties, and obligations of Operator, and agrees to act as such in accordance with this Agreement.

4.2 Rights and Duties of Operator

4.2.A Subject to the terms and conditions of this Agreement, (1) Operator shall have all of the rights, functions, and duties of Operator under the Unit Agreement, any Laws, and all Leases, and shall have exclusive charge of and conduct all Operations, and (2) Operator may employ independent contractors and agents, including Affiliates of Operator, Non-Operators, or Affiliates of a Non-Operator, in such Operations.

4.2.B In the conduct of Operations, Operator shall:

4.2.B.1 Perform Operations in accordance with the Unit Agreement, Agency approved Unit Plans, Laws, Leases, and this Agreement, and consistent with approved Work Programs and Budgets (and where applicable, approved AFEs), and the decisions of the Operating Committee not in conflict with this Agreement;

4.2.B.2 Conduct Operations in a good and workmanlike manner as would a prudent Operator under the same or similar circumstances;

4.2.B.3 Exercise due care with respect to the receipt, payment, and accounting of funds in accordance with good and prudent practices generally followed by the petroleum industry under similar circumstances;

- 4.2.B.4 Charge to the Joint Account in accordance with this Agreement and the Accounting Procedure any damage, loss, Cost, or liability arising out of, incident to, or resulting from Operations;
- 4.2.B.5 Subject to Article 4.6 and the Accounting Procedure, neither gain a profit nor suffer a loss as a result of being the Operator, provided that Operator may rely upon Operating Committee approval of specific accounting practices not in conflict with the Accounting Procedure;
- 4.2.B.6 Perform the duties for the Operating Committee set out in Article 5, and prepare and submit to the Operating Committee in a timely manner proposed Work Programs and Budgets (and where applicable, approved AFEs), as provided in Article 6;
- 4.2.B.7 Acquire all permits, consents, approvals, and surface or other rights that may be required for or in connection with the conduct of Operations;
- 4.2.B.8 Upon receipt of reasonable advance notice and provided such access does not unreasonably interfere with Operations, permit representatives of any Party to have at all reasonable times during normal business hours and at such Party's own risk and Cost reasonable access to Operations, to observe Operations, to inspect Joint Property (including samples of cores, drilling cuttings, and fluids), to conduct financial audits, and to observe taking of inventory as provided in the Accounting Procedure. Notwithstanding the foregoing, any access to the Subject Lands made pursuant to this Article 4.2.B.8 shall be at the Non-Operator's sole Cost and risk, and each Non-Operator agrees to indemnify and hold the Operator harmless for any loss or damage to such Non-Operator's property or injury or death to its personnel or representatives arising in connection with its access to Operations;
- 4.2.B.9 Subject to their respective terms, undertake to maintain the Leases and Unit Agreement in full force and effect, and consistent with good and prudent petroleum industry practices generally followed by the petroleum industry under similar circumstances. Operator shall timely secure Agency approvals for Unit Plans, pay and discharge all Costs and liabilities incurred in connection with Operations, and use Good Faith Efforts to keep the Joint Property free from all liens, charges, and Encumbrances (other than Permitted Encumbrances) arising out of Operations;
- 4.2.B.10 Prepare and furnish such reports, records, and information as may be required under the Unit Agreement, the Laws, and the terms of any Lease;
- 4.2.B.11 Have, in accordance with the decisions of the Operating Committee, the exclusive right and obligation to represent the Parties in all dealings with an Agency with respect to matters arising under the Unit Agreement, Unit Plans, any Laws, or in connection with Operations. Operator shall notify the other Parties as soon as possible of the time, place, and agenda of any Agency meetings regarding Unit Plans. Subject to the Unit Agreement and any necessary Agency approvals, Non-Operators shall have the right to attend any meetings with an Agency regarding Unit Plans or other matters that are material (as determined in Operator's reasonable discretion) to Operations, but only as observers. Nothing contained in this Agreement shall restrict any Party from discussing with an Agency any matter peculiar to its particular business interests arising in connection with this Agreement, but in such event such Party shall promptly advise the Parties, if possible before and in any event promptly after such discussions; provided that such Party has no duty to divulge to the other Parties any proprietary information involved in such discussions or any matters not affecting the other Parties;
- 4.2.B.12 Subject to Article 9.3 and any decisions of the Operating Committee, assess (to the extent lawful) alternatives for the disposition of Natural Gas from a Discovery;
- 4.2.B.13 In case of an emergency (including a significant fire, explosion, natural gas release, crude oil release, or sabotage; incident involving loss of life, serious injury to an employee, contractor, or Third Party, or serious property damage; strikes and riots; or evacuations of Operator personnel): (a) take all necessary and proper measures for the protection of life, health, the

environment, and property; and (b) within twenty-four (24) hours of the first report to, or discovery by, Operator's Senior Supervisory Personnel of the occurrence, report to Non-Operators the details of such event and any measures Operator has taken or plans to take in response thereto;

- 4.2.B.14 Establish and implement under Article 6.6 an HSSE Plan, which complies with the Leases, Laws relating to HSSE, this Agreement, the Unit Agreement, and generally accepted practices of the petroleum industry;
 - 4.2.B.15 Establish and implement anti-bribery, anti-corruption, human rights, and international trade policies and procedures consistent with Article 25.1; and
 - 4.2.B.16 Prior to appointing or engaging any independent contractor, conduct appropriate and proportionate due diligence concerning relevant criteria, including such contractor's ability to perform the proposed work properly, on time, within budgeted Cost, and in compliance with applicable legal and contractual requirements.
- 4.2.C Make Good Faith Efforts to include in its contracts with independent contractors to the extent practical and lawful, provisions that:
- 4.2.C.1 Establish that such contractors can enforce their contracts only against Operator;
 - 4.2.C.2 Permit Operator, on behalf of the Parties, to enforce contractual warranties and indemnities against such contractors and their subcontractors, and to recover from such contractors and subcontractors losses and damages suffered by the Parties that are recoverable under their contracts;
 - 4.2.C.3 Require such contractors to obtain and maintain insurance required by Article 4.9;
 - 4.2.C.4 Require such contractors to comply with applicable Laws, including registration to do business, immigration, international trade, local preference, national content, and tax withholding and payment; and
 - 4.2.C.5 Require such contractors to establish and implement reasonable and proportionate anti-bribery, anti-corruption, and international trade programs consistent with the undertakings contemplated by Article 25.1.
- 4.2.D In addition to the Work Program and Budget and associated plans to be prepared under Articles 6.1, 6.2, 6.3, 6.4, and 6.5, Operator shall prepare Unit Plans and submit Unit Plans once approved by the Operating Committee to the applicable Agencies as required by the Unit Agreement and Law.

4.3 Operator Personnel

- 4.3.A Operator shall engage and/or retain and have the authority to charge the Joint Account in accordance with the Accounting Procedure for only such employees, Secondees, contractors, consultants and agents as are reasonably necessary to conduct Operations.
- 4.3.B Subject to Articles 4.3.C.7 and 4.3.C.8, Operator shall determine the number of such employees, Secondees, contractors, consultants and agents, the selection of such persons, their hours of work, and (except for Secondees) their compensation.
- 4.3.C Secondment will be implemented in the manner set out in Articles 4.3.C.1 to 4.3.C.8 below.
 - 4.3.C.1 Any Party may propose Secondment for a designated purpose related to Operations. Any proposal for Secondment must include the:
 - (a) Designated purpose and scope of each Secondment position, including duties, responsibilities, and deliverables;

- (b) Duration of the Secondment;
 - (c) Number of Secondees and minimum expertise, qualifications, and experience required;
 - (d) Work location and position within Operator's organization of each Secondee; and
 - (e) Estimated Costs of the Secondment.
- 4.3.C.2 Any such Secondment approved by Operator is subject to: (a) the Operating Committee's authorization of an appropriate budget for such Secondment positions; and (b) Non-Operators continuing to make available to Operator Secondees qualified to fulfill the designated purpose and scope of such Secondment.
- 4.3.C.3 As to any Secondment position, Operator may request Non-Operators to nominate, by a specified date, qualified personnel to be the Secondee for such position. Each Non-Operator may nominate for each Secondment position one or more proposed Secondees, whom such Non-Operator considers reasonably qualified to fulfill the designated purpose and scope of such position.
- 4.3.C.4 Following the deadline for submitting nominations, Operator shall consider the expertise and experience of each such nominee in light of the expertise and experience required for the approved and authorized Secondment position, shall determine the acceptability of any nominee for any Secondee position and which specific Secondee positions are filled by the representatives nominated by each Non-Operator, and shall select or reject any nominee.
- 4.3.C.5 If any Secondee position is not timely filled by a Non-Operator Secondee, Operator may satisfy the requirement of the position in its sole discretion.
- 4.3.C.6 Operator may withdraw or suspend any position identified for Secondment at any time and may terminate a Secondment for cause under the Secondment agreement provided for under Article 4.3.D.
- 4.3.C.7 Although each Secondee shall report to and be directed by Operator, each Secondee shall remain at all times the employee of the Party (or its Affiliate) nominating such Secondee.
- 4.3.C.8 Notwithstanding anything to the contrary, each Non-Operator that is not an Affiliate of Operator (a) holding a forty percent (40%) or greater Participating Interest in the Subject Lands in the Contract Area is entitled to have at least six Secondees at all times, and (b) holding at least a thirty percent (30%) but less than a forty percent (40%) Participating Interest in the Subject Lands in the Contract Area is entitled to have at least three Secondees at all times, provided that, (i) if a Non-Operator has any personnel serving on the IPT (as defined in Exhibit C), such personnel will count towards such Non-Operator's Secondee minimum and (ii) upon execution of this Agreement, and thereafter as required, Operator shall submit to all Non-Operators who are entitled to have a Secondee notice of all Secondment positions available, but all such Secondee roles must have a designated purpose related to Operations.
- 4.3.D Operator and the Non-Operator that employs, or whose Affiliate employs, the Secondee shall enter into a separate agreement relating to such Secondment consistent with this Article 4.3.
- 4.3.E Operator shall charge to the Joint Account the Costs related to Secondment and Secondees that are within the approved Work Program and Budget.
- 4.3.F **IF A SECONDEE ACTING AS A SENIOR SUPERVISORY PERSONNEL OF OPERATOR OR ITS AFFILIATES ENGAGES IN GROSS NEGLIGENCE / WILLFUL MISCONDUCT THAT PROXIMATELY CAUSES THE PARTIES TO INCUR DAMAGE, LOSS, COST, OR LIABILITY FOR CLAIMS, DEMANDS, OR CAUSES OF ACTION REFERRED TO IN ARTICLE 4.6.A OR 4.6.B, THEN ALL SUCH DAMAGES, LOSSES, COSTS, AND LIABILITIES SHALL BE ALLOCATED TO THE NON-OPERATOR THAT EMPLOYS OR WHOSE AFFILIATE EMPLOYS SUCH SECONDEE,**

IN AN EQUIVALENT MANNER AND TO THE SAME EXTENT LIABILITY FOR GROSS NEGLIGENCE / WILLFUL MISCONDUCT IS ALLOCATED TO OPERATOR UNDER ARTICLE 4.6.

4.4 Information Supplied by Operator

- 4.4.A Subject to Article 14.3, Operator shall provide Non-Operators that are participating in an Operation in a reasonable timely manner, with copies of, or reasonably convenient electronic access for a certain reasonable number of designated Non-Operator persons to, the following information, data, and reports relating to Operations (to the extent to be charged to the Joint Account) in digitized format or access to same and, if not available, then in hard-copy as they are currently produced or compiled from Operations:
- 4.4.A.1 All logs, and surveys as run, including all digitally recorded data;
 - 4.4.A.2 Daily drilling reports, if and including only such data as compiled and used by Operator in daily drilling reports for the Operations, including, if applicable, Completion and geological reports, and estimated cumulative Costs;
 - 4.4.A.3 All tests, well core data acquisition and analysis reports, including reports relating to core gas, oil, and water analysis;
 - 4.4.A.4 Final Exploration Well and Appraisal Well recap reports;
 - 4.4.A.5 Daily operations reports, including fluid production and injection data (type, volumes, pressure, etc.), quantities of Unitized Substances saved and retained or separated from the Contract Area, a summary of Facilities operations, and such Development Well operations as are customarily reported on a daily report for multi-well, multi-drill pad integrated unit drilling, production and processing operations on the North Slope of Alaska.
 - 4.4.A.6 Plugging reports;
 - 4.4.A.7 Seismic sections and, if applicable, shot point location maps, and seismic data acquired or processed or reprocessed;
 - 4.4.A.8 Final geological and geophysical maps, interpretations, and reports;
 - 4.4.A.9 Engineering studies, and quarterly and annual progress reports on Development Operations, which progress reports shall at least set out the then current development schedule, the status of each such Development Operation from inception to date, its cumulative Costs to date, and the cumulative commitments undertaken;
 - 4.4.A.10 Weekly production summary and production activity reports, and monthly reports on well, reservoir, field, and infrastructure performance;
 - 4.4.A.11 Reservoir studies and annual forecasts of production capability, infrastructure capacity, and scheduled outages, including Facilities, and well performance reports and cumulative Production Forecasts;
 - 4.4.A.12 Before filing with an Agency to the extent in accordance with standard industry practice, copies of all material reports (except for Income Tax returns) relating to Operations required, or anticipated, to be furnished by Operator to an Agency, and copies of such reports as filed;
 - 4.4.A.13 Copies of documents that are material to Operations, as determined by Operator in its reasonable discretion, that Operator receives from an Agency that are not available to the public and that Operator may further distribute;
 - 4.4.A.14 As reasonably requested by a Party, other material studies and reports relating to Operations;

- 4.4.A.15 On a monthly or annual basis as compiled by Operator for its own purpose or for reporting to Agencies, operating performance data, including safety and environmental statistics;
 - 4.4.A.16 Copies of accounting information and reports to be furnished under Article 6.8 and the Accounting Procedure;
 - 4.4.A.17 Such additional information as a Party may reasonably request, provided that the preparation of such information will not unduly burden Operator's administrative and technical personnel, that the requesting Party or Parties pay the Costs of preparation of such information, and that only the Parties who pay such Costs will receive such additional information; and
 - 4.4.A.18 Other reports as directed by the Operating Committee.
- 4.4.B Operator shall give Parties participating in an Operation access at all reasonable times during normal business hours to all data and reports (other than data and reports provided to Parties under Article 4.4.A) acquired in the conduct of such Operation and for which a Party may reasonably request. Any such Party may make copies of such other data at its sole expense.
- 4.4.C **NOTWITHSTANDING ANYTHING ELSE HEREIN, BUT WITHOUT LIMITING ANY NON-OPERATOR'S RIGHTS TO ACCESS OR OTHERWISE RECEIVE ANY INFORMATION, AND EXCEPT AS SET OUT IN ARTICLE 4.6.D, OPERATOR SHALL NOT HAVE ANY LIABILITY TO NON-OPERATORS FOR THE ACCURACY OR COMPLETENESS OF, OR THEIR RELIANCE ON OR USE OF ANY, VENTURE INFORMATION PROVIDED HEREUNDER, INCLUDING ANY INFORMATION PROVIDED UNDER THIS ARTICLE 4.4.**

4.5 Settlement of Claims and Lawsuits

- 4.5.A Operator shall promptly notify the Parties of any material claims or suits that relate in any way to Operations. Operator shall represent the Parties and defend or oppose the claim or suit. Operator may in its sole discretion compromise or settle any such claim or suit or any related series of claims or suits for an amount not to exceed the equivalent of one million Dollars (\$1,000,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index) exclusive of legal fees. Operator shall obtain the approval and direction of the Operating Committee on amounts in excess of the above-stated amount. Without prejudice to the foregoing, each Non-Operator shall have the right to be represented by its own counsel at its own expense in the settlement, compromise, or defense of such claims or suits. If one or more Parties require information relating to damage or loss for insurance purposes, Operator will provide such information upon request but at the expense of each requesting Party.
- 4.5.B Any Non-Operator shall promptly notify the other Parties of any claim made against such Non-Operator by a Third Party that arises out of or may affect Operations, and such Non-Operator shall defend or settle the same in accordance with any directions given by the Operating Committee. Those Costs and damages that are incurred under such defense or settlement, and that are attributable to Operations shall be reimbursed by the Operator to such Non-Operator and, except as set out in Article 4.3.F, Article 4.6.D, and Article 25.1.D, charged to the Joint Account.
- 4.5.C Despite Article 4.5.A and Article 4.5.B, each Party shall have the right to participate in any such suit, prosecution, defense, or settlement conducted under Article 4.5.A and Article 4.5.B, at its sole expense; provided always that no Party may settle its Participating Interest share of any claim without first satisfying the Operating Committee that it can do so without prejudicing the interests of the Operations.

4.6 Limitation on Liability of Operator

- 4.6.A Except as set out in Article 4.6.D, if applicable, and Article 25.1.D, neither Operator nor any other Operator Indemnitee shall bear (except as a Party to the extent of its Participating Interest share) any damage, loss, Cost, or liability resulting from performing (or failing to perform) the duties and functions of Operator (except for Administrative Functions, to which the limitations and release referenced in this Article 4.6.A shall not apply) and the Operator Indemnitees are hereby released from liability to Non-Operators for any and all damages, losses, Costs, and liabilities arising out of, incident to, or resulting from such performance or failure

to perform, **EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, OR THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY, OR OTHER LEGAL FAULT OF OPERATOR (OR ANY OTHER OPERATOR INDEMNITEE).** Despite the foregoing, under no circumstances shall Operator (except as a Party to the extent of its Participating Interest) or any other Operator Indemnitee bear any Consequential Loss or Environmental Loss.

- 4.6.B Except as set out in Article 4.6.D, if applicable, and Article 25.1.D, the Parties shall (in proportion to their Participating Interests) defend and indemnify Operator Indemnitees from any damages, losses, Costs (including reasonable legal Costs and attorneys' fees), and liabilities incident to claims, demands, or causes of action brought by or for any person or entity, which claims, demands, or causes of action arise out of, are incident to, or result from Operations (except for Administrative Functions, to which the defense and indemnity referenced in this Article 4.6.B shall not apply), **EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, OR THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY, OR OTHER LEGAL FAULT OF OPERATOR (OR ANY OTHER OPERATOR INDEMNITEE).**
- 4.6.C Nothing in this Article 4.6 shall be deemed to relieve Operator from its obligation to perform its duties and functions under this Agreement, or from its Participating Interest share of any damage, loss, Cost, or liability arising out of, incident to, or resulting from Operations.
- 4.6.D Despite Article 4.6.A or 4.6.B, if any Senior Supervisory Personnel of Operator or its Affiliates engage in Gross Negligence / Willful Misconduct that proximately causes the Parties to incur damage, loss, Cost, or liability for claims, demands, or causes of action referred to in Article 4.6.A or 4.6.B, then, in addition to its Participating Interest share, Operator shall bear all such damages, losses, Costs, and liabilities **EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, OR THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY, OR OTHER LEGAL FAULT OF ANY NON-OPERATOR (OR ANY OF ITS AFFILIATES).** Despite the foregoing, under no circumstances shall Operator (except as a Party to the extent of its Participating Interest) or any other Operator Indemnitee bear any Consequential Loss or Environmental Loss.

4.7 Insurance Obtained by Operator and Charged to Joint Account

- 4.7.A At all times during the conduct of Operations hereunder, Operator shall carry all insurance required by contract or Law including, but not limited to, the following:
- 4.7.A.1 Automobile Liability Insurance covering all owned, non-owned, and leased vehicles with combined single limits of at least five million Dollars (\$5,000,000) per occurrence.
- 4.7.A.2 Workers Compensation insurance in compliance with all state and federal regulations in the jurisdiction where any of the work under this Agreement shall be performed, including the following special coverage extensions:
- (a) Employers' Liability coverage with limits of not less than two million Dollars (\$2,000,000) per accident.
 - (b) U.S. Longshoremen and Harbor Workers' Act and Outer Continental Shelf Lands Act coverage.
 - (c) Employers' Liability arising out of maritime operations including coverage for benefits and damages under the Jones Act with limits of at least two million Dollars (\$2,000,000) per occurrence.
 - (d) "In Rem" endorsement providing that a claim "In Rem" shall be treated as a claim against the Operator.
- 4.7.A.3 The policies listed above shall contain a "Waiver of Subrogation" endorsement which waives the insurers' rights of subrogation against all of the Parties to this Agreement.

- 4.7.A.4 Premiums for the insurance or self-insurance specified above shall be charged to the Joint Account; provided that for the insurance in Article 4.7.A.2 above, the Operator shall charge to the Joint Account, in lieu of any premiums for such insurance or self-insurance, an amount not to exceed the workers compensation manual rates times the payroll. Claims under Operator's self-insurance program, if applicable, shall not be charged to the Joint Account.

4.8 Insurance Not Charged to the Joint Account

- 4.8.A At all times while this Agreement is in effect, each Party to this Agreement shall insure or self-insure for their share of any liabilities assumed under this Agreement. The cost of these insurance or self-insurance programs shall be the individual responsibilities of each of the Parties and none of the cost associated with these programs shall be charged to the Joint Account. Each Party shall insure or self-insure the following coverage for its respective Participating Interest share of the minimum limits stated:
- 4.8.A.1 Commercial General Liability Insurance and/or Excess Liability Insurance covering all of the Parties Operations, including their offshore Operations, and including contractual liability coverage with combined single limits of at least one hundred million Dollars (\$100,000,000) per occurrence and in the annual aggregate.
- 4.8.A.2 Physical Damage insurance and coverage for "Wreck Removal" for Facilities covered by this Agreement, with limits not less than the Party's share of the replacement cost of the Facility.
- 4.8.A.3 Control of Well and Seepage and Pollution insurance with limits of at least fifty million Dollars (\$50,000,000) per occurrence.
- 4.8.A.4 Non-owned aviation liability insurance in the amount of five million Dollars (\$5,000,000) per occurrence covering liability arising out of any leased aircraft used in the connection with the work to be performed under this Agreement.
- 4.8.B All of the above coverages shall be endorsed to waive the insurers' rights of subrogation against Operator and all other Parties to this Agreement. Any Party to this Agreement, at the request of any other Party to this Agreement, shall advise all of the other Parties to this Agreement as to whether it will insure, or self-insure, the above-mentioned coverages. Once insurance under this Article 4.8 is purchased and within three (3) Calendar Months of approval by the applicable Agencies of a Development Plan & AFE or a "Plan of Operation" (as defined in the Unit Agreement), each Party will provide all other Parties to this Agreement with a certificate of insurance evidencing that all of the above insurance and special insuring provisions are in place.
- 4.8.C In the event a Party elects to self-insure all or part of the above requirements, and if any of the other Parties to this Agreement believe or have a concern that the Party does not have the financial capability to meet its obligations under such self-insurance programs, any Party to this Agreement may request any other Party to provide proof of its ability to self-insure these risks. Proof will consist of independently audited financial statements demonstrating assets in the United States and total net worth in an amount at least equal to six (6) times the amount of the above required insurance that the Party elects to self-insure. If the self-insuring Party is unable to meet that test, the Operator to this Agreement may, if directed by the other complying Parties, purchase any or all of the insurance that the non-complying Party elected to self-insure. The Cost of said insurance shall be for the individual account of the non-complying Party on whose behalf the insurance was purchased.
- 4.8.D In no event shall any Party be required to give notice to the other Parties regarding any insurance claim it makes under any insurance policy not charged to the Joint Account or otherwise obtain the approval of any Party or the Operating Committee to settle any insurance claim made under an insurance policy not charged to the Joint Account.

4.9 Contractors Insurance

- 4.9.A Except for Pre-Execution Contractor Arrangements, Operator (and any Party serving as operator while conducting Exclusive Operations) shall require each contractor who performs Operations to carry the following insurance and special insuring provisions.
- 4.9.A.1 Workers' Compensation and Employers' Liability insurance in accordance with all state and federal regulations in the jurisdiction where the work is to be performed. This coverage shall contain the following special endorsements:
- (a) Employers' Liability coverage with limits of not less than one million Dollars (\$1,000,000) per accident.
 - (b) U.S. Longshoremen and Harbor Workers' Act and Outer Continental Shelf Lands Act coverage.
 - (c) Employers' Liability arising out of maritime operations including coverage for benefits and damages under the Jones Act with limits of at least one million Dollars (\$1,000,000) per occurrence.
 - (d) "In Rem" endorsement providing that a claim "In Rem" shall be treated as a claim against the contractor.
 - (e) "Borrowed Servant" endorsement providing that a Workers' Compensation claim brought against Operator or any Party to this Agreement, by a contractor's employee will be treated as a claim against the contractor.
 - (f) Waiver of Subrogation endorsement which waives the insurers rights of subrogation against all of the Parties to this Agreement.
- 4.9.A.2 Commercial General Liability insurance and/or Excess Liability insurance covering bodily injury and property damage, including contractual liability covering the indemnity obligations assumed in the contract with Operator, with combined single limits of five million Dollars (\$5,000,000) per occurrence.
- 4.9.A.3 Automobile Liability insurance covering all owned, non-owned, and hired vehicles with combined single limits of at least one million Dollars (\$1,000,000) per occurrence for bodily injury and property damage.
- 4.9.A.4 Automobile Liability insurance covering all owned, non-owned, and hired vehicles transporting hazardous materials with combined single limits of at least two million Dollars (\$2,000,000) per occurrence for bodily injury and property damage.
- 4.9.A.5 In the event watercraft is used by the contractor, contractor shall carry or require owners of such watercraft to carry Protection and Indemnity Insurance in the amount of not less than the market value of the vessel or ten million Dollars (\$10,000,000), whichever is greater.
- 4.9.A.6 If contractor's operations require it to use aircraft, contractor shall carry or require the owners of such aircraft to carry aircraft liability insurance with a combined single limit of one million Dollars (\$1,000,000) per passenger seat or ten million Dollars (\$10,000,000), whichever is greater.
- 4.9.A.7 Any other insurance that Operator deems necessary.
- 4.9.B All of the insurance carried by contractors pursuant to Article 4.9.A shall contain endorsements waiving the insured's rights of subrogation against Operator and all other Parties to this Agreement and shall be primary to any insurance carried by Operator and all other Parties to this Agreement.

4.9.C Except for Pre-Execution Contractor Arrangements, Operator shall make a Good Faith Effort to obtain from each contractor all of the above required insurance and special insuring provisions. Except for Pre-Execution Contractor Arrangements, Operator shall also make a Good Faith Effort to obtain from each such contractor endorsements naming the Operator as an Additional Insured on the policies of insurance where appropriate and to provide that the word ‘Additional Insured’ also includes any Party, co-owner, or joint venturer. Operator shall have no liability under this Agreement for failing to cause any contractor to carry insurance on the terms set forth in this Article 4.9 so long as Operator has used such Good Faith Efforts to obtain such terms.

4.10 Notice

4.10.A Operator shall promptly notify Non-Operators of any loss, damage, or claim not covered by the insurance obtained hereunder for the Joint Account. All losses that are not covered and all losses in excess of insurance coverage shall be borne by the Parties in accordance with the terms of this Agreement. All Parties shall continue to be responsible for any Cash Calls under this Agreement, irrespective of whether there may be insurance in place for the liability, claims, and losses that may be covered by insurance provided by the Operator or by any other Party to this Agreement.

4.11 Commingling of Funds

Operator may not commingle with Operator’s own funds the monies that it receives from or for the Joint Account under this Agreement. However, Operator reserves the right to make future proposals to the Operating Committee with respect to the commingling of funds to achieve financial efficiency.

4.12 Resignation of Operator

4.12.A Subject to Article 4.14, Operator may resign as Operator by so notifying the other Parties at least one hundred and eighty (180) Days before the effective date of such resignation.

4.12.B The resignation of Operator is without prejudice to any of Operator’s rights, obligations, or liabilities that accrued during the period when it was Operator.

4.12.C Operator’s right of resignation as provided in this Article 4.12 is without prejudice to its right to retain its Participating Interest, including such of its rights, benefits, duties, and obligations as are not related to or not on account of its being Operator under this Agreement.

4.13 Removal of Operator

4.13.A Subject to Article 4.14, Operator shall be removed upon receipt of notice from any Non-Operator if:

4.13.A.1 Operator becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors;

4.13.A.2 A court order is made or an effective resolution is passed for the reorganization under any bankruptcy law, dissolution, liquidation, or winding up of Operator;

4.13.A.3 A receiver is appointed for a substantial part of Operator’s assets; or

4.13.A.4 Operator dissolves, liquidates, winds up, or otherwise terminates its existence.

4.13.B Subject to Article 4.14 and any necessary Agency approvals, Operator may be removed by the decision of the Non-Operators, as set out below, if Operator has committed a material breach of this Agreement and, if curable, has either (1) failed to commence to cure that breach within thirty (30) Days of receipt of a notice from Non-Operators detailing the alleged breach or (2) failed to diligently pursue the cure to completion. Any decision of Non-Operators to give notice of breach to Operator or to remove Operator under this Article 4.13.B shall be made by an affirmative vote of the Operating Committee of representatives of the lesser of two (2) and all of the total number of Non-Operators, excluding any Affiliates of the Operator, holding a combined Participating Interest of at least seventy-five percent (75%) or more of the Participating Interests remaining after excluding Operator’s and its Affiliates’ Participating Interest, unless there are three (3) or

more Non-Operators voting to remove the Operator, in which case a sixty-five percent (65%) vote will be required; provided that if the reason for Operator's removal is in relation to Exclusive Operations for which Operator operates but is not a Consenting Party, Operator will be removed as Operator only from such Exclusive Operation and not the remainder of the Contract Area. However, if Operator disputes such alleged commission of or failure to timely commence or diligently pursue the cure of a material breach and Dispute resolution proceedings are initiated under Article 17.2 concerning such commission of or failure to timely commence or diligently pursue the cure of a material breach, then Operator will remain appointed and no vote of the Operating Committee representatives to remove Operator may be conducted pending the conclusion or abandonment of such proceedings, subject to the terms of Article 8.3 with respect to Operator's breach of its payment obligations.

- 4.13.C If as a result of one or more Transfers (including, for the avoidance of doubt, Transfers of all Participating Interests in the Subject Lands), the total Participating Interests in all the Subject Lands of the Contract Area of Operator and its Affiliates would become less than twenty percent (20%), then Operator shall promptly notify the other Parties; provided that, for the avoidance of doubt, this Article 4.13.C will not be triggered by Operator and its Affiliates' Participating Interest becoming less than twenty percent (20%) due to dilution created by the expansion of the Contract Area. The Operating Committee shall vote within thirty (30) Days of such notification on whether or not Operator should be removed and a successor Operator should be named under Article 4.14. An affirmative vote of representatives of the lesser of two (2) or more and all of the total number of Non-Operators, excluding any Affiliates of the Operator, holding a combined Participating Interest of at least fifty-one percent (51%) of the Participating Interests held by all of the Non-Operators, after excluding any Affiliates of Operator, shall be required to remove Operator under this Article.
- 4.13.D If there is a Change in Control of Operator, Operator shall promptly notify the other Parties. If, following the Change in Control, Operator is not a Qualified Operator, the Operating Committee shall vote within thirty (30) Days of such notification on whether or not Operator should be removed and a successor Operator should be named pursuant to Article 4.14. An affirmative vote of representatives of the lesser of two (2) or more and all of the total number of Non-Operators, excluding any Affiliates of the Operator, holding a combined Participating Interest in the Contract Area of at least fifty-one percent (51%) of the Participating Interests held by all of the Non-Operators, after excluding any Affiliates of Operator, shall be required to remove Operator under this Article.

4.14 Appointment of Successor

When a change of Operator occurs under Article 4.12 or Article 4.13:

- 4.14.A The Operating Committee shall meet as soon as possible to appoint a successor Operator under the voting procedure of Article 5.9. No Party may be appointed successor Operator against its will. If Operator is removed and no successor Operator is appointed within one hundred and twenty (120) Days of Operator's removal, the removal will be null and void. If Operator resigns, and no successor Operator receives approval from the Operating Committee to succeed Operator, the Party holding the largest Participating Interest in the Subject Lands (other than the Operator) shall be the successor Operator.
- 4.14.B If Operator is removed, other than under Article 4.13.C, neither Operator, nor any Affiliate of Operator, shall have the right to be considered as a candidate for the successor Operator.
- 4.14.C The resigning or removed Operator shall, subject to its duty to use Good Faith Efforts to mitigate the Costs related to its resignation or removal, be compensated out of the Joint Account for its reasonable Costs directly related to its resignation or removal, except for removal under Article 4.13.A or 4.13.B.
- 4.14.D The resigning or removed Operator and the successor Operator shall arrange to take an inventory of all Joint Property and Unitized Substances, and to audit the books and records of the removed Operator. Such inventory and audit shall be completed, if possible, no later than the effective date of the change of Operator and shall be subject to the approval of the Operating Committee. The Costs and liabilities of such inventory and audit shall be charged to the Joint Account.

- 4.14.E The resignation or removal of Operator and its replacement by the successor Operator shall not become effective before receipt of any necessary Agency approvals.
- 4.14.F Upon the effective date of the resignation or removal, the successor Operator shall succeed to all duties, rights, and authority prescribed for Operator. The former Operator shall transfer to the successor Operator all Joint Property, books of account, records, and other documents maintained by Operator pertaining to Operations, and shall transfer (to the extent assignable) rights, warranties, indemnities, and duties under contracts and licenses entered into for Operations. Upon the effective date of its resignation or removal the former Operator shall be released and discharged from all obligations and liabilities as Operator accruing after the date the former Operator transfers all contracts and data to the successor Operator.

4.15 Assignment of the Operatorship to an Affiliate

The Party designated as Operator may not assign (or otherwise transfer) its rights or obligations as Operator, except that such Party may assign all (but not part) of its rights and obligations as Operator to an Affiliate of Operator, subject to any necessary consent of an Agency and to the following conditions and provisions:

- 4.15.A Either (1) such Affiliate shall have sufficient technical competence and financial resources to perform the duties of the Operator, or (2) the assigning Party or another Affiliate of the assigning Party having such technical competence and financial resources shall have guaranteed in writing for the benefit of the other Parties that it shall be responsible, and remain responsible, for such Affiliate's performance of such duties;
- 4.15.B Such Affiliate shall have entered into a written instrument whereby it accepts and assumes all of the obligations of the Operator and is granted all of the rights of the Operator; and
- 4.15.C If such Affiliate should cease to be the Affiliate of the assigning Operator, then such Affiliate shall be removed as the Operator and, in accordance with Article 11.2.A, the rights and obligations of Operator shall be reassigned by such former Affiliate to the entity that was formerly Operator; provided that such entity remains a Party, or to another Party that is an Affiliate of the former Operator.

4.16 Equal Opportunity, Safety, and Health

- 4.16.A In connection with the performance of work conducted under this Agreement, Operator agrees to comply and require all contractors to comply with all valid and applicable federal and state laws, regulations, and orders, including safety and health standards, which shall include, but not necessarily be limited to, Executive Orders 11246, 11375, 11598, and 11758, as amended, and Title 18, Chapter 80, Article 4 and 5, Alaska Statutes, as amended.

4.17 Integrated Project Team

- 4.17.A Upon a FEED Decision, the provisions for the institution of an "Integrated Project Team" attached hereto as Exhibit C shall apply.

5. OPERATING COMMITTEE

5.1 Establishment of Operating Committee

To provide for the overall supervision and direction of Operations, the Parties establish an Operating Committee composed of representatives of each Party. Each Party shall appoint one (1) representative and one (1) alternate representative to serve on the Operating Committee. Each Party shall as soon as possible after the Effective Date give notice in writing to the other Parties of the name and address of its representative and alternate representative to serve on the Operating Committee. Each Party shall have the right to change its representative and alternate representative at any time by giving notice of such change to the other Parties.

5.2 Powers and Duties of Operating Committee

The Operating Committee shall have the power and duty to authorize and supervise Operations that are necessary or desirable to properly explore appraise and develop the Contract Area in accordance with this Agreement, the Unit Agreement, all applicable Laws, and generally accepted practices of the petroleum industry under similar circumstances; provided that Operating Committee may not compel any Party to exercise, make, or take, or prevent any Party from exercising, making, or taking, any right, decision, or action concerning any matter or proposal under this Agreement, which right, decision, or action is reserved or delegated to a Party or the Parties.

5.3 Authority to Vote

- 5.3.A The representative of a Party, or in the representative's absence the alternate representative, shall be authorized to represent and bind such Party with respect to any matter that is within the powers and duties of the Operating Committee and is properly brought before the Operating Committee.
- 5.3.B Except as set forth in this Article 5.3, on votes in relation to any matter, proposal, decision, or approval relating to any Joint Operations, Exclusive Operations, Costs, Joint Property, or Unitized Substances within a Participating Area, each such representative or alternate representative shall have a vote equal to the Participating Interest in the relevant Joint Operation or Exclusive Operation of the Party such person represents as determined in accordance with Article 3.2.
- 5.3.C On votes by (and as) the Facilities Owners in relation to any matter, proposal, decision, or approval relating to any Facilities Sharing Agreement, each such representative or alternate representative shall have a vote equal to the Owner Participating Interest in the relevant Facilities such person represents.
- 5.3.D On votes covering a matter, proposal, decision, or approval applying to the entire Contract Area and to Subject Lands (i) that are both within and outside of a Participating Area or (ii) that are within multiple Participating Areas, each such representative or alternative representative shall have a vote equal to (A) prior to the approval of the first Major Project Development Plan & AFE, the Working Interests in the Contract Area of the Party such person represents and (B) after the approval of the first Major Project Development Plan & AFE, the Owner Participating Interests in the Facilities constructed as a part of the first Major Project Development Plan & AFE of the Party such person represents. For the avoidance of doubt the following approvals and decisions are included as falling under this Article 5.3.D:
- 5.3.D.1 Approval of an Equity Procedure and Equity Formula to be used for determining Tract Participations under Article 20;
- 5.3.D.2 Approval to expand or contract the Initial Unit Boundary;
- 5.3.D.3 Approval of a Contract Area Decommissioning Plan;
- 5.3.D.4 Removal of the Operator; and
- 5.3.D.5 Decision to settle any claim or proceedings against the Operator.
- 5.3.E The alternate representative of each Party may attend any Operating Committee meetings, but shall have no vote at such meetings, unless such Party's representative is absent. In addition to the representative and alternate representative, each Party may send technical and other advisors to any Operating Committee meetings.
- 5.3.F Any Party not represented at a meeting of the Operating Committee may nevertheless vote on any matter on the agenda for such meeting on which it is entitled to vote by sending Operator and other Parties a notice advising Operator of its vote on such matter. Such notice must be received by Operator prior to the meeting. For the avoidance of doubt, if a Party submits such a notice and its representative does attend the meeting, the notice shall be disregarded.

5.4 Subcommittees

The Operating Committee may establish subcommittees for any purposes that the Operating Committee may deem appropriate. Each subcommittee shall function in an advisory capacity to the Operating Committee or as otherwise determined unanimously by the Parties. Each Party shall have the right to appoint a representative to each subcommittee governing Operations in which such Party is participating.

5.5 Meetings; Notice of Meeting

- 5.5.A The Operating Committee may, as necessary and subject to call of Operator or Non-Operator request, meet at least once every Calendar Month from the Effective Date through the date of Sustained Unit Production (unless otherwise agreed by the Operating Committee), and thereafter at a frequency determined by the Operating Committee, as necessary and subject to call of Operator or Non-Operator request.
- 5.5.B Operator may call a meeting of the Operating Committee by giving notice to the Parties at least fifteen (15) Days in advance of such meeting.
- 5.5.C Any Non-Operator may request a meeting of the Operating Committee by giving notice to all the other Parties. Upon receiving such request, Operator shall call such meeting for a date not fewer than fifteen (15) Days nor more than twenty (20) Days after receipt of the request.
- 5.5.D The notice periods above may only be waived with the unanimous consent of all the Parties.
- 5.5.E No vote may take place at a meeting of the Operating Committee with respect to a matter prior to the last Day of the appropriate response period for such matter specified in Article 6 (unless unanimously agreed by the Parties entitled to vote on such matter).

5.6 Contents of Meeting Notice

- 5.6.A Each notice of a meeting of the Operating Committee as provided by Operator shall contain:
 - 5.6.A.1 The date, time, and location of the meeting;
 - 5.6.A.2 An agenda of the matters and proposals to be considered and/or voted upon at such meeting; and
 - 5.6.A.3 Information about each matter and proposal to be considered and/or voted on at the meeting (including all appropriate supporting information not previously distributed to the Parties) sufficient to enable the Parties to be well informed about such matters and proposals before such meeting.
- 5.6.B A Party may add additional matters and proposals to the agenda for any meeting, by giving notice to the other Parties not fewer than seven (7) Days before such meeting.
- 5.6.C On the request of a Party, and with the unanimous consent of all Parties, the Operating Committee may consider at a meeting a matter and/or proposal not in the agenda for such meeting.

5.7 Location of Meetings

All meetings of the Operating Committee shall be held in Anchorage, or elsewhere as the Operating Committee may decide.

5.8 Operator's Duties for Meetings

- 5.8.A Operator's duties concerning meetings of the Operating Committee and any subcommittee, shall include:
 - 5.8.A.1 Timely preparation and distribution of the agenda;

5.8.A.2 Organization and conduct of the meeting; and

5.8.A.3 Preparation of a written record or minutes of each meeting.

5.8.B Operator shall have the right to appoint the chairman of the Operating Committee and all subcommittees.

5.9 Voting Procedure

Except as otherwise expressly provided in this Agreement, decisions, approvals, and other actions of the Operating Committee on all proposals (other than proposals on matters reserved to the Parties) coming before it shall be decided as follows:

5.9.A All decisions, approvals, and other actions for which column (A) below is checked shall require the affirmative vote of one (1) or more Parties then having collectively at least eighty-five percent (85%) of the Participating Interests.

5.9.B All decisions, approvals, and other actions for which column (B) below is checked shall require the affirmative vote of two (2) or more Parties that are not Affiliates then having collectively at least sixty-five percent (65%) of the Participating Interests.

5.9.C All decisions, approvals, and other actions for which column (C) below is checked shall require the affirmative vote of one (1) or more Parties then having collectively greater than fifty percent (50%) of the Participating Interests.

	Proposal	(A)	(B)	(C)
(1)	HSSE Plan.			X
(2)	Exploration Plan(s) & AFE(s).		X	
(3)	Appraisal Plan(s) & AFE(s).		X	
(4)	FEED Decisions.		X	
(5)	Major Project Initial Votes.	X		
(6)	Development Plan(s) & AFE(s) other than for Major Project(s).		X	
(7)	Decommissioning Plan(s).		X	
(8)	Work Programs and Budgets.		X	
(9)	Acquisition of G&G Data.		X	
(10)	Plugging and abandoning a well.			X
(11)	Contract awards (if approval is required).		X	
(12)	Major Surface Contracts pursuant to <u>Article 6.7.D.2.</u>		X	
(13)	AFE and Supplemental AFEs.		X	
(14)	Changes in the timing of Costs under AFEs pursuant to <u>Article 6.9.B.</u>			X
(15)	Surrender of all or part of the Contract Area or any Participating Area and determination of size and shape consistent with the Leases, including withdrawals pursuant to <u>Article 12.2.</u>	X		
(16)	Acquisition and development of Venture Information under terms other than as specified in <u>Article 14.</u>		X	
(17)	Approvals under Articles <u>19, 20, 21, and 22.</u>	X		

	Proposal	(A)	(B)	(C)
(18)	Except as otherwise expressly set forth herein, all other proposals and approvals within the Operating Committee's authority.		X	

5.10 Record of Votes

The chairman of the Operating Committee shall appoint a secretary who shall make a record of each proposal voted on and the results of such voting at each Operating Committee meeting. Each representative shall sign and be provided a copy of such record of votes at the end of such meeting. Such signed record shall be considered the final record of the decisions of the Operating Committee.

5.11 Minutes

The secretary shall provide each Party with a copy of the minutes of the Operating Committee meeting within fifteen (15) Business Days after the end of the meeting. Each Party shall notify the secretary within fifteen (15) Days after receipt of such minutes specifying any objections and corrections to the minutes. A failure to give notice specifying objections and corrections to such minutes within such fifteen (15) Day period shall be deemed to be approval of such minutes. In any event, the record of votes under Article 5.10 shall take precedence over the minutes described above.

5.12 Voting by Notice

5.12.A In lieu of a meeting, any Party may submit any proposal to the Operating Committee for a vote by notice. A Non-Operator wishing to submit a proposal shall be subject to requirements of this Article 5.12 and, if such proposal is for an Operation, to Article 6.2.J. The proposing Party or Parties shall notify Operator, who shall give each Party's representative notice describing the proposal so submitted and whether Operator considers such proposal to require urgent determination. Operator shall include with such notice adequate documentation in connection with such proposal to enable the Parties to decide. Each Party shall communicate its vote by notice to Operator and the other Parties within one of the following appropriate time periods after receipt of Operator's notice:

5.12.A.1 Forty-eight (48) hours in the case of Urgent Operational Matters, unless reduced by the Operator to the extent duly justified by the circumstances evidenced by it to the other Parties; and

5.12.A.2 Fifteen (15) Days in the case of all other proposals, unless expressly provided otherwise in this Agreement, including as provided in Article 6.

5.12.B Except in the case of Article 5.12.A.1, any Party may, by notice delivered to all Parties within five (5) Days of receipt of Operator's notice, request that the proposal be decided at a meeting rather than by notice. In such event, that proposal shall be decided at a meeting duly called for that purpose.

5.12.C Except as provided in Article 10, any Party failing to communicate its vote in a timely manner shall be deemed to have voted against such proposal.

5.12.D If a meeting is not requested, then at the expiration of the appropriate time period, Operator shall give each Party a confirmation notice stating the tabulation and results of the vote.

5.13 Effect of Vote

All decisions taken by the Operating Committee under this Article 5 shall be conclusive and binding on all the Parties, except in the following cases:

5.13.A If under this Article 5, a Joint Operation has been properly proposed to the Operating Committee and the Operating Committee has not approved such proposal in a timely manner, then any Party that voted for such

proposal shall have the right for the appropriate period specified below to propose, under Article 7, an Exclusive Operation involving operations essentially the same as those proposed for such Joint Operation.

- 5.13.A.1 For proposals related to Urgent Operational Matters, such right shall be exercisable for twenty-four (24) hours after the time specified in Article 5.12.A.1 has expired or after receipt of Operator's notice given to the Parties under Article 5.13.D, as applicable.
- 5.13.A.2 For all other proposals, such right shall be exercisable for ten (10) Days after the date the Operating Committee was required to consider such proposal under Article 5.6 or Article 5.12.
- 5.13.B If a Party (1) voted against any proposal that was approved by the Operating Committee or (2) designated in approving an Exploration Plan & AFE or Appraisal Plan & AFE its intention not to participate in a portion of such proposal if approved by the Operating Committee, and such Operation (or portion thereof) is of a type that could be conducted as an Exclusive Operation under Article 7, then such Party shall have the right not to participate in the Operation (or portion thereof) contemplated by such approval. Any such Party wishing to exercise its right of non-consent must give notice of non-consent to all other Parties within five (5) Days (or twenty-four (24) hours for Urgent Operational Matters) after Operating Committee approval of such proposal. If a Party exercises its right of non-consent, the Parties who were not entitled to give or did not give notice of non-consent shall be Consenting Parties as to the Operation or Operations in question, and shall conduct such Operation or Operations as an Exclusive Operation under Article 7; provided that any such Party who was not entitled to give or did not give notice of non-consent may, by notice provided to the other Parties within five (5) Days (or twenty-four (24) hours for Urgent Operational Matters) after the notice of non-consent given by any Non-Consenting Party, require that the Operating Committee vote again on the proposal in question. Only the Parties that were not entitled to or have not exercised their right of non-consent with respect to the contemplated Operation shall participate in such second vote of the Operating Committee, with voting rights proportional to their respective Participating Interest. If the Operating Committee approves again the contemplated Operation, any Party that voted against the contemplated Operation in such second vote may elect to be a Non-Consenting Party with respect to such Operation, by notice of non-consent provided to all other Parties within five (5) Days (or twenty-four (24) hours for Urgent Operational Matters) after the Operating Committee's second approval of such contemplated Operation.
- 5.13.C If the Consenting Parties to an Exclusive Operation under Article 5.13.A or Article 5.13.B unanimously agree, then the Operating Committee may, at any time, under this Article 5, reconsider and approve, decide, or take action on any proposal that the Operating Committee declined to approve earlier, or modify or revoke an earlier approval, decision, or action.
- 5.13.D Once an Operation for the drilling, Deepening, Testing, Sidetracking, Plugging Back, Completing, Re-completing, Reworking, or plugging of a well has been approved and commenced, such Operation shall not be stopped without the consent of the Operating Committee; provided that such Operation may be stopped if:
 - 5.13.D.1 An impenetrable substance or other condition in the hole is encountered which in the reasonable judgment of Operator causes the continuation of such Operation to be impractical; or
 - 5.13.D.2 Other circumstances occur that in the reasonable judgment of Operator cause the continuation of such Operation to be unwarranted and the Operating Committee, within the period required under Article 5.12.A.1 after receipt of Operator's notice, approves discontinuing such Operation.

On the occurrence of either of the above, Operator shall promptly notify the Parties that such Operation is being stopped.

6. WORK PROGRAMS AND BUDGETS

6.1 Preparation and Approval

- 6.1.A The Work Program and Budget for Calendar Year 2021 is attached hereto as Exhibit F and hereby adopted by the Parties. On or before July 31 of each Calendar Year, Operator shall deliver to the Parties an annual Work Program and Budget in draft form detailing the Operations that Operator proposes to be performed and the estimated Costs forecast to be charged to the Joint Account during the next Calendar Year. On or before October 1 of each Calendar Year, Operator shall deliver to the Parties the final proposed annual Work Program and Budget for the following Calendar Year.
- 6.1.B During the preparation of the proposed Work Programs and Budgets, AFEs, Exploration Plans & AFEs, Appraisal Plans & AFEs, and Development Plans & AFEs contemplated in this Article 6, Operator shall consult with the Operating Committee or the appropriate subcommittees regarding the contents of such Work Programs and Budgets, AFEs, Exploration Plans & AFEs, Appraisal Plans & AFEs, and Development Plans & AFEs. Notwithstanding anything in this Agreement to the contrary, no Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE under this Agreement may conflict with the terms of the then-current and applicable Unit Plan under the Unit Agreement.
- 6.1.C If the Participating Interests in the Operations described in an Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE differ from the Participating Interests in all such Operations described in plans existing at the time the Participating Interests in such plan are determined, such plan will, once approved, be subject to a new Work Program and Budget. The Operating Committee will vote on each such Work Program and Budget separately.
- 6.1.D Each annual Work Program and Budget shall with respect to the applicable Calendar Year contain, inter alia:
- 6.1.D.1 An itemized list of the operations and activities to be conducted, described in sufficient detail to afford ready identification of the nature, scope, location, timing, and duration of each such operation and activity, including designating whether such line item is: (a) intended to satisfy a Required Operation or the commitments of a previously approved Work Program and Budget, AFE, Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE, (b) subject to a new proposed AFE that will be approved at the same time as the Work Program and Budget, (c) an unapproved AFE Matter that may be submitted for approval by AFE in the future (such AFE Matters subject to the AFE approval provisions of Article 6.8), or (d) an item for which the Costs will be approved upon approval of such Work Program and Budget by the Operating Committee, including line items comprising the Annual Expense and Minor Capital Expenditure Budget;
- 6.1.D.2 An estimate of the Costs corresponding to each such line item enumerated in sufficient detail to be readily tracked and charged under the Accounting Procedure and AFE procedure (if applicable);
- 6.1.D.3 Information with respect to Operator's estimated manpower requirements and Costs and Operator's allocation procedures under the Accounting Procedure; and
- 6.1.D.4 Any additional information and detail as the Operating Committee may deem required.
- 6.1.E Within thirty (30) Days of delivery of a final proposed annual Work Program and Budget, or earlier if necessary to meet any applicable deadline under the applicable Law, the Unit Agreement, or a Unit Plan, the Operating Committee shall meet to consider, modify (if appropriate), and either approve or reject the proposed Work Program and Budget (including any agreed modifications) under Article 5.9. For the avoidance of doubt, to the extent that Cost for a Calendar Year is included in a previously approved Work Program and Budget or AFE, no further approval of the Parties is required.
- 6.1.F Line items in any Work Program and Budget for AFE Matters not yet approved will represent forecasts of anticipated Costs associated with such AFE Matters, and the approval of a Work Program and Budget

containing line items for such AFE Matters will not constitute approval by the Operating Committee of the Costs covered by such line items, which shall be instead approved pursuant to the terms of Article 6.8.

6.1.G Any Operations that by plan will not be completed within a single Calendar Year will, upon approval by the Operating Committee and subject only to revisions approved by the Operating Committee afterwards: (1) remain in effect as between the Parties (and the associated Cost estimate shall be a binding pro-rata obligation of each Party) through the completion of such Operations; and (2) be reflected in each annual Work Program and Budget during the term of such Operation.

6.1.H If a Work Program and Budget is not approved by the Operating Committee by the later of (x) the fifteenth (15) Day of December of the applicable Calendar Year and (y) two (2) Days before a Unit Plan therein is required to be submitted to an Agency for review and approval, then Operator shall prepare and issue to all Parties and the Operating Committee shall be deemed to have approved a Work Program and Budget for the next Calendar Year setting out those Operations which are:

6.1.H.1 Consistent with the scope of, and not in conflict with, the commitments of a previously approved Work Program and Budget or AFE, or the commitments of a previously approved Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE; and

6.1.H.2 Reasonably necessary to keep the Subject Lands in full force and effect, to perform all Required Operations for the relevant Calendar Year, to meet the commitments of a previously approved Work Program and Budget, and to meet the commitments of a Unit Plan, that in each case are required to be carried out during the relevant Calendar Year. In determining the Operations that are reasonably necessary for the purposes of the preceding sentence, the proposed Operations receiving the largest aggregate Participating Interest vote (even if less than the applicable percentage under Article 5.9) shall be adopted. If competing proposals receive equal Participating Interests votes, then Operator shall choose between those competing proposals;

in which case, Operator:

6.1.H.3 Shall provide to the Parties promptly, and in any event by December 31, a copy of the Work Program and Budget deemed approved pursuant to this Article 6.1.H;

6.1.H.4 Is authorized to reflect such a Work Program and Budget in any submission to an Agency for approval of work and Cost required under applicable Laws or the Unit Agreement; and

6.1.H.5 Shall be reimbursed by the Parties for their Participating Interest shares of Costs incurred by Operator and deemed approved under this Article 6.1.H.

6.1.I A Party may at any time, by notice to the other Parties, propose that a Work Program and Budget be amended; provided that any such amendment shall not de-authorize or invalidate any commitment or Cost already made by the Operator in accordance with any previous authorization given under this Agreement.

6.1.J If a Work Program and Budget, as proposed, revised, and/or amended, is approved by the Operating Committee and satisfies the requirements of the Laws, any Unit Plans, and Unit Agreement, including (if required) being approved, or deemed to be approved, by an Agency, Operator shall, subject to complying with Articles 6.8 and 6.9, be authorized to conduct the Operations set out in such approved Work Program and Budget.

6.2 Exploration and Appraisal

6.2.A Subject to Article 6.8, approval of any AFE that includes:

6.2.A.1 An Exploration Well, whether by drilling, Deepening, or Sidetracking, shall include approval for all Costs necessary for drilling, Deepening, or Sidetracking, as applicable, and Testing and Completing an Exploration Well.

- 6.2.A.2 An Appraisal Well, whether by drilling, Deepening, or Sidetracking, shall include approval for all Costs necessary for drilling, Deepening, or Sidetracking, as applicable, and Testing and Completing such Appraisal Well.
- 6.2.B Operator may at any time propose an Exploration Plan & AFE for the Contract Area, and within thirty (30) Days after receipt of a proposed Exploration Plan & AFE, or earlier if necessary to meet any applicable deadline under an approved Unit Plan, the Operating Committee shall meet to consider, modify (if appropriate), and then either approve or reject such proposed Exploration Plan & AFE (including any proposed modifications). If the proposed Exploration Plan & AFE proposes to drill more than one Exploration Well, (1) the AFE shall allocate Costs among the proposed Exploration Wells (including allocations of Costs based on the Parties non-consenting to certain of the proposed Exploration Wells), (2) the Operating Committee will vote to either approve or reject the entire Exploration Plan & AFE, and (3) subject to Article 7.1.D, each proposed Exploration Well shall be deemed to be subject to a separate proposal for purposes of participation elections under Article 5.13.
- 6.2.C If the Exploration Operations set out in an Exploration Plan & AFE are approved in a Unit Plan by the applicable Agencies, the associated AFEs shall be deemed to be incorporated into and form a part of the then-current annual Work Program and Budget (and any applicable subsequent annual Work Program and Budget, if the AFE extends beyond the then-current annual Work Program and Budget).
- 6.2.D If one or more Discoveries is made, Operator shall promptly submit to the Parties a report containing: (1) available details concerning the Discovery or Discoveries; (2) Operator's recommendation as to whether the Discovery or Discoveries merit appraisal; and (3) the details of any appraisal obligations under an approved Unit Plan that would be applicable to such Discovery or Discoveries. Operator shall provide Non-Operators not less than sixty (60) Days to review the report. Thereafter, the Operating Committee shall determine whether the Discovery or Discoveries merit appraisal.
- 6.2.E If the Operating Committee determines that one or more Discoveries merit appraisal, Operator within one hundred and eighty (180) Days from the date of such determination shall deliver to the Parties a proposed Appraisal Plan & AFE, subject to Article 6.2.I, for such Discovery or Discoveries, which shall, in addition to the information required under Article 6.1.D, contain:
- 6.2.E.1 A delineation of the proposed appraisal area; and
- 6.2.E.2 Any other information concerning the proposed Appraisal Operations requested by a Party.
- 6.2.F Within thirty (30) Days after receipt of the proposed Appraisal Plan & AFE, or earlier if necessary to meet any applicable deadline under an approved Unit Plan, the Operating Committee shall meet to consider, modify (if appropriate), and then either approve or reject the proposed Appraisal Plan & AFE (including any proposed modifications). If a proposed Pre-FEED Decision Appraisal Plan & AFE proposes to appraise multiple Discoveries, (1) the AFE shall allocate Costs among the proposed Discoveries to be appraised (including allocations of Costs based on the Parties non-consenting to certain of the proposed Discoveries), (2) the Operating Committee will vote to either approve or reject the entire Pre-FEED Decision Appraisal Plan & AFE, and (3) Pre-FEED Decision Appraisal Operations shall be deemed to be subject to a separate proposal on a Discovery-by-Discovery basis for purposes of participation elections under Articles 5.13; provided that, Pre-FEED Decision Appraisal Operations proposed for any Discovery (a) comprising part of a Multi-pay Discovery, and (b) shallower than a Discovery within the same Multi-pay Discovery for which a Party has approved Pre-FEED Decision Appraisal Operations, shall be deemed approved by such Party.
- 6.2.G If the Operating Committee approves the Appraisal Plan & AFE, Operator shall, as soon as possible, take such steps as may be required under the Laws to secure approval of such Appraisal Operations by the relevant Agencies. If an Agency requests changes to such Appraisal Operations as a condition to granting its approval, then Operator shall promptly notify the Parties of such Agency's proposed changes and may submit a revised Appraisal Plan & AFE to the Operating Committee for further consideration.
- 6.2.H If the Appraisal Operations set out in the Appraisal Plan & AFE are approved in a Unit Plan by the applicable Agencies, the associated AFEs shall be deemed to be incorporated into and form a part of the then-current

annual Work Program and Budget (and any applicable subsequent annual Work Program and Budget, if the AFE extends beyond the then-current annual Work Program and Budget).

- 6.2.I If the Appraisal Operations are in anticipation of a Major Project:
- 6.2.I.1 The Appraisal Plan & AFE described in Article 6.2.E above shall only include Appraisal Operations that occur prior to FEED (such Appraisal Plan & AFE, a “**Pre-FEED Decision Appraisal Plan & AFE**” and such Operations, “**Pre-FEED Decision Appraisal Operations**”);
 - 6.2.I.2 Thereafter, prior to conducting Appraisal Operations relating to FEED activities or other engineering and infrastructure studies occurring concurrent with or following FEED activities, including long-lead items to be procured during FEED (such Operations, “**FEED Appraisal Operations**”), Operator shall submit to the Parties an additional proposed Appraisal Plan & AFE detailing the proposed FEED Appraisal Operations (a “**FEED Appraisal Plan & AFE**”) as soon as reasonably practical; and
 - 6.2.I.3 Such FEED Appraisal Plan & AFE shall be subject to the timing requirements and approval mechanisms applicable to Appraisal Plans & AFEs under Article 5 and 6.2.F through 6.2.H, which shall apply *mutatis mutandis*.
- 6.2.J A Non-Operator holding at least twenty percent (20%) of the Participating Interest in the applicable Subject Lands may recommend an Operation, other than one for Development Operations, be conducted at any time by written notice to Operator in accordance with Article 5.12.A.
- 6.2.J.1 If a Non-Operator recommends an Operation, Operator shall provide prompt notice to the Operating Committee pursuant to Article 5.12.A, and the Operating Committee shall vote, within thirty (30) Days after receiving the Non-Operator’s recommendation, on whether to approve for Operator to prepare an Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE (as applicable) for such recommended Operation.
 - 6.2.J.2 If the Operating Committee approves such preparation, then Operator within thirty (30) Days of such approval shall prepare the applicable Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE for such Operation, in each case, based on the recommendation submitted to the Operating Committee by the Non-Operator. The Costs to prepare such Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE (as applicable) will be charged to the Joint Account.
 - 6.2.J.3 If the Operating Committee does not approve such preparation, the proposing Non-Operator may elect to have the Operator prepare the applicable Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE applicable to such Operation at such Non-Operator’s sole expense, subject to Article 6.2.J.5. Operator shall prepare such Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE applicable to such Operation within thirty (30) Days of such vote.
 - 6.2.J.4 Once prepared in accordance with Article 6.2.J.2 or 6.2.J.3, the Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE applicable to such Operation shall be promptly submitted to the Operating Committee for approval of the Operation covered by such AFE, and will be subject to the applicable timing requirements and approval mechanics that herein apply to Exploration Plans & AFEs, Appraisal Plans & AFEs, or other applicable AFEs.
 - 6.2.J.5 If the Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE was prepared under Article 6.2.J.3, and the Operation (1) is approved and conducted as a Joint Operation, the Costs to prepare such Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE, as applicable, shall be charged to the Joint Account, (2) is approved and conducted as an Exclusive Operation wherein Parties other than the proposing Parties bearing the costs under Article 6.2.J.3, the Costs to prepare such Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE, as applicable, shall be charged to the account of the Consenting Parties in the Exclusive Operation,

and the case of either (1) or (2), the proposing Non-Operator shall be reimbursed for any preparation costs and expenses that it paid.

For the avoidance of doubt, the provisions of this Article 6.2.J shall only apply once to an Operation and will not be re-imposed on an Exclusive Operation that was previously subject to such provisions as a proposed Joint Operation.

6.3 Development

6.3.A As soon as reasonably practical following a FEED Decision (or, if the Appraisal Operations did not involve a Major Project, the completion of Appraisal Operations), Operator will deliver to the Operating Committee a proposed Development Plan & AFE for one or more Discoveries, which shall, in addition to the information required under Article 6.1.D, contain:

- 6.3.A.1 A delineation of the proposed Participating Area(s);
- 6.3.A.2 An estimated date for the commencement of Production Operations;
- 6.3.A.3 A production forecast of estimated production of each type of Hydrocarbon to be produced by Calendar Year for the estimated productive life of the Discovery or Discoveries;
- 6.3.A.4 A description of all material Facilities to be constructed as Joint Property;
- 6.3.A.5 An estimated Decommissioning Work Program and Budget; and
- 6.3.A.6 Any other information related to Development Operations and Production Operations requested by the Operating Committee;

together with AFEs to account for the Development Plan & AFE and a work schedule for the remainder of the Development Plan & AFE; provided that any Major Project Development Plan & AFE shall also include a good faith estimation of the anticipated Costs and impact on the schedule that would occur if there were a Re-Vote Process for a Major Project.

6.3.B As soon as practicable after receipt of the proposed Development Plan & AFE, each Party shall furnish to Operator and the other Parties any comments, suggestions, or proposed amendments it may have for the proposed Development Plan & AFE. Within thirty (30) Days after receipt of the Proposed Development Plan & AFE, the Operating Committee shall meet to consider and modify (if appropriate) the Proposed Development Plan & AFE.

6.3.C Within ninety (90) Days after receipt of the proposed Development Plan & AFE, or earlier if necessary to meet any applicable deadline under Laws, the Unit Agreement, or any Unit Plan, the Operating Committee shall meet to either approve or reject the Development Plan & AFE (after further considerations and modifications, if appropriate) (such vote, when with respect to a Major Project, the “**Major Project Initial Vote**”). If the proposed Development Plan & AFE is for a Major Project (“**Major Project Development Plan & AFE**”) and at such time there are three (3) or more Parties to this Agreement that are not Affiliates, then the following provisions shall also apply:

- 6.3.C.1 Each Party entitled to vote on the Major Project Development Plan & AFE shall specify in its Major Project Initial Vote whether: (a) it approves the proposed Major Project Development Plan & AFE with no further changes (a “**Major Project Participating Party**”); (b) it disapproves the proposed Major Project Development Plan & AFE but wishes to proceed with Development Operations with respect to the Discovery or Discoveries (a “**Major Project Disapproving Party**”), specifying its basis for voting against the Major Project Development Plan & AFE (the “**Basis of Disapproval**”) (provided that the only permitted Bases for Disapproval shall be Cost improvements or technical considerations that were not considered in the Major Project Development Plan & AFE or unacceptable commercial or technical risks (including safety or environmental integrity risks) in the Major Project Development Plan &

AFE); or (c) it disapproves the proposed Major Project Development Plan & AFE and does not wish to proceed with Development Operations with respect to the Discovery or Discoveries (a “**Major Project Withdrawing Party**”), in which event, such Major Project Withdrawing Party shall be deemed to be a Non-Consenting Party to the Major Project Development Plan & AFE for all purposes hereunder (including Article 5.13.B) (unless the Major Project Development Plan & AFE is modified or expanded pursuant to Article 6.3.C.4, in which case such Non-Consenting Party shall have the option to thereafter participate (as a Re-Vote Party that is considered a Major Project Disapproving Party) in the Major Project Re-Vote pursuant to Article 6.3.C.4 without, for the avoidance of doubt, any requirements to pay a premium to reinstate its rights pursuant to Article 7 in respect of the Major Project Development Plan & AFE).

- 6.3.C.2 If in the Major Project Initial Vote the Major Project Development Plan & AFE receives the requisite approval pass mark set forth in Article 5.9, then the Major Project Development Plan & AFE is approved.
- 6.3.C.3 If in the Major Project Initial Vote the Major Project Development Plan & AFE does not receive the requisite approval pass mark set forth in Article 5.9, but there are one (1) or more Major Project Participating Parties having collectively at least eighty five percent (85%) of the Participating Interests (excluding, for purposes of such determination, the Participating Interest of any Major Project Withdrawing Party), (a) then the Major Project Development Plan & AFE shall be deemed approved for all purposes hereof and (b) each Major Project Disapproving Party may elect to non-consent thereto pursuant to Article 5.13.B (applied *mutatis mutandis*).
- 6.3.C.4 If (x) in the Major Project Initial Vote the Major Project Development Plan & AFE does not receive the requisite approval pass mark set forth in Article 5.9, (y) the provisions of Article 6.3.C.3 are not applicable, and (z) there are at least one (1) Major Project Participating Party and at least one (1) Major Project Disapproving Party, then the following shall apply (the “**Re-Vote Process**”; and all of the Major Project Participating Parties and the Major Project Disapproving Parties, the “**Revote Parties**”):
- (a) During the Re-Vote Period, (i) the country manager (or equivalent personnel) of such Parties shall meet to consider and discuss any disagreements relating to the proposed Major Project Development Plan & AFE, and (ii) the Major Project Disapproving Parties may request that Operator conduct additional evaluations and studies based on the Basis of Disapproval, and Operator may modify (if appropriate) the proposed Major Project Development Plan & AFE based on such evaluations and studies;
 - (b) The Major Project Disapproving Parties may unanimously call for the Operating Committee to re-vote on the Major Project Development Plan & AFE (as revised pursuant to Article 6.3.C.4(a), if applicable) (the “**Major Project Re-Vote**”) at any time within ninety (90) Days from the Major Project Initial Vote (the “**Re-Vote Period**”), and in such vote each Re-Vote Party shall vote either to approve or disapprove such Major Project Development Plan & AFE; provided that if the Major Project Disapproving Parties do not call for a re-vote during such period, Operator shall call for such a revote promptly at the end of the Re-Vote Period; and
 - (c) In any Major Project Re-Vote, the Major Project Development Plan & AFE is approved if approved by two (2) or more Re-Vote Parties that are not Affiliates holding collectively at least sixty percent (60%) of the Participating Interests of the Re-Vote Parties’ total Participating Interests in the proposed Major Project (for the avoidance of doubt, excluding from such determination, the Participating Interest of any Major Project Withdrawing Party that is not a Re-Vote Party), in which event, notwithstanding anything to the contrary, all Revote Parties shall be deemed Consenting Parties to such Major Project Development Plan & AFE for all purposes hereof.

6.3.C.5 Subject to Article 6.3.C.5(f) below, if (y) the Major Project Development Plan & AFE is not approved at the Major Project Re-Vote, and (z) one (1) or more of the Re-Vote Parties have voted in the Major Project Re-Vote to approve the Major Project Development Plan & AFE (the “**Proceeding Parties**”); and the other Re-Vote Parties, the “**Non-Proceeding Parties**”), then one (1) or more Proceeding Parties may elect to exercise the Buy-Sell Option pursuant to the following:

- (a) In order to initiate the Buy-Sell Option process, any Proceeding Party may provide written notice to the Non-Proceeding Parties indicating its intent to exercise the Buy-Sell Option and become a “**Major Project Buy-Out Party**” within thirty (30) Days after the Major Project Re-Vote (the “**Buy-Sell Initiation Notice Period**”); provided that the Buy-Sell Option shall only proceed and the Non-Proceeding Parties shall only make a Buy-Sell Offer if Proceeding Parties holding collectively at least fifty-one percent (51%) of the Participating Interests of the Re-Vote Parties’ total Participating Interests in the proposed Major Project (for the avoidance of doubt, excluding from such determination the Participating Interest of any Major Project Withdrawing Party that is not a Re-Vote Party) provide such written notice by the end of the Buy-Sell Initiation Notice Period, and if Proceeding Parties holding such Participating Interest do not deliver such notices the Major Project Development Plan & AFE shall be deemed to have been rejected for all purposes. Within thirty (30) Days after the end of the Buy-Sell Initiation Notice Period, the Non-Proceeding Parties shall deliver a written offer to the Major Project Buy-Out Parties (the “**Buy-Sell Offer**”) that states the proposed value agreed upon between the Non-Proceeding Parties of all Participating Interests in the applicable Participating Area(s) subject to the Major Project Development Plan & AFE (determined in the sole discretion of the Non-Proceeding Parties) (the “**Major Project Interest,**” and such value, the “**Major Project Value**”); provided that if the Non-Proceeding Parties do not agree upon a Major Project Value within such thirty (30) Day period, (i) the Major Project Value shall be the Major Project Value proposed by the Non-Proceeding Party with the largest Participating Interest in the Major Project (and if there are two (2) or more Non-Proceeding Parties that hold equal Participating Interests that are the largest among the Non-Proceeding Parties, the highest of the Major Project Values proposed shall be selected) and (ii) each other Non-Proceeding Party shall have the option of withdrawing from the Subject Lands the subject of the Major Project Development Plan & AFE pursuant to Article 12 rather than proceeding with the Buy-Sell Offer. Each Non-Proceeding Party that has not elected to so withdraw shall be bound to acquire an amount of the applicable Buy-Sell Interests equal to its Pro Rata Share if the Offer to Buy is accepted.
- (b) If the Non-Proceeding Parties fail to deliver a Buy-Sell Offer, then the Non-Proceeding Parties shall each be deemed to have elected to withdraw with respect to the Subject Lands the subject of the Major Project Development Plan & AFE pursuant to Article 12, and the Major Project Development Plan & AFE shall be deemed approved for all purposes.
- (c) The Buy-Sell Offer shall constitute an irrevocable offer (A) to sell to the Major Project Buy-Out Parties all, but not less than all, of the Non-Proceeding Parties’ Buy-Sell Interests in consideration for the payment of the applicable Buy-Sell Price (the “**Offer to Sell**”), and (B) to purchase all, but not less than all, of the Major Project Buy-Out Parties’ Buy-Sell Interests in consideration for the payment of the applicable Buy-Sell Price (the “**Offer to Buy**”), as applicable.
- (d) The Major Project Buy-Out Parties shall have twenty (20) Days after receipt of the Buy-Sell Offer (the “**Buy-Sell Offer Period**”) to respond to the Offer to Sell or the Offer to Buy, but not both, by giving the Non-Proceeding Parties notice of such response. If the Major Project Buy-Out Parties fail to accept either the Offer to Sell

or the Offer to Buy within the Buy-Sell Offer Period, then the Major Project Buy-Out Parties shall be deemed to have accepted the Non-Proceeding Parties' Offer to Buy. If there are two (2) or more Major Project Buy-Out Parties, the Major Project Buy-Out Parties shall make the election to respond to the Buy-Sell Offer pursuant to the following provisions (absent which, the sole Major Project Buy-Out Party shall make such election in its sole discretion):

- (i) Within ten (10) Days after the receipt of the Buy-Sell Offer, each Major Project Buy-Out Party shall inform the other Major Project Buy-Out Parties that it proposes (and would be agreeable) to: (y) acquire from the Non-Proceeding Parties (pursuant to the Offer to Sell) some amount of the applicable Buy-Sell Interests equal to either (1) its Pro-Rata Share or (2) any other amount either below or above its Pro-Rata Share and no greater than an amount that is one hundred percent (100%) of the applicable Buy-Sell Interests; or (z) sell its Buy-Sell Interests to the Non-Proceeding Parties (pursuant to the Offer to Buy).
- (ii) If the amount proposed for acquisition pursuant to Article 6.3.C.5(d)(i)(y) by each of the Major Project Buy-Out Parties equals or exceeds each Major Project Buy-Out Party's Pro-Rata Share, then one hundred percent (100%) of the applicable Buy-Sell Interests will be allocated pro rata among the Major Project Buy-Out Parties in accordance with such Parties' Pro-Rata Share, and the Major Project Buy-Out Parties will have proposed to acquire one hundred percent (100%) of the applicable Buy-Sell Interests from the Non-Proceeding Parties.
- (iii) If any Major Project Buy-Out Party proposes to acquire pursuant to Article 6.3.C.5(d)(i)(y) is less than its Pro-Rata Share, but the total of all Major Project Buy-Out Parties' proposed amounts exceeds one hundred percent (100%) of the applicable Buy-Sell Interests, then the Major Project Buy-Out Parties proposing an amount greater than their respective Pro-Rata Share shall allocate among themselves such un-acquired interest pro rata based on each of their respective Pro-Rata Shares, and the Major Project Buy-Out Parties will have proposed to acquire one hundred percent (100%) of the applicable Buy-Sell Interests from the Non-Proceeding Parties.
- (iv) If (a) the total of all amounts proposed for acquisition pursuant Article 6.3.C.5(d)(i)(y) by the Major Project Buy-Out Parties is less than one hundred percent (100%) of the applicable Buy-Sell Interests, and (b) the Major Project Buy-Out Parties have not all proposed to sell their Buy-Sell Interests pursuant to Article 6.3.C.5(d)(i)(z), the Major Project Buy-Out Parties shall meet to negotiate in good faith a resolution to such under-subscription. If, within twenty (20) Days after the receipt of the Buy-Sell Offer, the Major Project Buy-Out Parties propose to acquire less than one hundred percent (100%) of the applicable Buy-Sell Interests (including in the case that all Major Project Buy-Out Parties propose to sell their Buy-Sell Interests), then the Major Project Buy-Out Parties will be deemed to have accepted the Non-Proceeding Parties' Offer to Buy.
- (e) Within thirty (30) Days after the Buy-Sell Offer Period (if applicable), the Buy-Sell Buying Party will pay each Buy-Sell Selling Party an amount equal to the applicable Buy-Sell Price, and each Buy-Sell Selling Party shall concurrently assign its applicable Buy-Sell Interests to the Buy-Sell Buying Party, in each case in accordance with the shares determined in accordance with this Article 6.3.C, pursuant to the terms of Article 8.9 (applied *mutatis mutandis*); provided that if the Buy-Sell Buying Party fails to comply with the terms of this Article 6.3.C.5(e) it will be deemed to have elected to

withdraw with respect to the Subject Lands the subject of the Major Project Development Plan & AFE pursuant to Article 12.

- (f) The Buy-Sell Option (and the applicable provisions in this Article 6.3.C.5) shall only be available to the Re-Vote Parties if there are three (3) or more Parties that are not Affiliates and each holds at least a ten percent (10%) Participating Interest; absent which, for the avoidance of doubt, the Buy-Sell Option (and such applicable provisions in this Article 6.3.C.5) shall not be available to any such Re-Vote Party.

6.3.C.6 If the Major Project Buy-Out Parties acquire one hundred percent (100%) of the applicable Buy-Sell Interests from the Non-Proceeding Parties pursuant to the Buy-Sell Option, the Major Project Development Plan & AFE shall be deemed approved as of the Buy-Sell Offer date. If the Non-Proceeding Parties acquire the applicable Buy-Sell Interests from the Major Project Buy-Out Parties pursuant to the Buy-Sell Option, then the Major Project Development Plan & AFE shall be deemed to have been rejected for all purposes hereof and the remaining Re-Vote Parties (excluding, for the avoidance of doubt, the Major Project Buy-Out Parties) may thereafter elect to propose a Major Project Development Plan & AFE (in respect of the Major Project Interest) pursuant to this Article 6.3.

6.3.C.7 If the Major Project Development Plan & AFE (as revised pursuant to Article 6.3.C.4(a), if applicable) is not approved pursuant to this Article 6.3.C, then the Major Project Development Plan & AFE shall be deemed to have been rejected for all purposes hereof.

6.3.C.8 For the avoidance of doubt, Article 6.3.C.1 through 6.3.C.7 shall apply, as applicable, in lieu of the provisions of Article 7.2.

6.3.D If the Operating Committee approves the Development Plan & AFE, Operator shall, as soon as possible take such steps as may be required with the relevant Agencies to secure approval of the Development Operations by the relevant Agencies. If an Agency requests changes in the Development Operations for the first Calendar Year as a condition to granting approval, then Operator shall promptly notify the Parties of such Agency's proposed changes and may submit a revised Development Plan & AFE to the Operating Committee for further consideration.

6.3.E If the Development Operations are approved in a Unit Plan by the applicable Agencies, the associated AFEs shall be incorporated into and form a part of the then-current annual Work Program and Budget (and any applicable subsequent annual Work Program and Budget, if the AFE extends beyond the then-current annual Work Program and Budget); provided that if the Participating Interests of the Parties in the Participating Area(s) differ from the Participating Interests of all Parties in the entire Contract Area, then the associated Work Program and Budget shall be the Work Program and Budget for such new Participating Area(s) only. Operator shall periodically review the Development Plan & AFE and propose amendments and supplemental AFEs as may be prudent, and the Operating Committee shall consider, modify (if necessary), and approve or reject those proposed amendments and supplements under Article 5.9.

6.4 Production

6.4.A At least one hundred and twenty (120) Days before first commercial production from a Participating Area, Operator shall deliver to the Parties a proposed updated Work Program and Budget and any applicable AFEs that shall, in addition to the information required under Article 6.1.D, contain the projected production schedule for the remainder of the Calendar Year in which first commercial production begins and, if fewer than four (4) Calendar Months remain in the current Calendar Year, for the next Calendar Year. Operator may from time to time deliver such AFEs, as applicable. Following the delivery of the draft Work Program and Budget pursuant to Article 6.1.A, on or before October 1 of each Calendar Year thereafter, Operator shall deliver to the Parties a proposed updated Work Program and Budget that shall, in addition to the information required under Article 6.1.D, contain the projected production schedule for the next four (4) Calendar Years.

6.4.B Within thirty (30) Days after receipt of the proposed updated Work Program and Budget, the Operating Committee shall meet to consider, modify (if appropriate) and then either approve or reject the proposed Work Program and Budget.

6.5 Decommissioning Procedures

6.5.A Operator and Non-Operators will plan and provide for Decommissioning in accordance with the Laws, the Unit Agreement, the Leases, and this Agreement, including Article 10 and Exhibit G, which sets forth the procedures for estimating and funding or providing Security for Decommissioning.

6.5.B Operator shall deliver an estimate of Decommissioning Costs with the delivery of any Development Plan & AFE. Starting in the Calendar Year two (2) Calendar Years immediately preceding the forecasted Trigger Date pursuant to Exhibit G, Operator shall submit to Non-Operators a draft Decommissioning Work Program and Budget along with the annual Work Program and Budget. Any proposed Decommissioning Work Program and Budget shall contain the information required under Article 6.1 and any other reasonable and necessary supporting information.

6.5.C Within thirty (30) Days after Operator has delivered a proposed Decommissioning Work Program and Budget to Non-Operators, or earlier if necessary to meet any applicable deadline under the Leases or Laws, the Operating Committee shall meet to consider, modify (if appropriate), and then either approve or reject the proposed Decommissioning Work Program and Budget.

6.5.D If all or part of the Decommissioning Work Program and Budget is not approved by the Operating Committee, any Party may propose an alternative Decommissioning Work Program and Budget. The Operating Committee shall meet to consider alternative proposals and vote on such proposals within sixty (60) Days after the Operating Committee has met (or voted by mail) under Article 6.5.C, or earlier if necessary to meet any applicable deadline under the Laws. The proposal that receives the largest aggregate Participating Interest vote (even if it receives less than the applicable percentage under Article 5.9) shall be deemed approved by the Operating Committee. If two (2) proposals each receive an affirmative vote of equal shares of Participating Interests, then the proposal for which the Operator affirmatively votes shall be deemed approved.

6.6 HSSE Plan

6.6.A Operator shall in the conduct of Operations:

6.6.A.1 Prepare and establish an HSSE plan (once approved by the Operating Committee, the “**HSSE Plan**”) consistent with the HSSE Policy Statement attached hereto as Exhibit J and designed to achieve safe and reliable conduct of operations and activities, to avoid significant and unintended impact on the safety and health of people, on property, and on the environment, to comply with Laws relating to HSSE;

6.6.A.2 Maintain and update the HSSE Plan as appropriate and in compliance with Laws; and

6.6.A.3 Carry out the HSSE Plan in conformance with Laws relating to HSSE and in a manner consistent with standards and procedures generally followed in the petroleum industry under similar circumstances.

6.6.B Prior to commencement of Development Operations, the Operating Committee shall review and approve the HSSE plan. The Operating Committee shall at least annually thereafter review the details of the HSSE Plan, the implementation of the HSSE Plan, and of the effectiveness of the HSSE Plan.

6.6.C In the conduct of Operations, Operator shall establish an audit program in which an auditor reviews and verifies that the HSSE Plan is in place and fulfills the requirements of Article 6.6.A, that the HSSE Plan is being properly carried out, and that the HSSE Plan as carried out is effective. The Operating Committee has the right to conduct an audit of the HSSE Plan in coordination with Operator upon sixty (60) Days’ prior written notice to Operator and report any findings and recommendations therefrom to Operator.

- 6.6.D Operator shall require its contractors, consultants, and agents undertaking activities for the Joint Account to manage HSSE risks in a manner consistent with the requirements of the HSSE Plan.
- 6.6.E Operator shall establish and enforce policies consistent with those generally followed in the petroleum industry under similar circumstances that, at a minimum, address the use by its employees, Seconddees, contractors, consultants, and agents within the Contract Area of prescribed drugs and the possession, use, distribution, or sale of any of the following:
- 6.6.E.1 Firearms, explosives, or other weapons without the prior written approval of Operator’s senior management;
 - 6.6.E.2 Alcoholic beverages without the prior written approval of Operator’s senior management; and
 - 6.6.E.3 Illicit or non-prescribed controlled substances.

6.7 Contract Awards

Except as provided in Article 6.7.D for Sole Source Contracts, Operator shall award each contract for Operations by procedures based on value as set forth below:

	Procedure A	Procedure B	Procedure C
Exploration and Appraisal Operations	0 to 3,000	3,000 to 10,000	>10,000
Development Operations	0 to 5,000	5,000 to 20,000	>20,000
Production Operations	0 to 5,000	5,000 to 20,000	>20,000
Decommissioning Operations	0 to 5,000	5,000 to 10,000	>10,000

All amounts stated in this Article 6.7 are in thousands of Dollars such amounts shall be adjusted, beginning in 2020, on each anniversary of the Effective Date using the Index. For avoidance of doubt, any reference to contract or Sole Source Contracts in this Article 6.7 shall include original contract scope and award, major modifications, or extensions not addressed in the original contract scope and award.

6.7.A Procedure A

Operator shall award the contract to the best qualified contractor, as determined by cost, quality, and ability to perform the contract properly, on time, within budgeted cost, and in compliance with applicable legal and contractual requirements, without the obligation to tender and without informing or seeking the approval of the Operating Committee, except that before entering into contracts with Affiliates of Operator or of any Non-Operator exceeding one million Dollars (\$1,000,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index), Operator shall obtain the approval of the Operating Committee.

6.7.B Procedure B

Operator shall:

- 6.7.B.1 Provide the Parties with a list of the entities that Operator proposes to invite to tender for the contract;
- 6.7.B.2 Add to the tender list any entity that a Party reasonably requests to be added within fourteen (14) Days of receipt of such list;
- 6.7.B.3 Complete the tendering process within a reasonable period of time;
- 6.7.B.4 Inform the Parties of the entities to whom the contract has been awarded, provided that before awarding contracts to Affiliates of Operator or of any Non-Operator that exceed one million

Dollars (\$1,000,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index), Operator shall obtain the approval of the Operating Committee;

6.7.B.5 Circulate to the Parties a competitive bid analysis stating the reasons for the choice made and containing a comparative price analysis to the extent permitted by applicable antitrust Laws; and

6.7.B.6 Upon the request of a Party, provide such Party with a copy of the final version of the contract, redacting pricing terms.

6.7.C Procedure C

Operator shall:

6.7.C.1 Provide the Parties with a list of the entities that Operator proposes to invite to tender for the contract;

6.7.C.2 Add to the tender list any entity that a Party reasonably requests to be added within fourteen (14) Days of receipt of such list;

6.7.C.3 Complete the tendering process within a reasonable period of time;

6.7.C.4 Circulate to the Parties a competitive bid analysis stating the reasons for the choice made, and containing a comparative price analysis to the extent permitted by applicable antitrust Laws;

6.7.C.5 Obtain the approval of the Operating Committee to the recommended bid; and

6.7.C.6 Upon the request of a Party, provide such Party with a copy of the final version of the contract, redacting pricing terms.

6.7.D Sole Source Contracts

6.7.D.1 For Sole Source Contracts other than Major Surface Contracts that, based on Costs, would fall under Procedures B or C above, Operator shall:

(a) Provide the identity of the supplier with whom Operator proposes to contract;

(b) Provide an explanation of good cause for the sole sourcing;

(c) Obtain the approval of the Operating Committee for the award of the contract, such approval not to be unreasonably withheld; and

(d) Upon the request of a Party, provide such Party with a copy of the final version of the contract;

6.7.D.2 For Sole Source Contracts that are Major Surface Contracts that are valued at greater than two million five hundred thousand Dollars (\$2,500,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index) Operator shall:

(a) Provide the identity of the supplier with whom Operator proposes to contract;

(b) Provide an explanation of good cause for the sole sourcing;

(c) Provide an explanation of the Operations to be conducted on or the Facilities to be located on the lands covered by the Major Surface Contract;

(d) Provide the Operating Committee with the version of the contract that Operator proposes to execute;

- (e) Obtain the approval of the Operating Committee of the terms and conditions of the contract; and
- (f) Provide all Parties with a copy of the final executed version of the contract, which must be substantially in the same form as the contract approved by the Operating Committee.

6.8 Authorization for Expenditure (“AFE”) Procedure

- 6.8.A Before incurring any commitment or Cost for (1) Exploration Operations, (2) Appraisal Operations, (3) Development Operations, (4) the construction, modification, or repair of Joint Property or the evaluation or commissioning of studies for Exploration Operations, Appraisal Operations, or Development Operations costing more than one million five hundred thousand Dollars (\$1,500,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index) (in each case of (1) through (4), an “**AFE Matter**”), or (5) a matter not already approved under a Work Program and Budget or AFE, Operator shall send to each Non-Operator an AFE as described in Article 6.8.E; provided that (a) Operator shall not be obligated to furnish an AFE to the Parties with respect to (x) any expenditures reflected as line items on the Annual Expense and Minor Capital Expenditure Budget and (y) any Reworking Operations (except as provided below); and (b) Operator shall furnish an informational AFE to the Parties with respect to (i) Required Operations, to the extent that a Required Operation is an AFE Matter, and (ii) Reworking Operations costing more than two million five hundred thousand Dollars (\$2,500,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index), in each case, no later than thirty (30) Days prior to performing the applicable Operation.
- 6.8.B Before entering into any commitment or incurring any Costs subject to the AFE procedure in Article 6.8.A, Operator shall submit the corresponding AFE for approval by the Operating Committee.
- 6.8.C Any approved AFE may be amended or supplemented by way of a supplemental AFE proposed by Operator and approved pursuant to the terms of this Article 6.8.
- 6.8.D If the Operating Committee approves an AFE for a commitment or Cost within the applicable time period under Article 5.12.A, Operator shall be authorized to enter into such commitment or incur such Costs and conduct the corresponding Operation under this Agreement, and the approved item, to the extent not already included, will become a part of the Work Program and Budget. Any Party who voted against the AFE has the right to not participate in the Operation covered by such AFE as provided in Article 5.13.B.
- 6.8.E Each AFE furnished by Operator shall, as applicable:
 - 6.8.E.1 Identify the corresponding Operation by specific reference to the applicable line items in the Work Program and Budget;
 - 6.8.E.2 Describe the Operation in detail, including the technical design specifications for the proposed Operation;
 - 6.8.E.3 Contain Operator’s best estimate of the total commitments and Costs required to carry out such Operation;
 - 6.8.E.4 Outline the proposed work schedule;
 - 6.8.E.5 Provide a forecast schedule of commitments and Costs, if known, and such commitments and Costs must be incurred pursuant to a contract that has been or will be approved pursuant to Article 6.7; and
 - 6.8.E.6 Be accompanied by such other supporting information as is necessary for an informed decision (including as may be reasonably requested by a Party).

6.9 Over-Expenditures of Work Programs and Budgets

- 6.9.A For commitments and Costs with respect to any AFE, Operator shall be entitled to incur in connection with the corresponding Operation, without further approval of the Operating Committee, a combined over-commitment and over-expenditure for such AFE up to ten percent (10%) of the authorized amount for such AFE in a given Calendar Year, and for commitments and Costs with respect to any other line item of an approved Work Program and Budget, Operator shall be entitled to incur in connection with the corresponding Operation, without further approval of the Operating Committee, a combined over-commitment and over-expenditure for such line item up to fifteen percent (15%) of the authorized amount for such line item in a given Calendar Year; provided that the cumulative total of all over-commitments and over-expenditures for a Calendar Year shall not exceed five percent (5%) of the total Work Program and Budget in question for that Calendar Year (the “**Annual Cost Overrun**”).
- 6.9.B Operator may propose to amend one or more AFEs to alter only the timing of Costs. If approved by the Operating Committee, Costs moved from one annual Work Program and Budget to another will not be included in amounts considered in the Annual Cost Overrun.
- 6.9.C At the time Operator reasonably anticipates that the total amount of the commitments and Costs actually incurred plus the commitments to be incurred with respect to such line item exceeds the limits of Article 6.9.A, Operator shall furnish to the Operating Committee a reasonably detailed estimate of the total commitments and Costs required to carry out the Operation corresponding to such line item, together with supporting information.
- 6.9.D If the Operating Committee approves the estimate provided by Operator under Article 6.9.C: (1) the Work Program and Budget shall be revised accordingly, and the over-commitments and/or over-expenditures permitted in Article 6.9.A shall be based on the revised Work Program and Budget; and (2) Operator shall promptly give notice to the Parties of the amounts of over-commitments or over-expenditures when actually incurred.
- 6.9.E Operator may during any Calendar Year incur Costs on behalf of the Operations for non-budgeted items that, in the aggregate, do not exceed five percent (5%) of the approved Work Programs and Budgets for that Calendar Year or two million five hundred thousand Dollars (\$2,500,000) (beginning in 2020, such amount to be adjusted on the first Day of each Calendar Year using the Index), whichever is less; provided that such items have not been rejected by the Operating Committee and are reasonably consistent with the scope of approved Work Programs and Budgets. Operator shall, as soon as practicable, report such Costs to the Parties. Once such Costs have been approved by the Operating Committee, the approved Work Programs and Budgets shall be deemed revised to reflect the new aggregate amount approved, and Operator’s authority to make Costs under Article 6.9.A shall be restored.
- 6.9.F The requirements contained in this Article 6.9 shall be without prejudice to Operator’s rights and duties to make immediate Costs, incur commitments, and/or take such action as Operator deems necessary for the protection of life, safety, health, environment, or property under Article 4.2.B.13, without Operating Committee approval. In the event of such an emergency, as set out in Article 4.2.B.13, Operator shall promptly report the particulars of the emergency to the Parties, together with the future actions it intends to take and its estimate of the Cost of commitments and Costs incurred or to be incurred. As soon as practicable, Operator shall submit any necessary budget revision concerning such emergencies to the Operating Committee for approval and incorporation into the relevant Work Program and Budget.

6.10 Required Operations

- 6.10.A Whenever Operator receives an order or decision for a Required Operation, it shall promptly notify each Party, and thereafter consult with the Operating Committee on a regular basis regarding the Operator’s plans and activities in respect of complying with such order or decision. If any such Party should appeal such an order or decision, the Party appealing shall give prompt notice to Operator who shall give notice of same to the other Parties affected by the order or decision, and upon final disposition of the appeal, Operator shall give each Party affected prompt notice of the result thereof. If an order or decision of an Agency that has jurisdiction over any Operations in the Contract Area requires an Operation and such order or decision has

been appealed and is stayed by a court of competent jurisdiction pending appeal, the Operation is not a Required Operation while the order or decision is stayed.

- 6.10.B If compensatory royalties may be paid in lieu of drilling the well and if payments and the payment of compensatory royalties are approved by the Operating Committee, Operator shall pay such compensatory royalties for the Joint Account.

6.11 Facilities Sharing

- 6.11.A Facilities built for a Participating Area shall be owned by the Consenting Parties (the “**Facilities Owners**,” and their Facilities, the “**Host Facilities**”) in proportion to their Participating Interests in such Participating Area (the “**Owner Participating Interests**”).

- 6.11.B In the event another Participating Area is to be developed using the Host Facilities by Parties whose Participating Interests in such new Participating Area are mis-aligned with the Owner Participating Interests (“**Facility Users**”), the Facilities Owners and the Facilities Users will enter into facilities sharing agreements that provide for the terms under which the Facility Users will have access to the Host Facilities (the “**Facilities Sharing Agreements**”). The terms of the Facilities Sharing Agreements will be approved by the affirmative vote of one (1) or more Facilities Owners then collectively having at least eighty-five percent (85%) of the Owner Participating Interests in the Host Facility. Payment under any Facilities Sharing Agreement shall not result in an acquisition of any additional interest in the Host Facilities by the Facility Users. Facility Users shall be responsible for, and shall indemnify Facility Owners against, any Costs and liabilities incurred by Facility Owners as a result of such use (including any Consequential Loss and Environmental Loss and the losses set forth in Article 7.7) but excluding Costs and liabilities for which Operator is solely responsible under Article 4.6.

7. OPERATIONS BY FEWER THAN ALL PARTIES

7.1 Limitation on Applicability

- 7.1.A No operations may be conducted under this Agreement except as Joint Operations under Article 5 or as Exclusive Operations under this Article 7. No Exclusive Operation shall be conducted (other than the tie-in of Exclusive Operation Facilities with existing production Facilities under Article 7.6) that conflicts with or will materially and adversely affect or alter an Agency approved Unit Plan, an Agency decision extending the term of the Unit Agreement, an Agency decision related to the extent of the Contract Area, any Development Plan & AFE, operation of the Facilities, a previously approved Joint Operation, or a previously approved Exclusive Operation.
- 7.1.B Operations that are required to fulfill a Required Operation must be proposed and conducted as Joint Operations under Article 5 and may not be proposed or conducted as new Exclusive Operations under this Article 7. No Exclusive Operations may be proposed or conducted until the Required Operation(s) for the then-current Calendar Year are fulfilled.
- 7.1.C No Party may propose or conduct an Exclusive Operation under this Article 7 unless and until such Party has properly exercised its right to propose a Joint Operation under Article 5 or is entitled to conduct an Exclusive Operation under Article 10.
- 7.1.D Only the following types of operations may be conducted as Exclusive Operations:
- 7.1.D.1 Acquisition of G&G Data;
 - 7.1.D.2 Execution of an Exploration Plan & AFE and the Drilling of Exploration Wells;
 - 7.1.D.3 Execution of an Appraisal Plan & AFE, and, for a multiple Discovery Pre-FEED Decision Appraisal Plan & AFE, execution of Pre-FEED Decision Appraisal Operations on a Discovery-by-Discovery basis; and

- 7.1.D.4 Execution of a Development Plan & AFE; provided that such Exclusive Operation may only be conducted if the Operating Committee approved a Development Plan & AFE pursuant to Article 6.3 and (a) in the event that less than all of the Parties are entitled to vote for such Development Plan & AFE, the Development Plan & AFE is approved by all Parties so entitled to vote, or (b) a Party that voted against it elected not to participate under Article 5.13.B, including pursuant to Articles 6.3.C.1 and 6.3.C.3.
- 7.1.D.5 Any operations specifically authorized to be undertaken as an Exclusive Operation under Article 10.
- 7.1.E No other type of operation may be proposed or conducted as an Exclusive Operation.
- 7.2 Procedure to Propose Exclusive Operations**
- 7.2.A Subject to Article 6.2.J and 7.1, if any Party proposes to conduct an Exclusive Operation, such Party shall give notice of the proposed Operation to all Parties, other than Non-Consenting Parties who have relinquished their rights to participate in such Operation under Article 7.4.B or 7.4.F and have no option to reinstate such rights under Article 7.4.C. Such notice shall specify that such operation is proposed as an Exclusive Operation and include the work to be performed, the location, the objectives, and estimated Cost of such Operation. Without limiting the foregoing, for a proposal to develop one or more Discoveries as an Exclusive Operation, the proposing Party shall include in its notice the information required by Article 6.2.I.
- 7.2.B Any Party that is entitled to receive such notice shall have the right to participate in the proposed Operation.
- 7.2.B.1 For proposals to Deepen, Test, Complete, Sidetrack, Plug Back, Recomplete, or Rework involving the use of a drilling rig that is standing by under contract in the Contract Area, any such Party wishing to exercise such right must so notify the proposing Party and Operator within forty-eight (48) hours after receipt of the notice proposing the Exclusive Operation.
- 7.2.B.2 For proposals to develop one or more Discoveries, any Party wishing to exercise such right must so notify Operator and the Party proposing to develop within sixty (60) Days, or earlier if necessary to meet any applicable deadline under the Leases, after receipt of the notice proposing the Exclusive Operation.
- 7.2.B.3 For all other proposals, any such Party wishing to exercise such right must so notify the proposing Party and Operator within ten (10) Days, or earlier if necessary to meet any applicable deadline under the Unit Agreement, a Unit Plan, or Law, after receipt of the notice proposing the Exclusive Operation.
- 7.2.C Failure of a Party to whom a proposal notice is delivered to reply properly within the period specified above shall be deemed an election by that Party not to participate in the proposed Operation.
- 7.2.D If all Parties properly exercise their rights to participate, then the proposed Operation shall be conducted as a Joint Operation. Operator shall commence such Joint Operation as promptly as practicable and conduct it with due diligence.
- 7.2.E If fewer than all Parties entitled to receive such proposal notice properly exercise their rights to participate, then:
- 7.2.E.1 Immediately after: (a) the expiration of the applicable notice period set out in Article 7.2.B or (b) receipt of notices from all Parties entitled to exercise rights under Article 7.2.B, whichever occurs first, Operator shall notify all Parties of the names of the Consenting Parties and the recommendation of the proposing Party as to whether the Consenting Parties should proceed with the Exclusive Operation.
- 7.2.E.2 Concurrently, Operator shall request the Consenting Parties to specify the Participating Interest each Consenting Party is willing to bear in the Exclusive Operation.

- 7.2.E.3 Within twenty-four (24) hours after receipt of such notice, each Consenting Party shall respond to Operator stating that it is willing to bear a Participating Interest in such Exclusive Operation equal to:
- (a) Only its Participating Interest as stated in Article 3.2.A;
 - (b) A fraction, the numerator of which is such Consenting Party's Participating Interest as stated in Article 3.2.A and the denominator of which is the aggregate of the Participating Interests of all Consenting Parties as stated in Article 3.2.A; or
 - (c) The Participating Interest as contemplated by Article 7.2.E.3(b) plus all or any part of the difference between one hundred percent (100%) and the total of the Participating Interests subscribed by the other Consenting Parties. Any portion of such difference claimed by more than one Party shall be distributed to each claimant on a pro-rata basis.
- 7.2.E.4 Any Consenting Party failing to advise Operator within the response period set out above shall be deemed to have elected to bear the Participating Interest set out in Article 7.2.E.3(b) as to the Exclusive Operation.
- 7.2.E.5 If, within the response period set out above, the Consenting Parties subscribe less than one hundred percent (100%) of the Participating Interest in the Exclusive Operation, Operator shall notify the proposing Party, and the Party proposing such Exclusive Operation shall be deemed to have withdrawn its proposal for the Exclusive Operation, unless within forty-eight (48) hours of the expiry of the response period set out in Article 7.2.E.3, the proposing Party notifies the other Consenting Parties that the proposing Party shall bear the unsubscribed Participating Interest.
- 7.2.E.6 If one hundred percent (100%) subscription to the proposed Exclusive Operation is obtained, Operator shall promptly notify the Consenting Parties of their Participating Interests in the Exclusive Operation.
- 7.2.E.7 As soon as any Exclusive Operation is fully subscribed under Article 7.2.E.6, Operator, subject to Article 7.8.E, shall commence such Exclusive Operation as promptly as practicable and conduct it with due diligence under this Agreement.
- 7.2.E.8 If such Exclusive Operation has not been commenced within three hundred and sixty-five (365) Days (excluding any extension specifically agreed by all Parties or allowed by the Force Majeure provisions of Article 15) after the date of such Exclusive Operation is scheduled to commence pursuant to the approved Exploration Plan & AFE, Appraisal Plan & AFE, or other AFE, as applicable, the right to conduct such Exclusive Operation shall terminate. If any Party still desires to conduct such Exclusive Operation, then such Party must resubmit to the Parties notice proposing such Operation under Article 5, as if no proposal to conduct an Exclusive Operation had been previously made. The provisions of this Article do not apply with respect to any Exclusive Operations that are Development Operations. For purposes of this Article, an Exclusive Operation "commences" when Operator begins conducting surface preparations for operations at the site where the Exclusive Operation is to be conducted with the bona fide intention to proceed on the Exclusive Operation with good faith and diligence.

7.3 Responsibility for Exclusive Operations

- 7.3.A The Consenting Parties shall bear in accordance with the Participating Interests set out in Article 7.2.E.3 the entire Cost and liability of conducting an Exclusive Operation and shall indemnify the Non-Consenting Parties from any damages, losses, Costs (including reasonable legal Costs and attorneys' fees), and liabilities arising from or incurred incident to such Exclusive Operation (including Consequential Loss and Environmental Loss) and shall keep the Contract Area free of all liens and Encumbrances of every kind created by or arising from such Exclusive Operation.

7.3.B Despite Article 7.3.A and subject to Articles 10.1.C and 10.2.E.2, each Party shall continue to bear its Participating Interest share of the Cost and liability incident to the Operations in which it participated, including plugging and abandoning and restoring the surface location, but only to the extent those Costs were not increased by the Exclusive Operation.

7.4 Consequences of Exclusive Operations

7.4.A With respect to any Exclusive Operation, for so long as a Non-Consenting Party has the option under Article 7.4.C to reinstate the rights it relinquished under Article 7.4.B, such Non-Consenting Party shall be entitled to have access concurrently with the Consenting Parties to all data and other information relating to such Exclusive Operation, other than G&G Data obtained in an Exclusive Operation. If a Non-Consenting Party desires to receive and acquire the right to use such G&G Data, then such Non-Consenting Party shall have the right to do so by paying to the Consenting Parties its Participating Interest share as set out in Article 3.2.A of the Cost incurred in obtaining such G&G Data.

7.4.B Subject to Article 7.4.C, each Non-Consenting Party shall be deemed to have relinquished to the Consenting Parties, and the Consenting Parties shall be deemed to own, in proportion to the incremental Participating Interest that each agreed to bear under Article 7.2.E in any Exclusive Operation:

7.4.B.1 All of each such Non-Consenting Party's right:

- (a) To participate in further acquisitions of G&G Data or Operations related to any Exploration Plan & AFE or Exploration Well, Appraisal Plan & AFE, or Development Plan & AFE, as applicable, conducted as an Exclusive Operation; and
- (b) To take and dispose of Hydrocarbons produced and saved from a well for which the Exclusive Operation was conducted; and

7.4.B.2 All of each such Non-Consenting Party's right:

- (a) To participate in any Discovery made during such Exclusive Operation;
- (b) To participate in any Discovery appraised in the course of such Exclusive Operation; and
- (c) To take and dispose of Hydrocarbons produced and saved from any Appraisal Well or Development Well drilled during such Exclusive Operation.

7.4.C A Non-Consenting Party shall have only the following options to reinstate the rights it relinquished under Article 7.4.B:

7.4.C.1 If the Consenting Parties decide to appraise one or more Discoveries made in the course of an Exclusive Operation, the Consenting Parties shall submit to each Non-Consenting Party the approved Appraisal Plan & AFE. For thirty (30) Days from receipt of such Appraisal Plan & AFE, each Non-Consenting Party shall have the option to reinstate the rights it relinquished under Article 7.4.B and to participate in such Appraisal Plan & AFE. The Non-Consenting Party may exercise such option by notifying Operator within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the Cost and liability of such Appraisal Plan & AFE, and to pay such amounts as set out in Articles 7.5.A and 7.5.B.

7.4.C.2 If the Consenting Parties decide to conduct FEED Appraisal Operations for a Major Project following Pre-FEED Decision Appraisal Operations that were conducted as an Exclusive Operation, the Consenting Parties shall submit to each Non-Consenting Party the approved FEED Appraisal Plan & AFE. For thirty (30) Days from receipt of such FEED Appraisal Plan & AFE, each Non-Consenting Party shall have the option to reinstate the rights it relinquished under Article 7.4.B and to participate in such FEED Appraisal Plan & AFE. The Non-Consenting Party may exercise such option by notifying Operator within the period specified

above that such Non-Consenting Party agrees to bear its Participating Interest share of the Cost and liability of such FEED Appraisal Plan & AFE, and to pay such amounts as set out in Articles 7.5.A and 7.5.B.

7.4.C.3 If the Consenting Parties decide to develop one or more Discoveries made or appraised during an Exclusive Operation, the Consenting Parties shall submit to the Non-Consenting Parties the Development Plan(s) & AFE(s) approved by the Consenting Parties for such Discovery or Discoveries, including the Development Plan(s) & AFE(s) in the form intended to be submitted to the applicable Agencies. For sixty (60) Days from receipt of such Development Plan(s) & AFE(s) or such lesser period of time as may be required by Law, each Non-Consenting Party shall have the option to reinstate the rights it relinquished under Article 7.4.B and to participate in the development of the Discovery or Discoveries. The Non-Consenting Party may exercise such option by notifying Operator within the period specified above that such Non-Consenting Party agrees to bear its Participating Interest share of the Cost and liability of such Development Plan(s) & AFE(s) and such future operating and producing Costs as relate to the Discovery or Discoveries, and to pay the amounts as set out in Articles 7.5.A and 7.5.B.

A Non-Consenting Party shall not be entitled to reinstate its rights in any other type of Operation.

7.4.D If a Non-Consenting Party does not properly and in a timely manner exercise its option under Article 7.4.C, including paying all amounts due under Articles 7.5.A and 7.5.B, such Non-Consenting Party shall have forfeited the options as set out in Article 7.4.C and the right to participate in the proposed program, unless such program, plan, or Operation is materially modified or expanded (in which case a new notice and option shall be given to such Non-Consenting Party under Article 7.4.C). For purposes hereof, a program, plan, or Operation is materially modified or expanded if such modification or expansion is one that would require a revised Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE (as applicable) or a revised Work Program and Budget or AFE pursuant to Article 6.

7.4.E A Non-Consenting Party exercising its option under Article 7.4.C shall notify the other Parties that it agrees to bear its share of Costs and liability of such further operation and to reimburse the amounts in Articles 7.5.A and 7.5.B that such Non-Consenting Party had not previously paid. Such Non-Consenting Party shall in no way be deemed to be entitled to any amounts paid under Articles 7.5.A and 7.5.B incident to such Exclusive Operation. The Participating Interest of such Non-Consenting Party in such Exclusive Operation shall be equal to such Non-Consenting Party's Participating Interest set forth in Article 3.2.A divided by the sum of the Participating Interests of all Consenting Parties (including any Non-Consenting Party that is exercising its right of reinstatement) set forth in Article 3.2.A. The Consenting Parties shall contribute to the Participating Interest of the Non-Consenting Party in proportion to the incremental Participating Interest that each agreed to bear under Article 7.2.E. If all Parties participate in the proposed operation, then such operation shall be conducted as a Joint Operation under Article 5.

7.4.F If after the expiry of the period in which a Non-Consenting Party may exercise its option to participate in a Development Plan & AFE, the Consenting Parties desire to proceed, Operator shall give notice to the applicable Agencies if required, and Operator shall apply for the Participating Area or Participating Areas required for such development. Unless the Development Plan & AFE is materially modified or expanded before the commencement of operations under such plan (in which case a new notice and option shall be given to the Non-Consenting Parties under Article 7.4.C), each Non-Consenting Party to such Development Plan & AFE shall be deemed to have:

7.4.F.1 Elected not to apply for a Participating Area covering such development;

7.4.F.2 Forfeited all economic interest in such Participating Area, including in any Joint Property charged to that Participating Area and Unitized Substances produced from such Participating Area; and

7.4.F.3 Assumed a fiduciary duty to exercise its legal interest in such Participating Area for the benefit of the Consenting Parties.

7.4.G Such Non-Consenting Party shall be deemed to have conveyed its Participating Interest in such Participating Area to the Consenting Parties and withdrawn from this Agreement to the extent it relates to such Participating Area, even if the Development Plan & AFE is modified or expanded after the start of operations under such Development Plan & AFE, and shall be further deemed to have forfeited any right to participate in the construction and ownership of Facilities outside such Participating Area designed solely for the use of such Participating Area. Upon unanimous request of all Consenting Parties, such Non-Consenting Party shall assign its Participating Interests (including an assignment of its Working Interests) in such Participating Area to the Consenting Parties in proportion to their Participating Interests in the Exclusive Operation consistent with this Article 7.4.G.

7.5 Premium to Participate in Exclusive Operations

7.5.A Upon the exercise of its option under Article 7.4.C, each Consenting Party shall direct the Non-Consenting Party to, with respect to that Consenting Party's Participating Interest, either:

7.5.A.1 Within thirty (30) Days of the Non-Consenting Party exercising its option under Article 7.4.C, pay in immediately available funds to the Consenting Parties that took the risk of such Exclusive Operations (in proportion to the incremental Participating Interest that each bore under Article 7.2.E.3 in such Exclusive Operations in which such Non-Consenting Party is reinstating its rights) a lump sum amount payable in the currency designated by such Consenting Parties. Such lump sum amount shall be equal to such Non-Consenting Party's Participating Interest share of all Costs and liabilities (including overhead) that were incurred in every Exclusive Operation relating to the Discovery or Discoveries (or Exclusive Well, as applicable) in which the Non-Consenting Party desires to reinstate the rights it relinquished under Article 7.4.B, and that were not previously paid by such Non-Consenting Party; or

7.5.A.2 Immediately begin to bear one hundred percent (100%) of the Cash Calls in respect of both Joint Operations and Exclusive Operations made on each Consenting Party that took the risk of such Exclusive Operations until such Non-Consenting Party has reimbursed the original Consenting Parties (in proportion to the incremental Participating Interest that each bore under Article 7.2.E.3 in such Exclusive Operations in which such Non-Consenting Party is reinstating its rights) an amount equal to such Non-Consenting Party's Participating Interest share of all Costs and liabilities including overhead that were incurred in every Exclusive Operation relating to the Discovery or Discoveries (or Exclusive Well, as applicable) in which the Non-Consenting Party desires to reinstate the rights it relinquished under Article 7.4.B and that were not previously paid by such Non-Consenting Party.

7.5.B In addition to the payment required under Article 7.5.A, immediately after the exercise of its option under Article 7.4.C each such Non-Consenting Party shall be liable to reimburse the Consenting Parties that took the risk of such Exclusive Operations (in proportion to the incremental Participating Interest that each bore under Article 7.2.E.3 in such Exclusive Operations in which such Non-Consenting Party is reinstating its rights) an amount equal to the total of:

7.5.B.1 Six hundred percent (600%) of such Non-Consenting Party's Participating Interest share of all Costs and liabilities (including overhead) that were incurred in any Exclusive Operations for (including the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting, and Reworking of) the Exploration Well(s) that made the Discovery or Discoveries in which the Non-Consenting Party desires to reinstate the rights it relinquished under Article 7.4.B, and that were not previously paid by such Non-Consenting Party; plus

7.5.B.2 Six hundred percent (600%) of the Non-Consenting Party's Participating Interest share of all Costs and liabilities (including overhead) that were incurred in any Exclusive Operations for (including the drilling, Deepening, Testing, Completing, Sidetracking, Plugging Back, Recompleting, and Reworking of) the Appraisal Well(s) that delineated the Discovery or Discoveries, including any Costs and liabilities for FEED Appraisal Operations for Major Projects, in which the Non-Consenting Party desires to reinstate the rights it relinquished under Article 7.4.B, and that were not previously paid by such Non-Consenting Party; plus

- 7.5.B.3 Six hundred percent (600%) of the Non-Consenting Party's Participating Interest share of all Costs and liabilities (including overhead) that were:
- (a) Incurred in the period prior to the expiry of the period set out in Article 7.4.C.2 in connection with development of the Discovery or Discoveries in which the Non-Consenting Party desires to reinstate its rights, including all Costs incurred with respect to preparing a proposed Development Plan & AFE and associated Participating Area and Unit Plan applications, and
 - (b) Not previously paid by the Non-Consenting Party,
- but excluding from this Article 7.5.B.3 any Costs covered by Articles 7.5.B.1, and 7.5.B.2.
- 7.5.C Each Consenting Party shall direct each such Non-Consenting Party that is liable for the amounts set out in Article 7.5.B to, with respect to that Consenting Party's Participating Interest, either:
- 7.5.C.1 Within thirty (30) Days of the exercise of its option under Article 7.4.C, pay in immediately available funds the full amount due from it under Article 7.5.B to such Consenting Party, in the currency designated by such Consenting Party; or
 - 7.5.C.2 Bear one hundred percent (100%) of the Cash Calls made on that Consenting Party that took the risk of such Exclusive Operations in respect of both Joint Operations and Exclusive Operations until each Non-Consenting Party has reimbursed the full amount due from it under Article 7.5.B. Unless otherwise agreed, any balance remaining unreimbursed at the end of, or upon a Party's withdrawal from, the Participating Area will be reimbursed by cash payment in the currency designated by the Consenting Parties who took the risk of such Exclusive Operations. The due date for any such payment shall be fifteen (15) Days after notice from Operator of the balance remaining unreimbursed. Unpaid amounts shall accrue interest at the Agreed Interest Rate from the due date until timely paid in full. Any balance remaining unreimbursed after twenty-four (24) Calendar Months from the date of the notice under Article 7.4.C shall be settled through allocation from the Non-Consenting Parties to the Consenting Parties of an additional share of Unitized Substances, such allocation timed to enable the reimbursement to be completed in not more than thirty (30) Calendar Months from the date of the notice under Article 7.4.C.
- 7.5.D Each Consenting Party shall have the right to refuse to accept all or any portion of its share of amounts paid under Articles 7.5.A and 7.5.B. In such a case, the refused amount shall be distributed to each non-refusing Consenting Party on a pro-rata basis.
- 7.6 Order of Preference Operations**
- 7.6.A In the event of a conflict, Joint Operations will take precedence over Exclusive Operations.
 - 7.6.B Except as otherwise specifically provided in this Agreement, if any Party desires to propose an operation that will conflict with an existing proposal for an Exclusive Operation, such Party shall have the right exercisable for five (5) Days (or twenty-four (24) hours for Urgent Operational Matters) from receipt of the proposal for the Exclusive Operation, to deliver such Party's alternative proposal to all Parties entitled to participate in the proposed operation. Such alternative proposal shall contain the information required under Article 7.2.A.
 - 7.6.C Each Party receiving such proposals shall elect by delivery of notice to Operator and to the proposing Parties within the appropriate response period set out in Article 7.2.B to participate in one of the competing proposals. Any Party not notifying Operator and the proposing Parties within the response period shall be deemed to have voted against the proposals.
 - 7.6.D The proposal receiving the largest aggregate Participating Interest vote among the Participating Interest owners in the Subject Lands that are the subject of the first Exclusive Operation proposal shall have priority over all other competing proposals. In the case of a tie vote, Operator shall choose among the proposals

receiving the largest aggregate Participating Interest vote. Operator shall deliver notice of such result to all Parties entitled to participate in the operation within five (5) Days (or twenty-four (24) hours for Urgent Operational Matters).

- 7.6.E Each Party shall then have two (2) Days (or twenty-four (24) hours for Urgent Operational Matters) from receipt of such notice to elect by delivery of notice to Operator and the proposing Parties whether such Party will participate in such Exclusive Operation, or will relinquish its interest under Article 7.4.B. Failure by a Party to deliver such notice within such period shall be deemed an election not to participate in the prevailing proposal.

7.7 Lost Production During Tie-In of Exclusive Operation Facilities

If production operations are already ongoing under this Agreement, an Exclusive Operation shall not lessen the production from the then-existing wells or lessen capacity of then-existing wells and related Facilities to handle Unitized Substance production, except for the period of time necessary to tie in Facilities that are part of the Exclusive Operation with existing production Facilities. If, during the tie-in of Exclusive Operation Facilities with the existing production Facilities of another operation, the daily production of Crude Oil or Natural Gas from such other pre-existing operations is temporarily lessened as a result, then the Consenting Parties shall compensate the Parties to such existing operation for such loss of production in the following manner. Operator shall determine the amount by which each Day's production during the tie-in of Exclusive Operation Facilities falls below the previous Calendar Month's average daily production from the existing production Facilities of such operation. The so-determined amount of lost production shall be recovered by all Parties who experienced such loss in proportion to their respective Participating Interest. Upon completion of the tie-in, such lost production shall be recovered in full by Operator deducting up to one hundred percent (100%) of the production from the Exclusive Operation, before the Consenting Parties are entitled to receive any such production.

7.8 Conduct of Exclusive Operations

- 7.8.A Each Exclusive Operation shall be carried out by the Consenting Parties acting as the Operating Committee, subject to the provisions of this Agreement applied *mutatis mutandis* to such Exclusive Operation. The Exclusive Operation's Operating Committee shall review Exclusive Operations proposed or carried out pursuant to this Article 7 with the Operating Committee for the Joint Operations to ensure there is no conflict with any Joint Operations' proposed Work Program and Budget and/or AFEs.
- 7.8.B The computation of Costs and liabilities incurred in Exclusive Operations, including the Costs and liabilities of Operator for conducting such operations, shall be made in accordance with the principles set out in the Accounting Procedure.
- 7.8.C Operator shall maintain separate books, financial records, and accounts for Exclusive Operations which shall be subject to the same rights of audit and examination as the Joint Account and related records, all as provided in the Accounting Procedure. Said rights of audit and examination shall extend to each of the Consenting Parties and each of the Non-Consenting Parties so long as the latter are, or may be, entitled to elect to participate in such Exclusive Operations.
- 7.8.D If Operator is conducting an Exclusive Operation for the Consenting Parties, regardless of whether it is participating in that Exclusive Operation, Operator shall be entitled to request cash advances and shall not be required to use its own funds to pay any Cost or liability attributable to any Exclusive Operations (except for its obligation to fund its own Participating Interest share in the Exclusive Operation) and shall not be obliged to commence or continue Exclusive Operations until cash advances requested have been made, and the Accounting Procedure shall apply to Operator concerning any Exclusive Operations conducted by it.
- 7.8.E If Operator is a Non-Consenting Party to an Exclusive Operation to develop one or more Discoveries, then Operator may resign as Operator for such Discovery or Discoveries, and the Consenting Parties shall, subject to any requisite approval of an Agency, select a Consenting Party to serve as Operator for such Exclusive Operation only. The Consenting Party appointed to serve as Operator for such Exclusive Operation shall notify the applicable Agencies of its appointment as required by the Unit Agreement and shall assume all

rights, obligations, and liabilities of Operator (including contracts awarded pursuant to Article 6.7) with respect to such Exclusive Operations.

8. DEFAULT

8.1 Default and Notice

8.1.A Any Party that fails to:

8.1.A.1 Pay when due its share of Joint Account charges (including Cash Calls and interest);

8.1.A.2 Provide when due and maintain any Security (including Security for Decommissioning under Article 10) required of such Party under this Agreement or the Laws, Unit Agreement, or under the terms of a Lease;

8.1.A.3 Perform its indemnity obligations under this Agreement or Laws, or

8.1.A.4 Pay and deliver Lease Burdens and taxes pursuant to Article 18.2.A,

(each a “**Default**”), shall be in Default under this Agreement (a “**Defaulting Party**”). Operator, or any Non-Defaulting Party if Operator is in Default, shall promptly give a Default Notice in accordance with Article 8.3 to the Defaulting Party and each of the other Parties.

8.1.B For the duration of the Default Period, the Party in Default shall be a Defaulting Party for the purposes of this Agreement. All Default Amounts shall bear interest at the Agreed Interest Rate from the due date to the date of receipt of payment.

8.2 Operating Committee Meetings, Data, and Entitlements

8.2.A Except as provided in Article 8.4.A, the Defaulting Party has no right, during the Default Period, to:

8.2.A.1 Call or attend Operating Committee or subcommittee meetings;

8.2.A.2 Vote on any matter coming before the Operating Committee or any subcommittee;

8.2.A.3 Have access to any data or information relating to any operations under this Agreement;

8.2.A.4 Consent to or reject data trades between the Parties and Third Parties, nor access any data received in such data trades;

8.2.A.5 Consent to or reject any Transfer or otherwise exercise any other rights with respect to Transfers under this Article 8 or Article 11;

8.2.A.6 Receive its Entitlement under Article 8.5; or

8.2.A.7 Take assignment of any portion of another Party’s Participating Interest if such other Party is either in Default or withdrawing from this Agreement.

8.2.B During the Default Period, the Defaulting Party may not Transfer all or part of its Participating Interest, except to Non-Defaulting Parties under this Article 8.

8.2.C Despite any other provisions in this Agreement, during the Default Period:

8.2.C.1 Unless agreed otherwise by the Non-Defaulting Parties, the voting interest of each Non-Defaulting Party shall be equal to the ratio such Non-Defaulting Party’s Participating Interest bears to the total Participating Interests of the Non-Defaulting Parties;

- 8.2.C.2 Any matters requiring a unanimous vote or approval of the Parties shall not require the vote or approval of the Defaulting Party;
- 8.2.C.3 The Defaulting Party shall be deemed to have elected not to participate in any operations that are voted upon during the Default Period, to the extent such an election would be permitted by Articles 5.13 and 7; and
- 8.2.C.4 The Defaulting Party shall be deemed to have approved, and shall join with the Non-Defaulting Parties in taking, any other actions voted on and approved during the Default Period.

8.3 Allocation of Defaulted Amounts

8.3.A The Default Notice shall:

- 8.3.A.1 Specify the Default and, where applicable, the Default Amount;
- 8.3.A.2 Require each Non-Defaulting Party to:
 - (a) Contribute its Contributing Share of the Default Amount or the amount required to discharge the relevant obligations; and
 - (b) If applicable, post its Contributing Share of any required Security that the Defaulting Party has failed to post in connection with its Default.

For the purposes of this Agreement, a Non-Defaulting Party's "**Contributing Share**" means the proportion that each Non-Defaulting Party's Participating Interest bears to the Participating Interests of all Non-Defaulting Parties.

8.3.B If the Defaulting Party remedies its Default in full before the Default Period commences, Operator shall promptly notify each Non-Defaulting Party by facsimile or e-mail and by telephone, and the Non-Defaulting Parties shall be relieved of their obligations under Article 8.3.A. Otherwise, each Non-Defaulting Party shall satisfy its obligations under Article 8.3.A.2(a) before the Default Period commences, and its obligations under Article 8.3.A.2(b) within ten (10) Business Days after the Default Notice. If any Non-Defaulting Party fails to timely satisfy such obligations, such Party shall be a Defaulting Party subject to the provisions of this Article 8. The Non-Defaulting Parties shall be entitled to receive their respective shares of the Total Amount in Default payable by such Defaulting Party under this Article 8.

8.3.C If Operator is a Defaulting Party, then:

- 8.3.C.1 Operator shall be subject to removal under Article 4.13.B;
- 8.3.C.2 All payments otherwise payable to the Joint Account under this Agreement shall be made to the Non-Defaulting Party first giving a Default Notice instead of to the Joint Account until Operator's Default is cured or a successor Operator appointed;
- 8.3.C.3 The Non-Defaulting Party receiving such payments shall maintain such funds in a segregated account separate from its own funds and shall apply such funds to Third Party claims due and payable from the Joint Account of which it has notice, to the extent Operator would be authorized to make such payments under this Agreement. The Non-Defaulting Party shall be entitled to bill or Cash Call the other Parties under the Accounting Procedure for proper Third Party charges that become due and payable during such period to the extent sufficient funds are not available. When Operator has cured its Default, or a successor Operator is appointed, the Non-Defaulting Party shall turn over all remaining funds in the account to Operator and shall provide Operator and the other Parties with a detailed accounting of the funds received and expended during this period. The Non-Defaulting Party shall not be liable for damages, losses, Costs, or liabilities arising as a result of its actions under this Article 8.3.C, except to the extent Operator would be liable under Article 4.6; and

- 8.3.C.4 While Operator is a Defaulting Party, Operator shall continue to perform its other functions as Operator that are not transferred to the notifying Non-Defaulting Party by this Article until Operator is removed or resigns.
- 8.3.D If all Parties are Defaulting Parties, then the Parties shall be deemed to have collectively decided to withdraw, and the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the applicable Agencies, to satisfy any requirements of the Unit Agreement and Laws, and to facilitate the sale, disposition, or abandonment of property or interests held by the Joint Account, all under Articles 2 and 12.

8.4 Defaulting Party's Right to Remedy

- 8.4.A At any time before the date of a Non-Defaulting Party's Dilution Notice or Buy-Out Notice, a Defaulting Party may remedy its Default by paying to Operator the Total Amount in Default. A Defaulting Party may remedy a portion of its Default by paying to Operator less than the Total Amount in Default but shall remain in Default.
- 8.4.B If a Defaulting Party makes any payment under this Article 8.4, the amount so received shall first be applied towards the payment of Costs for which it is liable under Article 8.11.C, then toward the payment of interest, and thereafter toward the principal of the Total Amount in Default.
- 8.4.C Operator shall pay any amounts paid by the Defaulting Party under this Article 8.4 to the Non-Defaulting Parties, in the proportions in which they paid their respective Contributing Shares, provided that if such Parties as have paid a Contributing Share have not all paid their respective Contributing Shares on the same Day in respect of any requirement or Cash Call from Operator, such proportions shall be adjusted in respect of any payment of interest to take account of the different periods in which their respective Contributing Shares have been paid.
- 8.4.D Interest paid by a Defaulting Party under this Article 8.4 shall be accounted for outside the Joint Account but in related records.

8.5 Remedies for Default

- 8.5.A During the Default Period, the Defaulting Party has no right to take in kind or separately dispose of its Entitlement, which Entitlement shall under this Article 8.5.A vest in and be the property of the Non-Defaulting Parties. Operator (or the notifying Party if Operator is a Defaulting Party) shall be authorized, and each other Party hereby grants a power of attorney to Operator, to take and sell such Entitlement in an arm's-length sale on terms that are commercially reasonable under the circumstances and, after deducting all Costs and liabilities incurred in connection with such sale, pay the net proceeds to the Non-Defaulting Parties in proportion to the amounts they are owed by the Defaulting Party as a part of the Total Amount in Default (applied in the order set out in Article 8.4.B), and apply such net proceeds toward the establishment of the Reserve Fund, if applicable, until the Total Amount in Default is recovered and such Reserve Fund is established. Any surplus remaining shall be paid to the Defaulting Party, and any deficiency shall be carried forward as a Default Amount. When making sales under this Article 8.5.A, the Non-Defaulting Parties shall have no obligation to share any existing market or obtain a price equal to the price at which their own production is sold.
- 8.5.B If Operator disposes of any Joint Property or if any other credit or adjustment is made to the Joint Account during the Default Period, Operator (or the notifying Party if Operator is a Defaulting Party) shall be entitled to apply the Defaulting Party's Participating Interest share of the proceeds of such disposal, credit, or adjustment against the Total Amount in Default (in the order set out in Article 8.4.B) and toward the establishment of the Reserve Fund, if applicable. Any surplus remaining shall be paid to the Defaulting Party, and any deficiency shall be carried forward as a Default Amount.
- 8.5.C The Non-Defaulting Parties shall be entitled to apply the net proceeds received under Articles 8.5.A and 8.5.B toward the creation of a reserve fund (the "**Reserve Fund**") in an amount equal to the Defaulting Party's Participating Interest share of:

- 8.5.C.1 The estimated Decommissioning Costs, to the extent the Parties have not provided for Security for Decommissioning under Article 10;
- 8.5.C.2 The estimated Cost of severance benefits for employees dedicated to the Operations upon cessation of operations; and
- 8.5.C.3 Any other identifiable Costs that the Non-Defaulting Parties anticipate will be incurred in connection with the cessation of operations.

Upon the conclusion of the Default Period, all amounts held in the Reserve Fund shall be returned to the Party previously in Default.

- 8.5.D If a Defaulting Party fails to fully remedy all its Defaults by the sixtieth (60th) Day of the Default Period, or by the thirtieth (30th) Day of the corresponding Default Period of any subsequent Default occurring within twenty-four (24) Calendar Months of the preceding Default, then, without prejudice to any other rights available to each Non-Defaulting Party to recover its portion of the Total Amount in Default, at any time afterwards until the Defaulting Party has cured its Defaults:
 - 8.5.D.1 Any Non-Defaulting Party shall have the option, exercisable in its discretion with respect to a Default occurring at any time under an approved Exploration Plan & AFE or other AFE relating to Exploration Operations, to require that the Defaulting Party withdraw from the Subject Lands that are the subject of such Exploration Plan & AFE or other AFE relating to Exploration Operations and assign all of its Participating Interest in such Subject Lands, as described in Article 8.6.A;
 - 8.5.D.2 Any Non-Defaulting Party shall have the option, exercisable in its discretion at any time prior to the commencement of Production Operations, to exercise the Dilution Option described in Article 8.7.A, unless the Non-Defaulting Parties (other than any Affiliate of the Defaulting Party) unanimously agree to exercise the Withdrawal Option or Buy-Out Option instead;
 - 8.5.D.3 Any Non-Defaulting Party shall have the option, exercisable in its discretion at any time with respect to a Default occurring after commencement of Production Operations (“**Post-Production Default**”), to exercise the Buy-Out Option described in Article 8.8.A; and/or
 - 8.5.D.4 Any Non-Defaulting Party shall have the option, exercisable in its discretion at any time, to foreclose its lien and security interest against a pro rata share of the collateral granted pursuant to Article 8.13.
- 8.5.E The Dilution Option remedy set out in Article 8.5.D.2 will not be available in respect of a Post-Production Default unless Non-Defaulting Parties holding a combined Participating Interest in the Contract Area of at least eighty percent (80%) of the aggregate Participating Interests in the Contract Area of all the Non-Defaulting Parties (other than any Affiliate of the Defaulting Party) agree otherwise.
- 8.5.F A Party wishing to exercise its Dilution Option or Buy-Out Option must provide notice of such exercise to the Defaulting Party and each Non-Defaulting Party. The exercise of any Dilution Option or Buy-Out Option that does not result in the Transfer of the Defaulting Party’s entire Participating Interest shall not preclude the Non-Defaulting Parties from exercising a Dilution Option or Buy-Out Option again, or from exercising any other remedy.

8.6 Withdrawal Option

- 8.6.A In connection with the option set out in Article 8.5.D.1, each Party grants to each of the other Parties the right and option (the “**Withdrawal Option**”) to acquire all of its Participating Interest in the Subject Lands that are the subject of the Exploration Plan & AFE or other AFE relating to Exploration Operations, exercisable if one or more Non-Defaulting Parties agrees to acquire the Defaulting Party’s entire Participating Interest, subject to the terms and conditions set out in this Article 8.6.

- 8.6.B Any Party wishing to exercise the Withdrawal Option must not itself be in Default from the time the Withdrawal Notice is given to the time that the Transfer of the withdrawal interest to that Party has become effective under the Laws.
- 8.6.C If the Withdrawal Option is exercised, the Defaulting Party shall be deemed to have proposed to withdraw and assign to the Receiving Parties, under Article 12.6, effective on the date of the Receiving Party's or Parties' notice (the "**Withdrawal Notice**"), its Participating Interest in the Subject Lands that are the subject of the Exploration Plan & AFE or other AFE relating to Exploration Operations; provided that any Receiving Party that did not join in the notice of exercise of such option shall have the right exercisable for ten (10) Days from the date of such notice to notify the other Receiving Parties that it refuses to accept such proposed assignment. In the absence of an agreement to the contrary among the Receiving Parties willing to accept an assignment, any assignment to the Receiving Parties after a withdrawal under this Article 8.6 shall be in proportion to the Participating Interests of the Receiving Parties, excluding any Receiving Party that has given notice that it refuses to accept such proposed assignment.

8.7 Dilution Option

- 8.7.A In connection with the option set out in Article 8.5.D.2, each Party grants to every other Party the right to acquire part or all of a Dilution Interest in (x) the entire Contract Area outside of any existing Participating Area in the event the Defaulting Party is in Default respecting an Exploration Plan & AFE or Appraisal Plan & AFE and (y) all Participating Areas included in any Development Plan & AFE for which the Defaulting Party is in Default, on the following terms ("**Dilution Option**"):
- 8.7.A.1 Any Party wishing to exercise the Dilution Option must not itself be in Default from the time the Dilution Notice is given to the time that the Transfer of the Dilution Interest to that Party has become effective under the Laws;
- 8.7.A.2 The Dilution Interest for the relevant Default:
- (a) Shall be calculated in accordance with Article 8.7.B; provided that no Dilution Interest shall ever be equal to more than the Defaulting Party's Participating Interest in the Subject Lands that are subject to the Dilution Option;
 - (b) Shall not be Transferred to any Party unless the entire Dilution Interest is to be acquired by one or more Non-Defaulting Parties, as determined in accordance with Article 8.7.C; and
- 8.7.A.3 The consideration for the Transfer of the Dilution Interest shall be a release from the Non-Defaulting Parties of the Defaulting Party's obligation to pay the Default Amount for the relevant Default.
- 8.7.B The "**Dilution Interest**" for a Default shall be determined in accordance with the following formula:

$$\text{Dilution Interest} = \frac{(\text{Old Interest} \times T \times 1.2)}{\text{Total Amount}}$$

Where:

Dilution Interest means the Participating Interest in the Subject Lands that are subject to the Dilution Option (expressed as a percentage to the nearest four (4) decimal points) to be transferred and assigned by the Defaulting Party;

Old Interest equals the Participating Interest of the Defaulting Party in the Subject Lands that are subject to the Dilution Option on which the Dilution Notice is given (expressed as a decimal number and not as a percentage);

T means the Total Amount less the aggregate Costs paid by the Defaulting Party before the date of the Cash Call giving rise to the Default regarding (i) the applicable Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE, (ii) with respect to an Appraisal Plan & AFE, any Exploration Well that made the Discovery or Discoveries the subject of the Appraisal Plan & AFE and (iii) with respect to a Development Plan & AFE, any Exploration Well that made the Discovery or Discoveries the subject of the Development Plan & AFE and any Appraisal Plan & AFE that appraised the Discovery or Discoveries the subject of the Development Plan & AFE;

Total Amount is the Defaulting Party's Participating Interest share of estimated total Costs (including any contingent amounts, amendments, and approved cost over-runs arising before the due date of the Cash Call giving rise to the Default) approved on or before the relevant date regarding (i) the applicable Exploration Plan & AFE, Appraisal Plan & AFE, or Development Plan & AFE, (ii) with respect to an Appraisal Plan & AFE, any Exploration Well that made the Discovery or Discoveries the subject of the Appraisal Plan & AFE and (iii) with respect to a Development Plan & AFE, any Exploration Well that made the Discovery or Discoveries the subject of the Development Plan & AFE and any Appraisal Plan & AFE that appraised the Discovery or Discoveries the subject of the Development Plan & AFE;

provided that if the Dilution Interest as calculated is greater than the Old Interest, then Dilution Interest shall be equal to the Old Interest.

8.7.C The following procedures shall apply when a Non-Defaulting Party wishes to exercise a Dilution Option:

8.7.C.1 If a Non-Defaulting Party ("**Acquiring Party**") decides to exercise its Dilution Option, it shall give a notice ("**Dilution Notice**") to the Defaulting Party and each other Party. The Dilution Notice shall state the proportion of the Dilution Interest that the Non-Defaulting Party wishes to acquire. The Defaulting Party shall be deemed to have proposed to assign, effective on the date of the Dilution Notice, the Dilution Interest to the Non-Defaulting Parties having exercised the Dilution Option.

8.7.C.2 Any other Non-Defaulting Party who also wishes to exercise its Dilution Option and acquire a share of the Dilution Interest (also an Acquiring Party) shall notify the Defaulting Party and the other Parties of its intention to do so within five (5) Days from the date of the Dilution Notice.

8.7.C.3 Each Acquiring Party shall be deemed to have proposed to acquire a proportion of the Participating Interest of the Defaulting Party in the Subject Lands that are subject to the Dilution Option equal to the ratio of such Acquiring Party's Participating Interest in the Subject Lands that are subject to the Dilution Option to the total Participating Interests of all Acquiring Parties in the Participating Area subject to the Dilution Option, unless all Acquiring Parties otherwise agree. Any such agreement must be promptly notified to all of the Parties. Any Non-Defaulting Party that fails to exercise its Dilution Option during such five (5)-Day period shall be deemed to have elected not to become an Acquiring Party, and its Dilution Option with respect to the relevant Default shall terminate.

8.7.C.4 Effective the sixth (6th) Day immediately following the date of the Dilution Notice:

- (a) The Defaulting Party's Participating Interest in the Subject Lands that are subject to the Dilution Option shall be deemed thereafter to have been diluted to the extent of the Dilution Interest;
- (b) The Defaulting Party shall be deemed to have Transferred to each Acquiring Party, and each Acquiring Party shall be deemed to have accepted, that portion of the Dilution Interest determined in accordance with Article 8.7.C (free of any Encumbrances); and
- (c) The Acquiring Parties shall pay to each other Non-Defaulting Party that is not an Acquiring Party, the sum of money that that Non-Defaulting Party paid as a portion of

the Default Amount pursuant to the requirements of Article 8.3, such sum of money to be apportioned between the Acquiring Parties in proportion to the percentage of the Dilution Interest acquired by each Acquiring Party, within twenty Business Days after all required Agency approvals of the Transfers (if required). The Acquiring Parties' obligations under this Article are several, not joint or joint and several.

- 8.7.C.5 Transfer of the Dilution Interest shall be effective as between the Parties on the date of the Dilution Notice, subject to receiving all necessary approvals from the applicable Agencies. Until such approvals are obtained, the Defaulting Party holds the Dilution Interest in trust for the Acquiring Parties, and each Acquiring Party shall be entitled to exercise all of the rights and shall be liable for all of the obligations accrued on and after the Dilution Notice with respect to that part of the Dilution Interest Transferred to that Acquiring Party. If the approvals required to transfer title to the Participating Interests are refused, the Dilution Option shall be deemed not to have been exercised and the Parties shall take all steps necessary to reverse any corresponding Transfer at the Cost of the Defaulting Party, without prejudice to the rights of the Non-Defaulting Party in relation to the relevant Default.
- 8.7.D Notwithstanding anything else in this Article 8.7, no Affiliate of the Defaulting Party shall be entitled to be given a Dilution Notice or become an Acquiring Party.
- 8.7.E If the Acquiring Parties have not agreed collectively to acquire one hundred percent (100%) of the Defaulting Party's Dilution Interest, a dilution of the Defaulting Party's Participating Interests in the Subject Lands that are subject to the Dilution Option shall not occur and the Dilution Option shall be deemed not to have exercised with respect to the relevant Default, without prejudice to the Non-Defaulting Parties rights with respect to that Default.
- 8.7.F The Default shall be deemed to have been cured upon Transfer of the Dilution Interest to the Acquiring Parties as required by this Article 8.7.

8.8 Buy-Out Option

- 8.8.A In connection with the option set out in Article 8.5.D.3, each Party grants to each of the other Parties the right and option (the "**Buy-Out Option**") to acquire all of its Participating Interest in (1) the entire Contract Area outside of any existing Participating Area in the event the Defaulting Party is in Default respecting an Exploration Plan & AFE or other AFE relating to Exploration Operations or an Appraisal Plan & AFE or other AFE relating to Appraisal Operations, and (2) the producing formations in the applicable Participating Area subject to the Development Plan & AFE, other AFE relating to Development Operations, or Production Work Plan and Budget for which the Defaulting Party is in Default, for the consideration determined under Article 8.8.D (the "**Buy-Out Price**"), exercisable if one or more Non-Defaulting Parties agrees to acquire the Defaulting Party's entire Participating Interest, subject to the terms and conditions set out in this Article 8.8.
- 8.8.B Any Party wishing to exercise the Buy-Out Option must not itself be in Default from the time the Buy-Out Notice is given to the time that the Transfer of the buy-out interest to that Party has become effective under the Laws.
- 8.8.C The following procedures shall apply where a Non-Defaulting Party wishes to exercise a Buy-Out Option:
- 8.8.C.1 If a Non-Defaulting Party ("**Buying Party**") decides to exercise a Buy-Out Option, it shall give a notice ("**Buy-Out Notice**") to the Defaulting Party and each other Party, stating the Proposed Buy-Out Price as contemplated by Article 8.8.D. The Defaulting Party shall be deemed to have proposed to sell and assign, effective on the date of the Buy-Out Notice, its entire Participating Interest to the Non-Defaulting Parties having exercised the Buy-Out Option.
- 8.8.C.2 Any other Non-Defaulting Party who also wishes to exercise the Buy-Out Option and acquire a share of the Defaulting Party's Participating Interest shall notify the Defaulting Party and the other Parties of its intention to do so within thirty (30) Days from the date of the first Buy-Out

Notice, stating the Proposed Buy-Out Price as contemplated by Article 8.8.D, in which case it shall also be a Buying Party.

- 8.8.C.3 Each Buying Party shall be deemed to have proposed to acquire a proportion of the Participating Interest of the Defaulting Party equal to the ratio of such Buying Party's Participating Interest to the total Participating Interests of all Buying Parties and pay such proportion of the Buy-Out Price, unless all Buying Parties otherwise agree. Any such agreement must be promptly notified to all of the Parties. Any Non-Defaulting Party that fails to exercise its Buy-Out Option during such thirty (30)-Day period shall be deemed to have elected not to become a Buying Party, and its Buy-Out Option with respect to the relevant Default shall terminate.
- 8.8.C.4 On the thirty-first (31st) Day immediately following the date of the Buy-Out Notice, the Defaulting Party shall be deemed to have Transferred to each Buying Party, and each Buying Party shall be deemed to have accepted, that portion of the buy-out interest determined in accordance with Article 8.8.C.3 (free of any Encumbrances), and the Buying Parties shall pay to each other Non-Defaulting Party that is not a Buying Party, the sum of money that such Non-Defaulting Party paid as a portion of the Default Amount pursuant to the requirements of Article 8.3, such sum of money to be apportioned between the Buying Parties in proportion to the percentage of the buy-out interest acquired by each Buying Party, within twenty (20) Business Days of Agency approval. The Buying Parties' obligations under this Article are several, not joint or joint and several.
- 8.8.C.5 A Transfer of the Defaulting Party's Participating Interest shall be effective as between the Parties on the date of the Buy-Out Notice, subject to receiving all necessary governmental approvals. Until such approvals are obtained, the Defaulting Party holds its Participating Interest in trust for the Buying Parties, and each Buying Party shall be entitled to exercise all of the rights and shall be liable for all of the obligations accrued on and from the date of the Buy-Out Notice with respect to that part of the Defaulting Party's Participating Interest Transferred to that Buying Party. If the approvals required to transfer title to the Participating Interests are refused, the Buy-Out Option shall be deemed not to have been exercised and the Parties shall take all steps necessary to reverse any corresponding Transfer at the Cost of the Defaulting Party, without prejudice to the rights of the Non-Defaulting Party in relation to the relevant Default.
- 8.8.D The Buy-Out Price shall be determined as follows:
- 8.8.D.1 Each Acquiring Party shall specify in its Buy-Out Notice a proposed price (the "**Proposed Buy-Out Price**") for the Defaulting Party's entire Participating Interest.
- 8.8.D.2 Within five (5) Days after the thirty (30)-Day period after the Buy-Out Option is first exercised, the Defaulting Party shall notify each of the Acquiring Parties that (a) it accepts, with respect to each Acquiring Party, such Acquiring Party's Proposed Buy-Out Price; or (b) it wants to refer the matter to an independent expert pursuant to Article 17.3 for determination of the value of its entire Participating Interest.
- 8.8.D.3 If the Defaulting Party fails to so notify the Acquiring Parties in accordance with Article 8.8.D.2, then the Defaulting Party shall be deemed to have accepted, with respect to each Acquiring Party, such Acquiring Party's Proposed Buy-Out Price, and such proportionate share of the Proposed Buy-Out Price specified by each such Acquiring Party, less such Acquiring Party's proportionate share of the Total Amount in Default, shall be that Acquiring Party's Buy-Out Price.
- 8.8.D.4 If the Defaulting Party notifies the Acquiring Parties that it accepts, with respect to each Acquiring Party, such Acquiring Party's Proposed Buy-Out Price, such proportionate share of the Proposed Buy-Out Price specified by each such Acquiring Party, less such Acquiring Party's proportionate share of the Total Amount in Default, shall be that Acquiring Party's Buy-Out Price.

- 8.8.D.5 If the Defaulting Party wants to refer the matter to an independent expert, such independent expert shall determine the value of the Defaulting Party's entire Participating Interest, which shall be equal to the fair market value of that interest as of the last Day of the Calendar Month in which the Buy-Out Option is exercised. Within five (5) Days after the value is determined by the independent expert, each Acquiring Party shall notify each other Acquiring Party and the Defaulting Party whether it wishes to continue to be an Acquiring Party for the purposes of this Article 8.8. Each Acquiring Party's Buy-Out Price shall be equal to such Acquiring Party's proportionate share of the value determined by the independent expert, less each of the following:
- (a) Such continuing Acquiring Party's proportionate share of the Total Amount in Default,
 - (b) Such continuing Acquiring Party's proportionate share of Costs, including its proportionate share of the Costs of the independent expert, to obtain any valuation, and
 - (c) Fifteen percent (15%) of the fair market value of the Defaulting Party's Participating Interest.
- 8.8.E Each Acquiring Party shall pay to the Defaulting Party that Acquiring Party's Buy-Out Price in four (4) installments, each equal to twenty-five percent (25%) of that Acquiring Party's Buy-Out Price, as follows:
- 8.8.E.1 The first installment shall be due and payable to the Defaulting Party within fifteen (15) Days after the date on which the Defaulting Party's Participating Interest is effectively assigned to the Acquiring Parties (the "**Assignment Date**");
 - 8.8.E.2 The second installment shall be due and payable to the Defaulting Party within one hundred and eighty (180) Days after the relevant Assignment Date;
 - 8.8.E.3 The third installment shall be due and payable to the Defaulting Party within three hundred and sixty-five (365) Days after the relevant Assignment Date; and
 - 8.8.E.4 The fourth installment shall be due and payable to the Defaulting Party within five hundred and forty-five (545) Days after the relevant Assignment Date.
- 8.8.F On the relevant Assignment Date, the Total Amount in Default shall be deemed to have been satisfied.
- 8.8.G Notwithstanding anything else in this Article 8.8, no Affiliate of the Defaulting Party shall be entitled to be a Buying Party.
- 8.9 Procedures for Transfers**
- 8.9.A This Article 8.9 applies if a Withdrawal Option, Dilution Option, or a Buy-Out Option is exercised.
- 8.9.B The Defaulting Party and the Receiving Parties, Acquiring Parties, or the Buying Parties (as the case requires) shall promptly execute an assignment for the Transfer of the Dilution Interest or the Participating Interest of the Defaulting Party if the Withdrawal Option or Buy-Out Option is exercised, such assignment to be in the form of Exhibit I attached hereto. Operator shall prepare the assignment. Without limiting Article 8.9.C, the Defaulting Party shall be responsible for promptly submitting the assignment for recording and approval with the appropriate Agencies or other governmental authorities. If the Defaulting Party fails to timely carry out these obligations, Operator may carry them out, and the Costs of so doing shall be charged to the Joint Account.
- 8.9.C The Defaulting Party shall be responsible for obtaining any necessary consents and approvals for a Transfer under this Article 8. The Parties shall promptly join in such actions as may be necessary or desirable to obtain any such consents and approvals. The Non-Defaulting Parties shall use Good Faith Efforts to assist the Defaulting Party in obtaining such consents and approvals (but this shall not require the Non-Defaulting Party to pay any person any money). Any penalties, damages, losses, Costs (including reasonable legal Costs

and attorneys' fees), and other liabilities incurred by the Parties in connection with such a Transfer shall be borne by the Defaulting Party.

8.10 Survival

The obligations of the Defaulting Party and the rights of the Non-Defaulting Parties with respect to a Default shall survive Decommissioning and termination of this Agreement.

8.11 Further Assurances and Obligations

- 8.11.A For the purposes of Article 8.5.A, 8.6, 8.7, or 8.8, as applicable, the Defaulting Party shall, without delay after any request from the Non-Defaulting Parties, do any act required to be done by the Laws in order to render the sale of its Entitlement and/or assignment of its Dilution Interest or Participating Interest legally valid, including obtaining all necessary governmental consents and approvals, and shall sign any document and take such other actions as may be necessary in order to effect a prompt and valid sale of its Entitlement and/or assignment of its Dilution Interest or Participating Interest.
- 8.11.B The Defaulting Party shall promptly remove any Encumbrances (other than Permitted Encumbrances) which may exist on the date of sale of its Entitlement and/or assignment of its Dilution Interest or Participating Interest under this Article 8.
- 8.11.C Each Non-Defaulting Party shall be entitled to recover from the Defaulting Party all reasonable attorneys' fees and all other reasonable Costs sustained in the collection of amounts owing by the Defaulting Party and in otherwise enforcing its rights under this Article 8.
- 8.11.D The rights and remedies granted to the Non-Defaulting Parties in this Article 8 are cumulative and not exclusive, and shall be in addition to any other rights and remedies that may be available to the Non-Defaulting Parties, whether at law, in equity, or otherwise. Each right and remedy available to a Non-Defaulting Party may be exercised from time to time and so often and in such order as may be considered expedient by that Party in its sole discretion. The acceptance by a Non-Defaulting Party of any portion of a Defaulting Party's Participating Interest shall not limit any rights or remedies that such Non-Defaulting Party has to recover any remaining balance plus interest owing under this Agreement by the Defaulting Party.

8.12 Acknowledgement of Necessity and No Right of Set Off

- 8.12.A Each Party acknowledges and accepts that:
- 8.12.A.1 It is a fundamental principle of this Agreement that each Party must pay its Participating Interest share of all amounts due under this Agreement as and when required;
- 8.12.A.2 It is essential to the viability of Operations that the Parties comply with their financial obligations under this Agreement in a timely manner; and
- 8.12.A.3 A continuing Default places a severe financial burden on the Non-Defaulting Parties, especially in light of significant risks associated with exploration for, development, and production of Unitized Substances in remote areas.
- 8.12.B Accordingly, each Party agrees that:
- 8.12.B.1 The rights conferred by this Article 8 do not constitute a penalty or an unreasonable forfeiture, are reasonable and appropriate in the circumstances, and are necessary to maintain the viability of Operations;
- 8.12.B.2 To the extent that any provision in this Article shall constitute a penalty or forfeiture, each Party unconditionally waives any and all rights, remedies, or powers it may have at law, in equity, or (to the extent permitted) by statute to relieve against forfeiture or penalty if such provision is invoked or enforced;

- 8.12.B.3 The terms of Articles 8.7 and 8.8, including the formulae set out therein, have been agreed by the Parties having due regard to the foregoing matters; and
- 8.12.B.4 The assumption of the Non-Defaulting Parties of the obligations that attach the Participating Interest acquired from the Defaulting Party are good, valuable, and sufficient consideration for the exercise by the other Parties of their rights to acquire all or part of the Defaulting Party's Participating Interest under this Article 8.
- 8.12.C Each Party agrees and undertakes that in respect of either any exercise by the Non-Defaulting Parties of any rights under or the application of any of the provisions of this Article 8, such Party hereby waives any right to raise by way of set off or invoke as a defense, whether in law or equity, any failure by any other Party to pay amounts due and owing under this Agreement or any alleged claim that such Party may have against Operator or any Non-Operator, whether such claim arises under this Agreement or otherwise.

8.13 Lien and Security Interests

- 8.13.A In addition to any other security rights and remedies provided by Law, and as security for the payment of all sums due Operator from a Non-Operator, Operator is given a first and prior lien on such Non-Operator's Working Interest, and a first and prior security interest on such Non-Operator's Other Collateral, as defined below, said lien and security interest being conveyed and granted to secure payment of said Non-Operator's share of Costs (including any undistributed payments by Operator under this Agreement of any rentals, minimum royalties, or royalties on behalf of any Party), whether incurred heretofore or hereafter. Each Non-Operator shall have like liens and security interests against Operator's Working Interest and Other Collateral. Each Party agrees to execute an instrument in the form set forth in Exhibit H (Memorandum of Unit Operating Agreement and Financing Statement).

“**Other Collateral**” that is subject to the security interests specified in this Article 8.13.A shall include: (1) a Party's share of all Unitized Substances when extracted; (2) a Party's interest in all equipment that is Joint Property, whether acquired heretofore or hereafter; (3) a Party's interest in all other personal property that is used for Operations and is now or hereafter in the Operator's possession or control; and (4) all proceeds from sale or other disposition of all or any part of said share of Unitized Substances or said interest in equipment or other personal property that is Joint Property.

- 8.13.B Upon the request of any Party, Operator shall prepare, and each Party shall execute and deliver to Operator (or Operator shall execute and deliver to the Non-Operators, as the case may be), a recording supplement of this Agreement and such financing statements as are necessary to perfect and maintain the lien and security interests provided in this Article 8.13, and each Party shall also inform Operator where it keeps its records related to the security and where its chief place of business is located. Operator shall promptly record such recording supplements and file such financing statements in each recording district in which the Subject Lands or any Other Collateral identified above is located and shall file, or record if appropriate, a financing statement in every filing or recording office Operator believes appropriate to perfect and maintain the lien and security interest evidenced thereby. Thereafter, each Party shall execute, acknowledge, and deliver, for recording or filing in like manner, such additional instruments as are necessary or appropriate to implement, perfect, and maintain the lien and security interests provided in this Article 8.13.

9. DISPOSITION OF PRODUCTION

9.1 Right and Obligation to Take in Kind

Except as otherwise provided in this Article 9 or in Article 8, each Party shall have the right and obligation to own, take in kind, and separately dispose of its Entitlement.

9.2 Disposition of Crude Oil

If Crude Oil is to be produced from any Participating Area for commercial purposes, then not fewer than six (6) Calendar Months before the anticipated first delivery of Crude Oil from the Contract Area, the Operator shall provide (in each case consistent with the Development Plan & AFE and subject to the terms of the Unit Agreement and Laws):

- 9.2.A any additional details regarding the Delivery Point or Delivery Points that were initially described in the Development Plan & AFE, including the location and other important attributes of such Delivery Points and whether any Delivery Point not initially described in the Development Plan & AFE has been added or whether any Delivery Point initially described in the Development Plan & AFE has been deleted;
- 9.2.B Operator's (or the designated responsible entity's) regular periodic advice to the Parties of estimates of Total Available Production for succeeding periods, quantity and quality of Crude Oil from each Participating Area, and each Party's Entitlement for as far ahead as is necessary for Operator (or the designated responsible entity) and the Parties to plan their nominations to pipeline and other arrangements;
- 9.2.C timely preparation of a production schedule by Operator (or designated responsible entity), which production schedule shall minimize the possibility of any reduction or shut-in of production; and
- 9.2.D steps to be taken in the event a Party fails to take delivery, even in the event of Force Majeure, because it fails to lift its share of Crude Oil in accordance with the provisions of this Agreement. In such event, Operator (or designated responsible entity) shall have the authority to take all actions that are reasonably necessary to avoid shutdown or reduction of production, including the right to sell an Entitlement that a Party fails to lift or of which a Party fails to take delivery, in accordance with applicable agreed procedures, provided that such failure either breaches Operator's, or such Party's, obligations under the Unit Agreement, or is likely to result in the curtailment or shut-in of production. Such sales shall be made only to the limited extent necessary to avoid disruption in Operations. Operator shall provide Parties notice that a right of sale option has arisen. Any sale by the Operator of another Party's Crude Oil shall be of the un-nominated or undelivered Entitlement (as applicable) and for reasonable periods of time (and in no event to exceed twelve (12) Calendar Months). Payment terms for production sold under this option shall be the actual consideration received less all Costs incurred by Operator.

9.3 Disposition of Natural Gas

- 9.3.A Natural Gas to be developed from the Contract Area shall be taken and disposed of in accordance with the rules and procedures set out in this Article 9.3.
- 9.3.B The Parties recognize that imbalances may arise with the result being that a Party will temporarily have disposed of more than its Participating Interest share of production of Natural Gas. Accordingly, if Natural Gas is to be produced from the Contract Area, the Parties shall, in good faith and no later than the date on which the Development Plan & AFE for a Natural Gas project is approved by the Operating Committee, negotiate and conclude the terms of a balancing agreement to cover the disposition of Natural Gas produced under the Contract Area, regardless of whether all of the Parties have entered into a sales arrangement or sales contract for their respective Entitlement of Natural Gas. The Natural Gas balancing agreement shall, subject to the terms of the Unit Agreement, make provision for:
 - 9.3.B.1 The right of a Party to take less than its Participating Interest share of Natural Gas production, but not less than required for minimum operational limits; provided that lifting Entitlements be adjusted for a later period or periods such that the undertaking Party may reasonably expect to take later delivery of make-up Natural Gas while not causing material and adverse impact to any Party not undertaking its Participating Interest share; further provided that no Party has the rights to Natural Gas to which another Party is entitled but chooses not to take; and further provided that subject to any requirements set forth in the Tax Partnership Provisions, the Parties shall agree a method to settle any remaining imbalances prior to abandonment in kind and to account for such payments for Income Tax purposes at that time;
 - 9.3.B.2 Balancing of overproduction and underproduction on a gross calorific value basis, determined by comparison of the Natural Gas taken by a Party with that Party's Participating Interest share of production for the period of time;
 - 9.3.B.3 Natural Gas taken by a Party being regarded as Natural Gas taken and owned exclusively for its own account with title thereto being in such Party, regardless of whether such Natural Gas is:

- (a) Attributable to such Party's Participating Interest share of production;
 - (b) Taken as overproduction; or
 - (c) Taken as make-up for past underproduction;
- 9.3.B.4 Unless otherwise agreed, no agency relationship or other relationship of trust and confidence being created between the Parties in regard to disposition of Natural Gas;
- 9.3.B.5 Unless otherwise agreed, the Delivery Point (at which title and risk of loss of Entitlements of Natural Gas shall pass to the entity taking delivery of such Natural Gas);
- 9.3.B.6 Each Party's provision to Operator of such information regarding such Party's arrangements for the disposition of its Entitlement of Natural Gas production as Operator may reasonably require in order to conduct Operations under Article 4.2; and
- 9.3.B.7 Each Party's regular periodic nominations to Operator of the amount of such Party's Entitlement of Total Available Production of Natural Gas which it wishes to accept during a defined future period, along with Operator's regular periodic advice to the Parties of estimates of total Natural Gas production (as reasonably in advance as practicable in order to assist the Parties to plan Natural Gas disposition arrangements); provided that the Parties recognize that Operator's estimates may vary from the actual Natural Gas volumes produced and that the Parties may rely upon any such information at their own risk.

If such balancing agreement has not been entered into by the date that the cumulative delivery of Natural Gas over a period of one hundred and eighty (180) Days exceeds forty percent (40%) of the cumulative Natural Gas not used in Operations (excluding any reinjection for maintenance of reservoir pressure in such Participating Area as the Natural Gas originated, unless such reinjection for maintenance of reservoir pressure is required by the applicable Agencies or is included in the Unit Plan) for that period, each Party shall have the right and obligation to own, take in kind, and separately dispose of its Entitlement until a Natural Gas balancing agreement has been entered into between the Parties under this Agreement. Notwithstanding anything herein to the contrary, if any Party fails to take in kind its Entitlement of Natural Gas, Operator shall have the authority to take all actions that are reasonably necessary to avoid shutdown or a reduction of production, including the right to sell an Entitlement that a Party fails to take. Any sale by the Operator of another Party's Natural Gas shall be of the un-nominated or undelivered Entitlement (as applicable) and for reasonable periods of time (and in no event to exceed twelve (12) Calendar Months). Payment terms for production sold under this option shall be the actual consideration received less all Costs incurred by Operator.

- 9.3.C The Parties may, by unanimous execution of a Natural Gas disposition agreement by all Parties, agree to dispose of Natural Gas produced under this Agreement on a multiparty basis to a common purchaser or purchasers; provided that such disposition is in accordance with Law.

9.4 Production Forecasts

- 9.4.A No later than the first Day of the Calendar Month preceding the Calendar Month in which Production Operations are scheduled to begin, and afterwards on the first Day of each Calendar Quarter, Operator shall provide the Parties with a Production Forecast. A "**Production Forecast**" shall consist of the estimated average daily rate of production of Crude Oil and Natural Gas from each Participating Area for each Calendar Month during each of the next succeeding two (2) Calendar Years and, if there are multiple Delivery Points, the estimated quantities to be delivered to each Delivery Point.
- 9.4.B If at such time Operator becomes aware that a change has taken place or will take place that in Operator's judgment has caused or will cause a variance of ten percent (10%) or more from any figure appearing in the latest Production Forecast, Operator shall notify each Party of the following from time to time as promptly as circumstances allow:

- 9.4.B.1 The reason for such variance if such is known, its estimated magnitude, the date and time the change is expected to begin or began, and the estimated duration thereof; and
- 9.4.B.2 Operator's revised Production Forecast for the period covered by the current Production Forecast based on such variance, along with all other requirements for a Production Forecast under Article 9.4.A.
- 9.4.C The production forecast delivered under Article 6.4 and the Production Forecasts under this Article are only estimates. Actual production may vary based upon reservoir performance, variations in well deliverability and the composition of the produced substances, actions of any Agency and other Third Parties, maintenance and repair obligations, and Force Majeure, among other factors.

10. DECOMMISSIONING AND ABANDONMENT

10.1 Decommissioning of Unit Facilities Other than Wells

- 10.1.A A decision to Decommission any Facilities and/or equipment, other than wells, that were acquired for or contributed to the Joint Account, shall require the approval of the Operating Committee. In connection with such proposal, Operator shall give notice to all Parties listing such Facilities and equipment, together with Operator's latest estimate of Decommissioning Costs.
- 10.1.B If any Party fails to reply within the period prescribed in Article 5.12.A.1 or 5.12.A.2, whichever applies, after delivery of notice of Operator's proposal to Decommission such Facilities and/or equipment, such Party shall be deemed to have consented to the proposed Decommissioning.
- 10.1.C If the Operating Committee votes to Decommission such Facilities and/or equipment, then subject to the Unit Agreement, Leases, and Laws, each Party shall have an option (subject to the provisions of Article 7) to take over as an Exclusive Operation any or all of such Facilities and/or equipment located or held for use in the Contract Area and any Security for Decommissioning Costs, which option shall be exercisable until the Decommissioning Response Deadline. If one or more Parties elect to take over any such Facilities, such equipment, and/or such Security, each such Party so electing shall, in the proportion that its Participating Interest bears to the total of the Participating Interests of the other Parties so electing: (1) assume responsibility for all Decommissioning Costs for the Facilities and/or equipment that are taken over and indemnify the other Parties and Operator (in its role as such) from all damages, losses, costs (including all legal costs and attorneys' fees), and liabilities associated with Decommissioning such Facilities and/or equipment; and (2) provide Security for the Decommissioning Costs (as described in Exhibit G), calculated as of the date of transfer to such Parties, which Security may not be released before completion of Decommissioning without the written consent of the other Parties. Despite the terms of this Article 10.1.C, the Parties collectively, in proportion to their Participating Interests, shall remain liable for, and indemnify the Parties electing to take over such Joint Property from, any damages, losses, costs (including reasonable legal costs, and attorneys' fees), and liabilities attributable to such Joint Property that arose from acts or omissions that occurred before the Decommissioning Response Deadline, without regard to whether such damages, losses, costs (including reasonable legal costs, and attorneys' fees), and liabilities arose before or after the Decommissioning Response Deadline.
- 10.1.D All rights to Facilities and/or equipment transferred under Article 10.1.C are transferred on an "as is" basis without warranties, expressed or implied, including warranties as to merchantability, fitness for a particular purpose, conformity to models or samples of materials, use, maintenance, condition, capacity, or capability. If any such Facilities and/or equipment are transferred to one or more Parties under this Article 10.1.D, rights to use data and information concerning such Facilities and/or equipment shall also be transferred to such Parties. The transfer of such rights is subject to the terms of the Unit Agreement and the Laws.

10.2 Abandonment of Wells Drilled

- 10.2.A A decision to plug and abandon any well in the Contract Area shall require the approval of the Operating Committee.

- 10.2.B If any Party fails to reply within the period prescribed in Article 5.12.A.1 or 5.12.A.2, whichever applies, after delivery of notice of Operator's proposal to plug and abandon such well, such Party shall be deemed to have consented to the proposed abandonment.
- 10.2.C If the Operating Committee approves a decision to plug and abandon an Exploration Well or Appraisal Well, then subject to the Unit Agreement, Leases, Laws, any Exploration Plan & AFE, or any Appraisal Plan & AFE, any Party voting against such decision may propose (within the time periods allowed by Article 5.13.A) to conduct an alternate Exclusive Operation in the wellbore. If no Exclusive Operation is timely proposed, or if an Exclusive Operation is timely proposed but is not commenced within the applicable time periods under Article 7.2, such well shall be plugged and abandoned.
- 10.2.D Any well plugged and abandoned under this Agreement shall be plugged and abandoned under the Laws and at the Cost and risk of the Parties who participated in the Cost of drilling such well.
- 10.2.E Despite anything to the contrary in this Article 10.2:
- 10.2.E.1 If the Operating Committee approves a decision to plug and abandon a well from which Hydrocarbons have been produced and sold, subject to the Unit Agreement, Leases, and Laws, any Party voting against the decision may propose (within five (5) Days after the time specified in Article 5.6, Article 5.12.A.1, or Article 5.12.A.2, whichever applies, has expired) to take over the entire well as an Exclusive Operation. Any Party originally participating in the well shall be entitled to participate in the operation of the well as an Exclusive Operation by response notice within ten (10) Days after receipt of the notice proposing the Exclusive Operation. In such event, the Consenting Parties shall be entitled to continue producing only from the Zone open to production at the time they assumed responsibility for the well and shall not be entitled to drill a substitute well if the well taken over becomes impaired or fails.
- 10.2.E.2 Each Non-Consenting Party shall be deemed to have relinquished free of Cost to the Consenting Parties in proportion to their Participating Interests all of its interest in the wellbore of a produced well and related equipment under Article 7.4.B. The Consenting Parties shall afterwards bear all Cost and liability of plugging and abandoning such well under the Laws, to the extent the Parties are or become obligated to contribute to such Costs and liabilities, and the Consenting Parties shall indemnify the Non-Consenting Parties against all such Costs and liabilities.
- 10.2.E.3 Subject to Article 7.8.E, Operator shall continue to operate a produced well for the account of the Consenting Parties at the rates and charges contemplated by this Agreement, plus any additional Costs that may arise as the result of the separate allocation of interest in such well.

10.3 Decommissioning and Abandonment of Exclusive Operations

This Article 10 shall apply *mutatis mutandis* to the Decommissioning of Facilities and/or equipment acquired for an Exclusive Operation and abandonment of an Exclusive Well or any well in which an Exclusive Operation has been conducted (in which event all Parties having the right to conduct further operations in such well shall be notified and have the opportunity to conduct Exclusive Operations in the well under this Article 10).

10.4 Provision for and Conduct of Decommissioning and Abandonment

10.4.A The Parties shall:

- 10.4.A.1 During preparation of a Development Plan & AFE, make a preliminary plan for the Decommissioning;
- 10.4.A.2 As and when required by Article 6.5 and Exhibit G, furnish Security for Decommissioning; and
- 10.4.A.3 Conduct the Decommissioning of Facilities and/or equipment and the abandonment of wells as contemplated by Exhibit G and the Decommissioning Work Program and Budget approved from time to time by the Operating Committee.

- 10.4.B Nothing set out in Exhibit G shall remove, vitiate, or otherwise annul the obligation of any Party to meet in full its liabilities and obligations under the Leases and Laws and to pay its Participating Interest share of Decommissioning.
- 10.4.C If an Agency or the Laws require the Parties to provide evidence of financial resources to meet their obligations under those provisions at any time prior to the time when the Parties must furnish Security for Decommissioning under Article 6.5 and Exhibit G, then:
- 10.4.C.1 the Parties shall comply with those obligations as and when required by the relevant provision, notwithstanding anything to the contrary in this Agreement or Exhibit G; and
- 10.4.C.2 to the greatest extent possible, the provisions of Exhibit G shall apply *mutatis mutandis* to those requirements.

11. TRANSFER OF INTEREST OR RIGHTS AND CHANGES IN CONTROL

11.1 Obligations

- 11.1.A Subject to the requirements of the Unit Agreement, the Leases, and any Laws:
- 11.1.A.1 Any Transfer (except Transfers under Articles 8 or 12) shall be effective only if it satisfies the terms and conditions of Articles 24 and 11.2; and
- 11.1.A.2 A Party subject to a Change in Control must satisfy the terms and conditions of Article 11.3.
- 11.1.B If a Transfer subject to this Article or a Change in Control occurs without satisfaction (in all material respects) by the transferor or the Party subject to the Change in Control, as applicable, of the requirements of this Agreement, then each other Party shall be entitled to enforce specific performance of the terms of this Article, in addition to any other remedies (including damages) to which it may be entitled. Each Party agrees that monetary damages alone would not be an adequate remedy for the breach of any Party's obligations under this Article.

11.2 Transfer

- 11.2.A Except in the case of (i) a Party transferring all of its Participating Interest or (ii) a Transfer from a Party to another Party or its Affiliates, no Transfer shall be made by any Party that results in the transferor or the transferee holding a Participating Interest of less than five percent (5%) in the Subject Lands.
- 11.2.B Subject to the terms of Articles 4.12 and 4.13, the Party serving as Operator shall remain Operator after Transfer of a portion of its Participating Interest. In the event of a Transfer of all of its Participating Interest, except to an Affiliate of Operator, the Party serving as Operator shall be deemed to have resigned as Operator, effective on the date the Transfer becomes effective under this Article 11, in which event a successor Operator shall be appointed under Article 4.14. If Operator Transfers all of its Participating Interest to an Affiliate of Operator, that Affiliate shall automatically become the successor Operator; provided that the transferring Operator shall remain liable for its Affiliate's performance of its obligations.
- 11.2.C In the case of a Transfer, both the transferee and the transferring Party shall be liable to the other Parties for the transferring Party's Participating Interest share of any obligations (financial or otherwise) that have vested, matured, or accrued under the Law, any Lease, the Unit Agreement, or this Agreement before such Transfer unless all Parties otherwise agree. Such obligations shall include any proposed Costs approved by the Operating Committee before the transferring Party notifying the other Parties of its proposed Transfer, and shall also include Costs of plugging and abandoning wells or portions of wells and Decommissioning Facilities in which the transferring Party participated (or was required to bear a share of the Costs pursuant to this sentence) to the extent such Costs are payable by the Parties.

- 11.2.D A transferee has no rights in the Contract Area or this Agreement or any right deriving from them including under the Unit Agreement (except any notice and cure rights or similar rights that may be provided to a Lien Holder (as defined in Article 11.2.E) by separate instrument signed by all Parties) unless and until:
- 11.2.D.1 Such transferee expressly undertakes in an instrument reasonably satisfactory to the other Parties to perform the obligations of the transferor under the Unit Agreement and this Agreement to extent of the Participating Interest being transferred (and replaces any Security that has been provided hereunder by the transferor) and obtains any necessary Agency approval for the Transfer and furnishes guarantees required by the applicable Agencies and the Unit Agreement on or before the applicable deadlines;
 - 11.2.D.2 Except in the case of a Transfer to an Affiliate or pursuant to Article 8, each Party has consented in writing to such Transfer, which consent shall be denied only if the transferee fails to establish, to the reasonable satisfaction of each Party, (a) its financial capability, including enforceability of remedies under this Agreement against such transferee, to perform its payment obligations under the Leases, Unit Agreement, the Laws, and this Agreement; (b) its technical capability to contribute to the planning and conduct of Operations; and (c) its ability to comply with the provisions of Article 25.1;
 - 11.2.D.3 In the case of a Transfer to an Affiliate, each Party has consented in writing to such Transfer, which consent shall be denied only if the transferee fails to establish to the reasonable satisfaction of each Party its ability to comply with the provisions of Article 25.1; and
 - 11.2.D.4 In the case of a Transfer to an Affiliate, the transferor binds itself to the other Parties, in writing, to remain liable for its Affiliate's performance of the Affiliate's obligations, unless the Parties otherwise agree.
- 11.2.E Nothing contained in this Article 11 shall prevent a Party from encumbering all or any undivided portion of its Participating Interest to a Third Party (a "**Lien Holder**") as security relating to financing; provided that:
- 11.2.E.1 Such Party shall remain liable for all obligations relating to such interest;
 - 11.2.E.2 The Encumbrance shall be subject to any necessary approval of the applicable Agencies and be expressly subordinated to the rights of the other Parties under this Agreement;
 - 11.2.E.3 Such Party shall ensure that any Encumbrance shall be expressed to be without prejudice to the provisions of this Agreement; and
 - 11.2.E.4 The Lien Holder shall first enter into and deliver a subordination agreement in favor of the other Parties in a form reasonably satisfactory to the other Parties, acting reasonably.
- 11.2.F Any Transfer of all or a portion of a Party's Participating Interest (other than (w) a Transfer to an Affiliate of such Party, (x) the granting of an Encumbrance as provided in Article 11.2.E, (y) a Transfer to or from a qualified intermediary or exchange accommodation titleholder, solely to effect a like-kind exchange under Section 1031 of the Code; or (z) a Transfer under Article 8) shall be subject to the following procedure:
- 11.2.F.1 Once the final terms and conditions of a Transfer have been fully negotiated, the transferor shall disclose all such final terms and conditions as are relevant to the acquisition of the Participating Interest (and, if applicable, the determination of the Cash Value of the Participating Interest) in a notice to the other Parties who have a right to acquire a Participating Interest, which notice shall include (a) complete, unredacted copies of all instruments establishing such terms and conditions and (b) any marketing materials or other non-proprietary data or information prepared or used by the Party proposing to make such Transfer in connection with such Transfer. Each other Party holding a fifteen percent (15%) or greater Participating Interest in the Subject Lands in the Contract Area shall have the right to acquire the Participating Interest subject to the proposed Transfer from the transferor on the terms and conditions described in Article 11.2.F.3 if, within thirty (30) Days of the transferor's notice, such Party delivers to all

other Parties a counter-notification that it accepts such terms and conditions without reservations or conditions (subject to Articles 11.2.F.3 and 11.2.F.4, where applicable). If no Party holding a fifteen percent (15%) or greater Participating Interest in the Subject Lands in the Contract Area delivers such counter-notification, the Transfer to the proposed transferee may be made, subject to the other provisions of this Article 11.2, under terms and conditions no more favorable to the transferee than those set forth in the notice to the Parties; provided that the Transfer shall be concluded within one hundred eighty (180) Days from the date of the notice plus such additional period as may be required to secure governmental approvals. No Party shall have a right under this Article 11.2.F to acquire any asset other than a Participating Interest, nor may any Party be required to acquire any asset other than a Participating Interest, regardless of whether other properties are included in the Transfer.

- 11.2.F.2 If more than one (1) Party counter-notifies that it intends to acquire the Participating Interest subject to the proposed Transfer, then each such Party shall acquire a proportion of the Participating Interest to be transferred equal to the ratio of its own Participating Interest to the total Participating Interests of all the counter-notifying Parties, unless the counter-notifying Parties otherwise agree.
- 11.2.F.3 If a Transfer is a Cash Transfer that does not involve other properties as part of a wider transaction, each other Party shall have a right to acquire the Participating Interest subject to the proposed Transfer on the same final terms and conditions as were negotiated with the proposed transferee. If a Transfer that is not a Cash Transfer or involves other properties included in a wider transaction (package deal), the transferor shall include in its notification to the other Parties a statement of the Cash Value of the Participating Interest subject to the proposed Transfer, and each other Party shall have a right to acquire such Participating Interest on the same final terms and conditions as were negotiated with the proposed transferee except that the acquiring Party shall pay the Cash Value in immediately available funds at the closing of the Transfer instead of the consideration payable in the Third Party offer, and the terms and conditions of the applicable instruments shall be modified as necessary to reflect the acquisition of a Participating Interest for cash. In the case of a package sale, the proposed transferor shall not be required to complete the transaction with the Party or Parties to acquire the Participating Interest subject to the proposed package sale unless and until the completion of the wider transaction (as modified by the exclusion of properties subject to pre-emptive rights or excluded for other reasons) with the package sale transferee. If for any reason the package sale terminates without completion, the other Parties' rights to acquire the Participating Interest subject to the proposed package sale shall also terminate.
- 11.2.F.4 For the purposes of Article 11.2.F.3, the Cash Value proposed by the transferor in its notice shall be conclusively deemed correct unless any Party (each a "**Disagreeing Party**") gives notice to the transferor, with a copy to the other Parties, within ten (10) Days of receipt of the transferor's notice stating that it does not agree with the transferor's statement of the Cash Value, stating the Cash Value that the Disagreeing Party believes is correct, and providing any supporting information that the Disagreeing Party believes is helpful. In such event, the transferor and the Disagreeing Parties shall have ten (10) Days in which to attempt to negotiate an agreement on the applicable Cash Value. If no agreement has been reached by the end of such fifteen (15) Day period, either the transferor or any Disagreeing Party shall be entitled to refer the matter to an independent expert as provided in Article 17.3 for determination of the Cash Value; provided that the independent expert shall consider such Dispute on an expedited basis, endeavoring to come to a decision no later than forty-five (45) Days after such referral, and the Parties shall have no right to appeal such independent expert's decision once made.
- 11.2.F.5 If the determination of the Cash Value is referred to an independent expert and the value submitted by the transferor is no more than five percent (5%) above the Cash Value determined by the independent expert, the transferor's value shall be used for the Cash Value and the Disagreeing Parties shall pay all Costs of the independent expert. If the value submitted by the transferor is more than five percent (5%) above the Cash Value determined by the independent

expert, the independent expert's value shall be used for the Cash Value and the transferor shall pay all Costs of the independent expert. Subject to the independent expert's value being final and binding under Article 17.3, the Cash Value determined by the procedure, as expedited pursuant to this Article 11.2.F, shall be final and binding on all Parties.

- 11.2.F.6 Once the Cash Value is determined under Article 11.2.F.5, Operator shall provide notice of such Cash Value to all Parties, and subject to Article 11.2.F.3, the transferor shall be obligated to sell, and the Parties which provided notice of their intention to purchase the transferor's Participating Interest under Article 11.2.F.1 shall be obligated to buy, the Participating Interest at said value.
- 11.2.F.7 A Transfer to or from a qualified intermediary or exchange accommodation titleholder, solely to effect a like kind exchange under Section 1031 of the Code, will be disregarded in determining the application of Articles 11.2.F.1 through 11.2.F.6. In such event, a proposed Transfer from a Party to such an entity, followed by the Transfer from such entity to a subsequent transferee will, for purposes of this Article 11.2.F: (a) be treated as a single Transfer from the Party to the subsequent transferee, and (b) if and when properly executed, be deemed to occur at the time of Transfer by such entity to the subsequent transferee.

11.3 Change in Control

- 11.3.A A Party subject to a Change in Control shall obtain any necessary Agency approval with respect to the Change in Control and furnish any replacement Security required by any Agency or the Laws, the Unit Agreement, the Leases, or this Agreement on or before the applicable deadlines.
- 11.3.B A Party subject to a Change in Control shall provide evidence reasonably satisfactory to the other Parties that after the Change in Control such Party shall continue to have the financial capability to satisfy its payment obligations under the Laws, Unit Plans, Unit Agreement, the Leases, and this Agreement. If the Party that is subject to the Change in Control fails to provide such evidence, any other Party, by notice to such Party, may require such Party to provide Security satisfactory to the other Parties concerning its Participating Interest share of any obligations or liabilities that the Parties may reasonably be expected to incur under the Unit Agreement, any Unit Plans, and this Agreement.
- 11.3.C Any Change in Control of a Party shall be subject to the following procedure:
 - 11.3.C.1 Once the final terms and conditions of a Change in Control have been fully negotiated, the Acquired Party shall disclose all such final terms and conditions as are relevant to the acquisition of such Acquired Party's Participating Interest and the determination of the Cash Value of that Participating Interest in a notice to the other Parties, which notice shall include (a) complete, unredacted copies of all instruments establishing such terms and conditions and (b) any marketing materials or other non-proprietary data or information prepared or used by the Acquired Party in connection with such Change in Control. Each other Party shall have the right to acquire the Acquired Party's Participating Interest on the terms and conditions described in Article 11.3.C.3 if, within thirty (30) Days of the Acquired Party's notice, such Party delivers to all other Parties a counter-notification that it accepts such terms and conditions without reservations or conditions (subject to Articles 11.3.C.3 and 11.3.C.4, where applicable). If no Party delivers such counter-notification, the Change in Control may proceed without further notice, subject to the other provisions of this Article 11, under terms and conditions no more favorable to the Acquirer than those set forth in the notice to the Parties; provided that the Change in Control shall be concluded within one hundred eighty (180) Days from the date of the notice plus such additional period as may be required to secure governmental approvals. No Party shall have a right under this Article 11.3.C to acquire any asset other than a Participating Interest, nor may any Party be required to acquire any asset other than a Participating Interest, regardless of whether other properties are subject to the Change in Control.

- 11.3.C.2 If more than one Party counter-notifies that it intends to acquire the Participating Interest subject to the proposed Change in Control, then each such Party shall acquire a proportion of that Participating Interest equal to the ratio of its own Participating Interest to the total Participating Interests of all the counter-notifying Parties, unless the counter-notifying Parties otherwise agree.
- 11.3.C.3 The Acquired Party shall include in its notification to the other Parties a statement of the Cash Value of the Participating Interest subject to the proposed Change in Control, and each other Party shall have a right to acquire such Participating Interest for the Cash Value, on the final terms and conditions negotiated with the proposed Acquirer that are relevant to the acquisition of a Participating Interest for cash. No Party may acquire the Acquired Party's Participating Interest under this Article 11.3.C unless and until completion of the Change in Control. If for any reason the Change in Control agreement terminates without completion, the other Parties' rights to acquire the Participating Interest subject to the proposed Change in Control shall also terminate.
- 11.3.C.4 For purposes of Article 11.3.C.3, the Cash Value proposed by the Acquired Party in its notice shall be conclusively deemed correct unless any Party (each a "**Disagreeing Party**") gives notice to the Acquired Party with a copy to the other Parties within ten (10) Days of receipt of the Acquired Party's notice stating that it does not agree with the Acquired Party's statement of the Cash Value, stating the Cash Value that the Disagreeing Party believes is correct, and providing any supporting information that the Disagreeing Party believes is helpful. In such event, the Acquired Party and the Disagreeing Parties shall have ten (10) Days in which to attempt to negotiate an agreement on the applicable Cash Value. If no agreement has been reached by the end of such fifteen (15) Day period, either the Acquired Party or any Disagreeing Party shall be entitled to refer the matter to an independent expert as provided in Article 17.3 for determination of the Cash Value; provided that the independent expert shall consider such Dispute on an expedited basis, endeavoring to come to a decision no later than forty-five (45) Days after such referral, and the Parties shall have no right to appeal such independent expert's decision once made.
- 11.3.C.5 If the determination of Cash Value is referred to an independent expert, and the value submitted by the Acquired Party is no more than five percent (5%) above the Cash Value determined by the independent expert, the Acquired Party's value shall be used for the Cash Value and the Disagreeing Parties shall pay all Costs of the independent expert. If the value submitted by the Acquired Party is more than five percent (5%) above the Cash Value determined by the independent expert, the independent expert's value shall be used for the Cash Value and the Acquired Party shall pay all Costs of the independent expert. Subject to the independent expert's value being final and binding under Article 17.3, as expedited pursuant to this Article 11.2.F, the Cash Value determined by the procedure shall be final and binding on all Parties.
- 11.3.C.6 Once the Cash Value is determined under Article 11.3.C.4, Operator shall provide notice of such Cash Value to all Parties, and subject to Article 11.3.C.3, the Acquired Party shall be obligated to sell, and the Parties that provided notice of their intention to purchase the Acquired Party's Participating Interest under Article 11.3.C.1 shall be obligated to buy, the Participating Interest at said value.

12. WITHDRAWAL FROM AGREEMENT

12.1 Right of Withdrawal

- 12.1.A Subject to this Article 12 and the Laws, Unit Agreement, and the Leases, any Party not in Default may at its option withdraw from this Agreement by giving notice to all other Parties stating its decision to withdraw. Such notice shall be unconditional and irrevocable when given, except as may be provided in Article 12.7.
- 12.1.B The effective date of withdrawal for a withdrawing Party shall be the later of:

- 12.1.B.1 The completion of the Required Operations for the then Calendar Year; and
- 12.1.B.2 The end of the second Calendar Month after the Calendar Month in which the notice of withdrawal is given, subject to Article 12.7;

provided that if all Parties elect to withdraw, the effective date of withdrawal for each Party shall be the date determined by Article 12.9.

12.2 Withdrawal Process

12.2.A Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement. If the Operating Committee approves withdrawal, the Parties shall proceed to:

- 12.2.A.1 Surrender the Subject Lands; and
- 12.2.A.2 Terminate this Agreement and the Unit Agreement.

If the withdrawal vote of the Operating Committee does not pass, then the Parties that voted for withdrawal shall take all steps to withdraw from this Agreement, the Unit Agreement, and the Subject Lands, any other derivative agreements on the earliest possible date and sign and deliver all necessary instruments and documents to assign their Participating Interests to the Parties that are not withdrawing, without any compensation whatsoever, under Article 12.6.

12.2.B Any Party withdrawing under this Article 12 shall withdraw from the entirety of the Subject Lands and Contract Area, including all Participating Areas and all Discoveries made before such withdrawal, and thus abandons to the other Parties not joining in its withdrawal all its rights to Unitized Substances generated by operations after the effective date of such withdrawal and all rights in associated Joint Property.

12.3 Rights of a Withdrawing Party

A withdrawing Party shall have the right to receive its Entitlement produced through the effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which such Party is otherwise entitled under this Agreement until the effective date of its withdrawal. After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Operating Committee, other than matters for which such Party has financial responsibility.

12.4 Obligations and Liabilities of a Withdrawing Party

12.4.A A withdrawing Party shall, after its notice of withdrawal, remain liable only for its share of the following:

- 12.4.A.1 Costs of Joint Operations, and Costs of Exclusive Operations in which such withdrawing Party has agreed to participate, that were approved by the Operating Committee or Consenting Parties as part of a Work Program and Budget or AFE before such Party's notification of withdrawal, regardless of when they are incurred;
- 12.4.A.2 Any Required Operations for the current Calendar Year;
- 12.4.A.3 Costs described in Articles 4.2.B.13 and 12.5 related to an emergency occurring before the effective date of a Party's withdrawal, regardless of when such Costs are incurred;
- 12.4.A.4 All other obligations and liabilities of the Parties or Consenting Parties, as applicable, concerning acts or omissions under this Agreement before the effective date of such Party's withdrawal for which such Party would have been liable, had it not withdrawn from this Agreement, including its Participating Interest share of:
 - (a) Liability for acts, conduct, occurrences, or circumstances taking place or existing prior to its withdrawal; and

- (b) Liability for the Decommissioning Costs with respect to Joint Operations and Exclusive Operations in which that Party participated.

12.4.B A withdrawing Party, prior to its withdrawal, shall satisfy all obligations and liabilities it has incurred or that are attributable to it prior to its withdrawal. The obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any Costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the Costs under Article 12.4.A.1). Any Encumbrances that were placed on the withdrawing Party's Participating Interest before such Party's withdrawal shall be fully satisfied or released, at the withdrawing Party's expense, before its withdrawal. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties concerning any obligations or liabilities attributable to the withdrawing Party under this Article 12 merely because they are not identified or identifiable at the time of withdrawal.

12.4.C Despite the foregoing, a Party shall not be liable for any Operations or Costs it voted against (other than Operations and Costs described in Article 12.4.A.2 or 12.4.A.3) if it sends notification of its withdrawal from this Agreement within five (5) Days (or within twenty-four (24) hours for Urgent Operational Matters) of the Operating Committee vote approving such Operation or Cost.

12.4.D A Party who withdraws from this Agreement shall remain subject to the provisions of Article 17, as applicable.

12.5 Emergency

If there is a loss of control of a well, or if a fire, blow out, sabotage, or other emergency occurs before the effective date of a Party's withdrawal, the withdrawing Party shall remain liable for its Participating Interest share of the Costs of such emergency, regardless of when they are incurred.

12.6 Assignment

12.6.A A withdrawing Party shall assign its Participating Interest free of Cost to each of the non-withdrawing Parties (the "**Receiving Parties**") in the proportion that each of their Participating Interests (before the withdrawal) bears to the total Participating Interests of all the non-withdrawing Parties (before the withdrawal), unless the non-withdrawing Parties agree otherwise. Such assignment shall be substantially in form of Exhibit I attached hereto. The Costs associated with the withdrawal and assignments shall be borne by the withdrawing Party.

12.6.B A non-withdrawing Party shall have the right to refuse to accept its share of an assignment under Article 12.6.A above; provided that if any part of a withdrawing Party's Participating Interest remains unclaimed after sixty (60) Days from the date of the first notice of withdrawal, Operator shall so notify the non-withdrawing Parties. The Parties shall thereafter be deemed to have all decided to withdraw from this Agreement unless at least one Party agrees within ten (10) Days from receipt of such notice to accept the unclaimed Participating Interest.

12.7 Approvals and Costs

12.7.A A withdrawing Party shall promptly execute such instruments of transfers and other documents, and join in such actions, as may be necessary or desirable to obtain any Agency approvals required in connection with the withdrawal and assignments. The non-withdrawing Parties shall use Good Faith Efforts to assist the withdrawing Party in obtaining such approvals and shall execute such instruments of transfer and other documents as may be necessary or desirable to do so, at the Cost of the withdrawing Party. If an Agency refuses to approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either: (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as if such notice of withdrawal had never been sent, such notice to be given within ten (10) Business Days of such Agency's refusal; or (2) to the extent allowed under the Laws, hold its Participating Interest on trust for the exclusive benefit of the non-withdrawing Parties, with the right to be reimbursed by the non-withdrawing Parties for any subsequent Costs and liabilities incurred by it for which it would not have been liable, had it successfully withdrawn.

12.7.B Any penalties or Costs incurred by the Parties in connection with a withdrawal shall be borne by the withdrawing Party.

12.8 Security

12.8.A A Party withdrawing under this Article 12 shall provide Security satisfactory to the other Parties to satisfy any obligations or liabilities for which the withdrawing Party remains liable under Article 12.4, but which become due after its withdrawal, including Security to cover the Decommissioning Costs, if applicable.

12.8.B Failure to provide such Security shall constitute Default under this Agreement.

12.9 Withdrawal or Abandonment by All Parties

12.9.A If the Parties decide to withdraw pursuant to Article 12.2.A, the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties under this Agreement and in accordance with the Laws, Unit Agreement, and Leases and to facilitate the sale, disposition, or abandonment of property or interests held by the Joint Account, all under Article 2.

13. RELATIONSHIP OF PARTIES AND TAX

13.1 Property Taxes

Operator shall render for assessment property covered by this Agreement as may be subject to ad valorem taxation and shall pay such property taxes for the benefit of each Party. Operator shall charge each Party its share of such property tax payments. If the Operator is required hereunder to pay ad valorem taxes based in whole or in part upon separate valuation of each Party's Participating Interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the percentage of tax value generated by each Party's Participating Interest.

13.2 Contest of Property Tax Valuation

Operator shall timely and diligently protest to a final determination any valuation it deems unreasonable or upon reasonable request by another Party. Pending such determination, Operator may elect to pay property taxes under protest. Upon final determination, Operator shall pay the property taxes and any interest, penalties, costs and expenses incurred or accrued as a result of such protest. In either event, Operator shall charge each Party its share.

13.3 Production and Severance Taxes

Each Party shall bear and pay, or cause to be paid, all production, severance, gathering, or other taxes imposed on such Party's respective interest in any Unitized Substances obtained hereunder of the proceeds thereof.

13.4 Other Taxes and Assessments

Operator shall pay other applicable taxes or assessments (other than Income Taxes) and charge each Party its share. Each Non-Operator shall promptly furnish Operator with copies of notices, assessments, levies, or tax statements received by it pertaining to the taxes to be paid by Operator. Operator shall make such returns, reports, and statements as may be required by law in connection with any taxes above provided to be paid by it and shall furnish copies to Non-Operators. Operator shall notify the Non-Operators of any tax which it does not propose to pay before such tax becomes delinquent. Each Party shall be responsible for its own Income Taxes, which shall be determined consistent with Article 13.5 and the Tax Partnership Provisions attached hereto as Exhibit E.

13.5 Tax Partnership

The Parties hereby agree that the Working Interests (together with such other assets and activities related thereto, as applicable) are subject to a tax partnership (the "**Tax Partnership**") solely for U.S. federal income tax purposes (and U.S. state income tax purposes, where applicable) pursuant to Subchapter K of the Internal Revenue Code of 1986, as amended (the "**Code**"), and that no election shall be made to exclude all, or any portion of, such Working Interests (or such other assets and activities related thereto, as applicable) from the Tax Partnership pursuant to Section 761(a)

of the Code. The Tax Partnership shall be governed by the Tax Partnership Provisions attached as Exhibit E. In the event of any conflict or inconsistency between the terms and conditions of the Tax Partnership Provisions and the terms and conditions of this Agreement (including this Article 13.5) or any attachment or exhibit hereto, the terms and conditions of the Tax Partnership Provisions shall govern and control.

14. VENTURE INFORMATION - CONFIDENTIALITY - INTELLECTUAL PROPERTY

14.1 Venture Information

- 14.1.A Except as otherwise provided in this Article 14 or in Articles 4.4, 7.4.A, and 8.5.A, each Party is entitled to receive all Venture Information related to Operations in which such Party is a participant. Each Party shall have the right to use all Venture Information it receives without accounting to any other Party, subject to any applicable patents and any limitations set forth in this Agreement, the Unit Agreement, and to any limitations set forth in any confidentiality agreement with a Third Party. For purposes of this Article 14, subject to Article 14.2, such right to use Venture Information shall include the right to copy, prepare derivative works of documents, and to disclose, license, distribute, and sell data.
- 14.1.B Each Party may, subject to this Agreement, extend the right to use Venture Information to each of its Affiliates that are obligated to terms not less restrictive than this Article 14.
- 14.1.C The acquisition or development of Venture Information under terms other than as specified in this Article 14 shall require the approval of the Operating Committee. The request for approval submitted by a Party shall be accompanied by a description and summary of the use and disclosure restrictions that would be applicable to the Venture Information, and any such Party will be obligated to use Good Faith Efforts to arrange for rights to use which are not less restrictive than specified in this Article 14.
- 14.1.D All Venture Information received by a Party under this Agreement is received on an “as is” basis without warranties, express or implied, of any kind. Any use of such Venture Information by a Party shall be at such Party’s sole risk.

14.2 Confidentiality

- 14.2.A The Parties agree that this Agreement and all information in relation to Joint Operations or Exclusive Operations (including Venture Information) shall be considered confidential and shall be kept confidential, and shall not be disclosed during the term of the Unit Agreement and for a period of five (5) Calendar Years afterwards to any person or entity not a Party to this Agreement without the prior written consent of the non-disclosing Parties, except:
- 14.2.A.1 To an Affiliate under Article 14.1.B;
- 14.2.A.2 To an Agency or other entity when required by the Unit Agreement or a Unit Plan;
- 14.2.A.3 To the extent such information must be furnished in compliance with the applicable Laws, or pursuant to any legal proceedings or because of any order of any court binding upon a Party;
- 14.2.A.4 To prospective or actual attorneys engaged by any Party where disclosure of such information is essential to such attorney’s work for such Party;
- 14.2.A.5 To prospective or actual contractors and consultants engaged by any Party where disclosure of such information is essential to such contractor’s or consultant’s work for such Party;
- 14.2.A.6 To a bona fide prospective transferee of a Party’s Participating Interest to the extent appropriate in order to allow the assessment of such Participating Interest (including an entity with whom a Party and/or its Affiliates are conducting bona fide negotiations directed toward a merger, consolidation, or the sale of a majority of its or an Affiliate’s shares);
- 14.2.A.7 To a bank or other financial institution to the extent appropriate to a Party arranging for funding;

- 14.2.A.8 To the extent such information must be disclosed (as determined in such Party's reasonable judgment) pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates; provided that if any Party desires to disclose information in an annual or periodic report to its or its Affiliates' shareholders and to the public and if such disclosure is not required under any rules or requirements of any government or stock exchange, then such Party shall comply with Article 25.3;
 - 14.2.A.9 To its respective employees for the purposes of conducting or evaluating Operations subject to each Party taking customary precautions to ensure such information is kept confidential;
 - 14.2.A.10 Any information that, through no fault of a Party, becomes a part of the public domain; and
 - 14.2.A.11 To the extent such information must be disclosed for a Party to initiate or participate in an arbitration proceeding or to enforce an arbitration award.
- 14.2.B Disclosure under Articles 14.2.A.5, 14.2.A.6, and 14.2.A.7 shall not be made unless before such disclosure the disclosing Party has obtained a written undertaking from the recipient party to keep the information strictly confidential for at least as long as the period set forth in Article 14.2.A, and to use the information for the sole purpose described in Articles 14.2.A.5, 14.2.A.6, and 14.2.A.7, whichever applies, with respect to the disclosing Party.

14.3 Intellectual Property

- 14.3.A Subject to Articles 14.3.C and 14.5 and unless provided otherwise in the Unit Agreement or by Law, all intellectual property rights in or arising from Venture Information shall be Joint Property. Each Party and its Affiliates have the right to use all such intellectual property rights in their own operations without the approval of any other Party. Decisions regarding obtaining, maintaining, and licensing such intellectual property rights shall be made by the Operating Committee, and the associated Costs shall be charged to the Joint Account. With the approval of the Operating Committee, the ownership of intellectual property rights in or arising from the Venture Information may be assigned to Operator or to a Party, provided that each Party and its Affiliates shall have a perpetual, royalty-free, and irrevocable license for their own operations.
- 14.3.B Nothing in this Agreement shall be deemed to require a Party to:
- 14.3.B.1 Divulge proprietary technology to any of the other Parties; or
 - 14.3.B.2 Grant a license or other rights under any patents or other intellectual property rights owned or controlled by such Party or its Affiliates to any of the other Parties.
- 14.3.C If a Party or an Affiliate of a Party has proprietary technology applicable to activities carried out under this Agreement that the Party or its Affiliate desires to make available on terms and conditions other than as specified in Article 14.3.A, the Party or Affiliate may, with the prior approval of the Operating Committee, make the proprietary technology available on terms to be agreed. If the proprietary technology is so made available, then any inventions, discoveries, or improvements that arise from the application of such proprietary technology and that result from Joint Account Costs shall belong to such Party or Affiliate. In such case, each other Party shall have a perpetual, royalty-free, and irrevocable license to practice such inventions, discoveries, or improvements, but only in connection with Operations.
- 14.3.D Subject to Article 4.6.B all Costs (including reasonable legal Costs and attorneys' fees) of defending, settling, or otherwise handling any claim that is based on the actual or alleged infringement of any intellectual property right shall be for the account of the Operation from which the claim arose.

14.4 Continuing Obligations

Any Party ceasing to own a Participating Interest during the term of this Agreement shall nonetheless remain bound by the obligations of confidentiality in Article 14.2, and any Disputes in relation thereto shall be resolved under Article 17.2.

14.5 Trades

Operator may, with approval of the Operating Committee, make well trades and data trades for the benefit of the Parties, with any data so obtained to be furnished to all Parties who participated in the Cost of the data that was traded. Operator shall cause any Third Party to such trade to enter into an undertaking to keep the traded data confidential.

14.6 U.S. Export Control Compliance

As described further in Article 25.1, the Parties recognize that transfers of information under this Agreement and subsequent uses of such information may be subject to laws, regulations, and other orders dealing with the export of technical data, and the direct product thereof, from the United States of America. To the extent such laws, regulations, and orders are applicable to Operations, each Party agrees to comply fully therewith.

15. FORCE MAJEURE

15.1 Non-Performance Excused

If as a result of Force Majeure any Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation to pay any amounts due or to furnish Security, then the obligations of the Party giving such notice, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and for such reasonable period afterwards as may be necessary for the Party to put itself in the same position that it occupied before the Force Majeure, but for no longer period. The Party claiming Force Majeure shall notify the other Parties of the Force Majeure within a reasonable time after the occurrence of the facts relied on, and shall keep all Parties informed of all significant developments. Such notice shall give reasonably full particulars of the Force Majeure and also estimate the period of time that the Party will probably require to remedy the Force Majeure. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner, but shall not be obligated to settle any labor dispute, except on terms acceptable to it, and all such disputes shall be handled within the sole discretion of the affected Party.

16. NOTICES

16.1 Form of Notices

16.1.A Except as otherwise specifically provided in this Agreement, all notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English). Notices sent by e-mail shall be sent by either (1) the Party's Operating Committee representative or alternate representative, or (2) another person duly authorized by the Party (in which case the e-mail must state the full name and position or title of the sender).

16.1.B Notices shall be delivered:

16.1.B.1 In person;

16.1.B.2 By certified mail, return receipt requested, or by a recognized international courier service maintaining records of delivery; or

16.1.B.3 By e-mail.

Notices shall be addressed and delivered, as applicable, to the addresses set forth below:

Repsol	Oil Search
Repsol E&P USA LLC 2455 Technology Forest Blvd. The Woodlands, Texas 77381 Attn: Vice President – Land Email: dennis.henderson@repsol.com Phone: +1 (832) 442-1000	Oil Search (Alaska), LLC 3721 B Street #240927 Anchorage, Alaska 99524 Attn: Land Manager Email: tim.jones@oilsearch.com Phone: +1 (907) 375-4624 <i>With copy to</i> Oil Search (Alaska), LLC 3721 B Street #240927 Anchorage, Alaska 99524 Attn: Senior Vice President, Legal Email: stephen.luna@oilsearch.com Phone: +1 (907) 375-4600

16.1.C Oral communication does not constitute notice for purposes of this Agreement, and telephone numbers for the Parties are listed above as a matter of convenience only.

16.2 Delivery of Notices

A notice under this Agreement shall be deemed delivered only when received by the Party to whom such notice is directed, and the time for such Party to deliver any notice in response to such originating notice shall run from the date the originating notice is received. “Received” for purposes of giving notice under this Agreement shall mean actual delivery of the notice by the methods and to the address of the Party specified in [Article 16.1](#) or to the most current address specified in a notice under [Article 16.3](#). Notwithstanding the foregoing sentence, a notice sent by e-mail shall be deemed properly received by a Party at the time the intended recipient affirmatively confirms receipt by reply e-mail, provided that an automatically generated response from the recipient’s e-mail account shall not constitute such affirmative confirmation of receipt. If a notice is received or deemed received on a Day that is a Saturday, Sunday, or public holiday in the location of receipt, such notice will be deemed received at 9:00 a.m. on the next Day that is not a Saturday, Sunday, or public holiday in that location, as applicable.

16.3 Change of Address

Each Party shall have the right to change its address at any time and/or designate that copies of all such notices be directed to another person at another address, by giving written notice thereof to all other Parties.

17. APPLICABLE LAW - DISPUTE RESOLUTION - WAIVER OF SOVEREIGN IMMUNITY

17.1 Applicable Law and Forum

The substantive laws of the State of Texas, exclusive of any conflicts of law principles that could require the application of any other law, shall govern this Agreement for all purposes. If principles of real property law require that Alaska law apply to real property matters, then Alaska law shall govern with respect to such real property matters to the extent required.

17.2 Dispute Resolution

17.2.A Except to the extent that a Dispute is to be resolved by an expert as provided in [Article 17.3](#), all Disputes shall be resolved through final and binding arbitration, it being the intention of the Parties that this is a broad form arbitration agreement designed to encompass all possible Disputes to the greatest extent permissible at law, including Disputes in relation to the existence, construction, validity, interpretation, or enforceability of this Agreement, and the arbitrability of a Dispute. Notwithstanding the foregoing sentence, any Dispute as to the interpretation of the provisions of this Agreement governing expert determination (including the scope

of the expert's jurisdiction), or whether the expert determination was affected by fraud, or whether there was a material breach of the expert to follow the procedures in accordance with this Agreement, or for enforcement of an expert determination, shall be resolved by arbitration pursuant to this Article 17.2. In the event arbitration determines that an expert determination was affected by fraud, or that an expert materially breached its obligations under this Agreement, then such expert determination shall be vacated and another expert appointed for such determination.

17.2.B Any Dispute must be communicated by the disputing Party or Parties to all other Parties by notice (“**Notice of Dispute**”) identifying the Parties to the Dispute, and setting forth the facts and nature of the Dispute. Senior management of the disputing Parties shall meet as soon as practicable after, and in any event within twenty-one (21) Days of, receipt of the Notice of Dispute to attempt to resolve the Dispute through good faith and without prejudice negotiations. Despite the foregoing, any Party may initiate arbitration proceedings under Article 17.2.D thirty (30) Days after the date of the Notice of Dispute.

17.2.C Any Dispute shall be exclusively and definitively resolved through final and binding arbitration conducted by, and in accordance with the Commercial Arbitration Rules (as then in effect) of, the American Arbitration Association (“AAA”), as supplemented to the extent necessary to determine any procedural appeal questions by the Federal Arbitration Act (Title 9 of the United States Code) (collectively, the “**Arbitration Rules**”) except as modified by Article 17.2.D. Notwithstanding the foregoing sentence, any Dispute as to the interpretation of the provisions of this Agreement governing expert determination, or whether the expert determination was affected by fraud, or whether there was a material breach of the expert to follow the procedures in accordance with this Agreement, or for enforcement of an expert determination, shall be resolved by arbitration pursuant to this Article 17. In the event that an arbitration determines that an expert determination was affected by fraud or that an expert materially breached its obligations under this Agreement, then such expert determination shall be vacated, and the arbitrators shall jointly appoint another expert to assist the arbitrators in making a new determination. All arbitrators must be neutral parties who have never been officers, directors or employees of or performed material work for the Parties or any of their Affiliates within the preceding five (5)-Calendar Year period and must agree in writing to keep strictly confidential the specifics and existence of the Dispute as well as all proprietary records of the Parties reviewed by the arbitrators in the process of resolving such Dispute. Arbitrators must have a formal education or training in the area of dispute resolution and must have not less than seven (7) Calendar Years of experience as a lawyer in the energy industry with experience in exploration, production, or transactional issues.

17.2.D The following principles shall apply in any arbitration under this Agreement, unless the Parties to the arbitration agree otherwise in writing:

17.2.D.1 The arbitration shall be before:

- (a) One (1) arbitrator if the total value of the claim or claims under Dispute is equal to or less than one million Dollars (\$1,000,000) or the claim involves a limited technical issue; and
- (b) Three (3) arbitrators if the total value of the claim or claims under Dispute is greater than one million Dollars (\$1,000,000) or if the claim is not for a monetary sum or does not involve a limited technical issue.

17.2.D.2 If the arbitration is to be conducted by a single arbitrator, the arbitrator shall be jointly selected by the claimant and the respondent. The claimant and the respondent shall endeavor to select an arbitrator within thirty (30) Days of reference of the Dispute for arbitration, failing which, the AAA shall appoint the arbitrator with due regard to the input of the claimant and respondent.

17.2.D.3 If the arbitration is to be conducted by three (3) arbitrators, and there is only one (1) claimant and one (1) respondent then the claimant and the respondent shall each appoint one (1) arbitrator within thirty (30) Days of reference of the Dispute for arbitration and the two (2) arbitrators so appointed shall nominate a third arbitrator, who shall chair the tribunal, within thirty (30) Days after the latter of the two (2) arbitrators has been appointed. If the claimant or respondent fails

to appoint an arbitrator within thirty (30) Days of reference of the Dispute for arbitration or if the two (2) appointed arbitrators fail to reach an agreement on the third arbitrator, within the applicable time period, the AAA shall appoint the remainder of the three (3) arbitrators not yet appointed and shall designate one (1) of them to chair the tribunal, with due regard to the input of the claimant and respondent and the other arbitrators; provided that the engagement of all arbitrators shall be conducted by AAA to maintain the confidentiality of each Party's nomination.

- 17.2.D.4 Where there is more than one claimant or respondent, then within thirty (30) Days of reference of the Dispute for arbitration all claimants shall jointly nominate an arbitrator and all respondents shall jointly appoint an arbitrator, and the two (2) arbitrators so appointed shall select the presiding arbitrator within thirty (30) Days after the latter of the arbitrators has been appointed by the parties to the Dispute. If either all claimants or all respondents fail to make a joint appointment of an arbitrator or if the two (2) appointed arbitrators fail to reach an agreement on the third arbitrator within the applicable time period, the AAA shall appoint the remainder of the three (3) arbitrators not yet appointed and shall designate one (1) of them to chair the tribunal, with due regard to the input of the claimant and respondent and the other arbitrators; provided that the engagement of all arbitrators shall be conducted by AAA to maintain the confidentiality of each Party's nomination.
- 17.2.D.5 The arbitration proceedings shall be conducted in the English language and each of the arbitrators shall be fluent in the English language. Except with the consent of the disputing Parties, an arbitrator shall not be the person who was the mediator in respect of the Disputes in question or any related Disputes. The arbitrators shall at all times be independent in relation to the Dispute and the Parties.
- 17.2.D.6 The place of arbitration shall be Houston, Texas, the United States of America.
- 17.2.D.7 The tribunal shall render any award or other decision by majority vote of the arbitrators within two (2) Calendar Months of the conclusion of the hearing and publish reasons in writing. In the case of questions of procedure, when there is no majority or when the tribunal so authorizes, the presiding arbitrator may decide on his or her own, subject to revision by the tribunal.
- 17.2.D.8 The tribunal shall give effect to principles of legal privilege, such as those involving the confidentiality of communications between a lawyer and a client.
- 17.2.D.9 The Parties agree that the Dispute should be resolved as speedily as possible and the arbitrator or arbitrators shall give the disputing Parties' agreement in this respect due consideration and direct the time limits within which the specified rules in the Arbitration Rules shall be complied with.
- 17.2.D.10 The proceedings at any directions conference and hearing shall be in camera. No Party to the arbitration may cause or authorize any part of the proceedings to be published in the press or other media. All such proceedings, documentation, and information relevant to the proceedings (to the extent treated as confidential by any of the disputing Parties) and the reasons for the award shall be kept confidential by the Parties during the term of this Agreement and for five (5) Calendar Years after the expiry of the term and may not be disclosed other than to the extent permitted by Article 17. Nothing in this Article 17.2.D.10 applies to or restricts in any way:
- (a) Disclosure of information to the arbitrators; or
 - (b) Disclosure of the proceedings or the reasons for the award in the course of legal proceedings relating to the arbitration or the award or in the course of any other judicial, arbitral, or administrative proceedings (including proceedings before an expert) between the Parties to the arbitration.

A breach of this confidentiality provision shall not void any settlement, expert decision, or arbitral award.

- 17.2.D.11 The Parties waive any defense based on sovereignty of a party, including immunity to arbitration, immunity to judicial proceedings to enforce or aid any such arbitration, and immunity to enforcement and execution of the award or any judgment entered thereon.
- 17.2.D.12 The award shall be subject to the relevant indemnities and any restrictions on recovery set out in this Agreement. **THE PARTIES WAIVE THEIR RIGHTS TO CLAIM OR RECOVER FROM EACH OTHER, AND THE ARBITRAL TRIBUNAL WILL NOT AWARD, ANY CONSEQUENTIAL LOSS OR PUNITIVE, MULTIPLE, OR OTHER EXEMPLARY DAMAGES (WHETHER STATUTORY OR COMMON LAW) EXCEPT TO THE EXTENT SUCH DAMAGES HAVE BEEN AWARDED TO A THIRD PARTY AND ARE SUBJECT TO ALLOCATION BETWEEN OR AMONG THE PARTIES TO THE DISPUTE.**
- 17.2.D.13 The Costs of the arbitration proceedings, excluding legal fees and Costs, shall be borne in the manner determined by the tribunal. Each Party to the arbitration shall bear its own legal Costs and expenses.
- 17.2.D.14 Any Party may at any time request injunctive relief, or other provisional or protective measures, from any court having jurisdiction over the Party to which such measures would be applied.
- 17.2.D.15 Judgment upon the award may be entered in any court having jurisdiction over the Party or the assets of the Party against which the award was rendered, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. **EACH PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS, BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ALASKA, DELAWARE, OR TEXAS, INCLUDING AT ITS ADDRESS SET OUT IN ARTICLE 16.1.B. NOTWITHSTANDING THE FOREGOING SENTENCES, EACH PARTY AGREES THAT NOTHING HEREIN WILL AFFECT THE RIGHT OF A PARTY TO SERVE ANY PAPERS, NOTICES, OR PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.**
- 17.2.D.16 The award shall be rendered and promptly paid in Dollars free of any deduction or offset, and any Costs or fees incidental to enforcing the award shall be charged against the Party resisting such enforcement.
- 17.2.D.17 The award shall include interest at the Agreed Interest Rate from the date of any breach or violation of this Agreement as determined by the award until paid in full.
- 17.2.D.18 To the extent permitted by law, any right to appeal or challenge any arbitral decision or award, or to oppose enforcement of any such decision or award before a court or any Agency is hereby waived by the Parties except with respect to the limited grounds for modification or non-enforcement provided by any applicable arbitration statute or treaty.

17.3 Expert Determination

For any decision referred to an expert under Article 8.8, 11.2, 11.3, 20.2.F, or 20.3.F, the Parties hereby agree that such decision shall be conducted expeditiously by an expert selected unanimously by the Parties to the Dispute. The expert is not an arbitrator of the Dispute and shall not be deemed to be acting in an arbitral capacity. The Party desiring an expert determination shall give the other Parties to the Dispute written notice of the request for such determination. If the Parties to the Dispute are unable to agree upon an expert within ten (10) Days after receipt of the notice of request for an expert determination, then, upon the request of any of the Parties to the Dispute, the International Centre for Expertise of the International Chamber of Commerce (“ICC”) shall appoint such expert and shall administer such expert determination through the ICC’s rules for expertise. The expert, once appointed, must not have any ex parte communications with any of the Parties to the Dispute concerning the expert determination or the underlying Dispute.

All Parties agree to cooperate fully in the expeditious conduct of such expert determination and to provide the expert with access to all Facilities, books, records, documents, information, and personnel necessary to make a fully informed decision in an expeditious manner, and shall provide copies of all documents provided to the expert to the other Parties. Before issuing his final decision, the expert shall issue a draft report and allow the Parties to the Dispute to comment on it. The expert shall endeavor to resolve the Dispute within thirty (30) Days (but no later than sixty (60) Days) after his or her appointment, taking into account the circumstances requiring an expeditious resolution of the matter in Dispute. The expert's decision shall be final and binding on the Parties to the Dispute unless challenged in an arbitration under Article 17.2 within sixty (60) Days of the date the expert's final decision is received by the Parties to the Dispute. In such arbitration: (A) the expert determination on the specific matter under Article 8.8, 11.2, or 11.3 shall be entitled to a rebuttable presumption of correctness; and (B) the expert shall not (without the written consent of the Parties to the Dispute) be appointed to act as an arbitrator or as adviser to the Parties to the Dispute.

18. MINIMUM ROYALTIES, DELAY RENTAL, SHUT-IN WELL PAYMENTS, AND LEASE BURDENS

18.1 Payment of Minimum Royalties, Delay Rentals, and Shut-In Well Payments

- 18.1.A The Operator shall pay all delay rentals, minimum royalty, shut-in royalty, and shut-in well payments that may become due and payable on the Subject Lands or under the Leases and shall charge the same to the Joint Account.
- 18.1.B In the absence of Gross Negligence / Willful Misconduct, Operator shall not be liable in damages to any other Party for the failure to make any payment required by Article 18.1.A.

18.2 Lease Burdens

- 18.2.A Each Party shall be responsible for payment and delivery of the Lease Burden(s) and taxes that are attributable to such Party's respective share of Unitized Substances, except when Operator is selling Non-Operator's share of Unitized Substances. If Operator is selling Non-Operator's share of Unitized Substances, Operator shall pay for the Lease Burden(s) set out in Exhibit A, which are attributable to the Non-Operator's share of Unitized Substances and Operator shall pay or cause to be paid all taxes levied on or measured by production of Unitized Substances which are attributable to the Non-Operator's share of Unitized Substances.
- 18.2.B If a Consenting Party or Parties are entitled to receive a Non-Consenting Party's share of Unitized Substances, the Consenting Parties shall bear the Lease Burdens due with respect to such Non-Consenting Party's share of Unitized Substances and shall indemnify and hold the Non-Consenting Parties harmless from liability in connection therewith, to the extent such indemnifying party does not make a Good Faith Effort to pay or deliver the same prior to the due date.

18.3 Other Burdens

- 18.3.A Any burden which is not designated on Exhibit A, any non-participating royalty interests, all carried working interests, and all other interests payable out of profits from the sale of Unitized Substances to someone other than a lessor of the Lease, shall be borne by the Party or Parties whose Working Interest is burdened thereby and such Party or Parties shall indemnify, defend, and hold the other Party or Parties harmless from any liability in respect of such payments. Any assignments made pursuant to Articles 8 and Article 12 hereunder shall be free and clear of any such burden, unless set out in Exhibit A.

19. PARTICIPATING AREAS

19.1 Voting Rights

With respect to any matter under Articles 19 – 22 that requires approval by the Operating Committee: (A) the vote of the Operating Committee shall, for the avoidance of doubt, exclude the vote of any Party that does not have a Participating Interest in the affected Participating Area; provided, however, with respect to matters to expand a Participating Area, the vote of the Operating Committee shall include the vote of all Parties owning a Participating Interest in any Tracts, or portions thereof, to be added (or proposed to be added) to the affected Participating Area

notwithstanding anything in Article 5.3 to the contrary; and (B) such approval shall require the affirmative vote of one (1) or more Parties then having collectively at least eighty-five (85%) of the Participating Interests in the affected Participating Area.

19.2 Establishment of Participating Areas

- 19.2.A A Participating Area for a Discovery shall be as delineated in the applicable Development Plan & AFE approved pursuant to Article 6.3 for such Discovery. Operator shall take such steps as may be required by the Unit Agreement to secure approval by the relevant Agencies of the Participating Area delineated in such approved Development Plan & AFE.
- 19.2.B If a Participating Area is required to be modified as a condition of approval or is rejected by an Agency, Operator shall notify the Parties and shall initiate a new proposal in the same manner as provided in Article 6.3 with respect to the approval of the revised Participating Area only.
- 19.2.C If and when a proposal has been approved or disapproved by an Agency, Operator shall give prompt notice thereof to each Party with a Participating Interest in the Contract Area.
- 19.2.D Any Party may propose to contract or expand a Participating Area or consolidate two (2) or more Participating Areas.
- 19.2.D.1 Except as required by an Agency or the Unit Agreement, a proposal to contract or expand a Participating Area shall require approval of the Operating Committee.
- 19.2.D.2 Two (2) or more Participating Areas may be combined subject to approval by the applicable Agencies and the approval of the Operating Committee(s) in the affected Participating Areas.

If any such proposal receives the requisite approval of the Operating Committee, then Operator shall file the proposal with the applicable Agencies within thirty (30) Days of the date on which such approval is obtained; provided that no such proposal for an expanded or contracted Participating Area shall be effective unless it is approved by the applicable Agencies.

19.3 Apportionment of Liabilities and Ownership in a Participating Area

- 19.3.A Subject to retroactive adjustment under Article 21, all Costs and liabilities incurred in (1) any Exploration Operations directly attributable to a Participating Area (including the Exploration Well that made the Discovery or Discoveries of any Reservoir for which such Participating Area is established) and (2) any Appraisal Operations and/or Development Operations in a Participating Area for or in connection with the production of Unitized Substances from any Reservoir for which such Participating Area is established shall be allocated to the Parties within such Participating Area based upon the Participating Interests in effect at the time, in accordance with the provisions of Article 20. All Costs that are incurred by more than one (1) Participating Area will be allocated among those Participating Areas in accordance with the Operator's good faith determination of the appropriate division among such Participating Areas, subject to the approval of the Operating Committee.
- 19.3.B Subject to retroactive adjustment under Article 21, all Unitized Substances produced from a Participating Area shall be allocated to the Parties within such Participating Area based upon their Participating Interests in effect at that time, in accordance with the provisions of Article 20. The amount of Unitized Substances allocated to each Tract within a Participation Area, regardless of whether it is more or less than the actual production of Unitized Substances from the well(s), if any, on that Tract, will be deemed for all purposes to have been produced from that Tract.
- 19.3.C All materials, equipment, and other property, whether real or personal, the Cost of which is chargeable as Costs and which have been acquired in connection with the development or operation of a Participating Area, shall be owned by the Parties within such Participating Area in proportion to their Participating Interests in the Participating Area in effect at the time, in accordance with the provisions of Article 20.

20. TRACT PARTICIPATION IN PARTICIPATING AREAS

20.1 Initial Tract Participations

- 20.1.A The initial Tract Participations of the Parties shall be determined on an Acreage Basis prior to an Interim Determination. These initial Tract Participations will be the basis for determining the Participating Interests of the Parties in each Participating Area from the approval of the applicable Development Plan & AFE until an Interim Determination occurs under [Article 20.3](#).
- 20.1.B The Acreage Basis shall be calculated as the ratio of the acreage that each Tract affected bears to the total acreage of the relevant Participating Area. For the purposes of this calculation, (1) the acreage of a Tract within the Subject Lands or Contract Area shall be the acreage of such Tract, as set forth in [Exhibit A](#) and, (2) if there are two (2) or more undivided Participating Interests in a Tract, there shall be apportioned to each such Participating Interest that proportion of the acreage of the Tract that such Participating Interest bears to the entire Participating Interest in the Tract.

20.2 Equity Procedures

- 20.2.A The purpose of establishing Equity Procedures will be to determine Tract Participations for the Interim Determination. The Equity Procedures will be consistent with the purposes, principles, bases, methodologies, and considerations outlined in [Article 20.3](#) and the Unit Agreement, except for any difference approved by the Operating Committee.
- 20.2.B The Operating Committee shall form a subcommittee that will be charged with developing the specific Equity Procedures to be used for the determination of Tract Participations including whether to conduct the Interim Determination and a Final Determination, and whether the procedures set forth in Articles 20.4 and 20.5 shall be modified by the “**Determination Subcommittee**”). The Determination Subcommittee will include one (1) designee and may include one (1) alternate from each Party with a Participating Interest in the Participating Area. The Chairperson of the Determination Subcommittee will be Operator’s designee. The Determination Subcommittee is authorized to form whatever subcommittees it deems appropriate.
- 20.2.C The Determination Subcommittee will be formed within sixty (60) Days after the Operating Committee has approved a Development Plan & AFE pursuant to [Article 6.3](#) or after the applicable Agencies approve an application to expand the Contract Area beyond the Initial Unit Boundaries, as applicable. The Equity Procedures will be completed and approved within one hundred and eighty (180) Days of forming the Determination Subcommittee.
- 20.2.D As part of determining the Equity Procedures, the Determination Subcommittee will define the data requirements for the Interim Determination. These data requirements will describe the future contents of the “Common Data Base,” as this term is described in [Article 20.3](#), and will include all data from every well drilled and G&G Data on the Subject Lands. By mutual agreement, the Parties may decide to include in the Common Data Base additional G&G Data that was not jointly acquired by all the Parties under this Agreement. If so, prior to such additional G&G Data becoming part of the Common Data Base, the Parties will agree on what, if any, compensation is appropriate to the owners of such G&G Data.
- 20.2.E The Equity Procedures for a Participating Area shall require approval of the Operating Committee.
- 20.2.F If approval by the Operating Committee is not received for the Equity Procedures within the time limit specified in [Article 20.2.C](#), all competing proposals will be submitted to an independent expert for resolution pursuant to [Article 17.3](#).

20.3 Interim Determination

- 20.3.A An interim determination to set the Tract Participations for each Participating Area (the “**Interim Determination**”) will be made in accordance with this [Article 20.3](#) and the Unit Agreement. These Tract Participations will be the basis for determining the Participating Interests of the Parties in the Participating Area and, to the extent available, will be used as the initial division of interest that must be submitted with

- the application for the Participating Area under the Unit Agreement; provided that if the Interim Determination is not completed at such time the initial division of interest must be submitted, such division of interest shall be done on an Acreage Basis. The Parties intend for this process to be as simple as possible while still yielding Tract Participations that are fair and equitable.
- 20.3.B The Determination Subcommittee described in Article 20.2.B will be charged with formulating the necessary Equity Procedures and then, after approval by the Operating Committee, with completing the Interim Determination of Tract Participations within the time periods set out in Article 20.3.E.
- 20.3.C The Tract Participations determined by the Interim Determination will be based on developable original oil in place (“**OOIP**”) or recoverable tract volume (“**RTV**”) as determined by the Operating Committee or deemed applicable pursuant to the Unit Agreement and shall be calculated in a manner consistent with the Unit Agreement. No quality factors or other value adjustments shall be applied to calculate developable OOIP or RTV for the purpose of the Interim Determination Tract Participations.
- 20.3.D To calculate the OOIP or RTV, as applicable, for a Participating Area, the Determination Subcommittee shall:
- 20.3.D.1 Define the Reservoir(s) to be included in the Interim Determination;
- 20.3.D.2 Create and provide to all of the Parties with a Participating Interest in the Participating Area a common data base which includes all of the data specified in the data requirements to be relied upon for the Interim Determination (the “**Common Data Base**”). Notwithstanding the provisions of Article 14 to the contrary, all data used by any Party in the Interim Determination shall be included in the Common Data Base, and all data, without limitation, from every well drilled within the Participating Area and G&G Data pertaining to the Participating Area prior to the deadline specified in Article 20.3.E shall be considered by the Determination Subcommittee;
- 20.3.D.3 Develop structure maps and isopach maps for the Reservoir(s) included in the Interim Determination showing the oil/water contact(s) and the gas/oil contact(s) for each Reservoir; and
- 20.3.D.4 Establish net pay cut-offs based on well log and/or core data, determine the porosity and water saturation for the intervals identified as net pay, determine the appropriate formation volume factors, and calculate the OOIP or RTV, as applicable, by Tract for the Participating Area.
- 20.3.E The last date upon which data may be collected and subsequently used for the Interim Determination will be one hundred and eighty (180) Days after the Equity Procedures receive approval of the Operating Committee or after the expert’s final decision, as applicable, pursuant to Article 20.2.C. The Interim Determination will then be completed and submitted to the Operating Committee for approval.
- 20.3.F If approval of the Operating Committee is not received for the Interim Determination Tract Participations within one hundred and eighty (180) Days of such last data collection date under Article 20.3.E, all competing proposals will be submitted to an independent expert for resolution pursuant to Article 17.3.
- 20.3.G If a gas cap is present in a Reservoir that is included in the Interim Determination, and the determination of the original gas in place in the gas cap is necessary to properly define the value of the affected Tracts, the original gas in place should be calculated following the steps set forth in Article 20.3.D.
- 20.3.H Notwithstanding the provisions of the Unit Agreement, as among the Parties in a Participating Area, this Agreement’s reference to Tract Participations for such a Participating Area shall be those agreed to by the Parties within such Participating Area in accordance with this Article 20.
- 20.3.I Each Party’s Participating Interest in a Participating Area shall be calculated by multiplying its Participating Interest in each Tract, or portion thereof, included in the Participating Area by the Tract Participation of said Tract, and then summing these products.

20.3.J Each Party's Participating Interest in the Contract Area, outside of a Participating Area, is determined in accordance with Article 3.2.

20.3.K All Costs associated with determination of Tract Participations pursuant to this Article 20 shall be borne solely by the Parties in the Participating Area in proportion to their Participating Interest in the relevant Participating Area. Operator shall charge these Costs to the account of the Parties holding a Participating Interest in the Participating Area.

20.4 Subsequent Determinations.

20.4.A Following the Interim Determination, the Tract Participations shall be re-determined (each, a "Re-Determination") periodically as required by the Unit Agreement. Each Re-Determination shall be effective as provided in the Unit Agreement.

20.4.B Articles 20.2 and 20.3 shall apply to any Re-Determination, *mutatis mutandis*. Each Re-Determination shall be consistent with the provisions of Article 3.2 of this Agreement and the Unit Agreement.

20.4.C Unless otherwise determined and approved by the Operating Committee, if the Unit Agreement does not require any Re-Determination, the Interim Determination shall be considered the Final Determination.

20.5 Operating Committee

Notwithstanding anything to the contrary in this Article 20, the Operating Committee may by affirmative vote direct that the Tract Participation determinations deviate from the procedures and standards set forth in the Unit Agreement.

21. EQUALIZATION OF EXPENDITURES AND UNITIZED SUBSTANCES

21.1 Adjustment to Allocations

In accordance with the terms and conditions of this Agreement, Costs and Unitized Substances for any particular Participating Area expended and produced prior to any Determination or Re-Determination shall be retroactively adjusted from the Effective Date and equalized on the basis of disproportionate sharing of future Costs and Unitized Substances within such Participating Area in accordance with Article 21.1.A and Article 21.1.B. The resulting Costs, as adjusted by the inflation equivalent provided below, shall hereinafter be referred to as "**Adjusted Expenditures**."

21.1.A *Disproportionate Sharing Procedure.* For retroactive adjustment purposes, Costs shall be classified into capital and expense categories, as determined by the Operator consistent with generally accepted accounting principles. Each Party's Participating Interest share of the Adjusted Expenditures is first calculated according to such Party's Participating Interest share of Costs that existed prior to Interim Determination, and is hereinafter referred to as its "**Paid-In Share**." Each Party's Participating Interest share of the Adjusted Expenditures is also calculated to reflect the Interim Determination, and is hereinafter referred to as its "**Revised Obligation**." A Party whose Paid-In Share exceeds its Revised Obligation is deemed to be over-invested and a Party whose Paid-In Share is less than its Revised Obligation is deemed to be under-invested. Under-Invested Parties shall be allocated a proportionate share (in accordance with each Under-Invested Party's share of Costs after Interim Determination) of all future capital investments and/or operating and maintenance Costs, as appropriate, based on the Costs which would normally be allocated to the Over-Invested Party following the effective date of Interim Determination, (in addition to such Under-Invested Party's shares of all other Cost allocations under this Agreement) until equalization of Costs occurs. In all cases, the inflation equivalent shall be applied on a monthly basis to over-invested Costs until they are equalized. However, if any Adjusted Expenditures have not been equalized upon termination of the Tax Partnership, then any remaining balance shall be equalized in cash.

21.1.B *Adjustment of Unitized Substances.* Unitized Substances produced from the Subject Lands, Contract Area, or Participating Area, whichever is applicable, prior to the Interim Determination, shall be retroactively

adjusted and equalized on the basis of disproportionate sharing of future Unitized Substances produced from the Participating Area. Subsequent to the effective date of the Interim Determination, the Parties with a Participating Interest in such Participating Area shall be allocated more or allocated less of their proportionate shares of Unitized Substances based on Tract Participations established in the Interim Determination, and the quantities of such Unitized Substances which were produced prior to such determination until they are equalized. All adjustments shall be made on a volumetric basis without regard to gravity, quality, temperature, chemical composition, or other physical characteristics.

21.1.C *Volumetric Equalization Procedure.* Each Party in a Participating Area that previously has been allocated a lesser volume of a particular Unitized Substance (i.e., oil, gas, or other category of product which is separately saved and accounted for) than would have been allocated to it had the Tract Participations established in the Interim Determination, whichever is applicable, been in effect from the Effective Date of this Agreement shall be in an under-allocated production position with respect to that Unitized Substance. Each Party in a Participating Area that previously has been allocated a greater volume of a particular Unitized Substance than would have been allocated to it had such Tract Participations been in effect from the date of this Agreement shall be in an over-allocated production position with respect to that Unitized Substance. Upon the effective date of the Participation Determination, each over-allocated Party shall relinquish to the under-allocated Parties, in proportion to their respective under allocations, such portions of the particular Unitized Substances as are reasonably projected to eliminate its over allocated position within a three (3) Calendar Year period with respect to such Unitized Substances. However, an over-allocated Party shall not be required to relinquish more than fifty percent (50%) of its redetermined share of Unitized Substances during any one (1) Calendar Month, unless its Participating Interest is reduced by Interim Determination, whichever is applicable, by more than fifty percent (50%) in which case its relinquishment shall be no more than seventy-five percent (75%) until equalization occurs (even if longer than the above three (3) Calendar Year period). All Unitized Substances relinquished by over-allocated Parties for the purpose of eliminating their over-allocated production positions shall accrue to the under-allocated Parties in proportion to the amounts of their under allocations. If any Party remains in an over-allocated or under-allocated Unitized Substances position upon termination of the Tax Partnership, then such positions shall be equalized in cash, based upon actual price received for the over allocated Unitized Substances.

22. ADJUSTMENT ON CHANGE OF PARTICIPATING AREA

22.1 When Adjustment Made

Whenever, in accordance with the Unit Agreement, (A) a Participating Area is revised to include lands beyond the Initial Unit Boundary, (B) a Participating Area is contracted to exclude lands previously within such Participating Area, or (C) whenever two (2) or more Participating Areas are combined such that the combined Participating Area includes lands beyond the Initial Unit Boundary (the Participating Area resulting from such revision, contraction, or combination being hereinafter referred to as a “**Modified Participating Area**”), the Tract Participations for the Parties in the Modified Participating Area shall be determined pursuant to Articles 20.2 and 20.3, *mutatis mutandis* and an adjustment shall be made in accordance with the succeeding provisions of this Article 22, as of the date on which the revision, contraction, or combination that creates such Modified Participating Area is approved under the Unit Agreement (such date being hereinafter referred to as the “**Modified PA Date**” of such Modified Participating Area). For the purposes of this Article 22, all Costs of a Usable Well, as defined below, shall be deemed to have been incurred as the funds are expended.

22.2 Definitions

22.2.A As used in this Article 22:

22.2.A.1 “**Usable Well**” within a Modified Participating Area means a well which is either (a) a well that has produced Unitized Substances in paying quantities from the productive formation in the Reservoir in (or proposed to be included in) a Participating Area for at least six (6) months or that has been drilled and completed in such productive formation and reasonably appears on

the basis of well logs, tests, or other available data and information to be capable of producing Unitized Substances in paying quantities from such productive formation for an aggregate period of at least six (6) months, or (b) a well that has been operated as an injection well for the injection or reinjection of substances for repressuring, recycling or enhanced recovery purposes into the productive formation in the Reservoir in (or proposed to be included in) a Participating Area for at least six (6) months or that has been drilled and completed as an injection well in such productive formation and reasonably appears on the basis of well logs, tests, or other available data and information to be capable of being operated as an injection well for the injection or reinjection of substances for repressuring, recycling or enhanced recovery purposes into such productive formation for an aggregate period of at least six (6) months.

- 22.2.A.2 “**Intangible Value**” of a Usable Well within a Modified Participating Area means the amount of those Costs incurred in drilling, Deepening, Plugging Back, Sidetracking, and Completing such well, down to the deepest Reservoir for which such Modified Participating Area was created, which contribute to the production of Unitized Substances therefrom and which are properly classified as intangible Costs in conformity with accounting practices generally accepted in the industry.
- 22.2.A.3 “**Tangible Property**” serving a Modified Participating Area means any kind of property other than intangible property (whether or not in or pertaining to a Usable Well) which has been acquired for use in or in connection with the production of Unitized Substances from such Modified Participating Area or any portion thereof, and the Cost of which has been charged as Costs pursuant to this Agreement.
- 22.2.A.4 “**Value**” of Tangible Property means the amount of Costs incurred in the construction or installation thereof (except installation and equipment Costs classified as part of the Costs incurred in connection with a Usable Well and included in the Intangible Value of the Usable Well).

22.3 Method of Adjustment Following Expansion or Combination of a Participating Area

As promptly as reasonably possible after the Modified PA Date of a Modified Participating Area resulting from an expansion or combination, and as of such Modified PA Date, an adjustment shall be made in accordance with the following provisions in a manner consistent with the Unit Agreement, except to the extent otherwise specified in Article 22.5 or as approved by the Operating Committee:

- 22.3.A The Intangible Value of each Usable Well within such Modified Participating Area on the Modified PA Date thereof shall be credited to the Party or Parties owning such well immediately prior to such Modified PA Date, in proportion to their respective interests in such well immediately prior to such Modified PA Date. The total amount so credited as the Intangible Value of Usable Wells shall be charged to all Parties within the Modified Participating Area on a basis to be determined pursuant to Article 19.3.
- 22.3.B The Value of each item of Tangible Property serving the Modified Participation Area on the Modified PA Date thereof shall be credited to the Party or Parties owning such item immediately prior to such Modified PA Date, in proportion to their respective interests in such item immediately prior to such Modified PA Date. The total amount so credited as the Value of the Tangible Property shall be charged to all Parties within the Modified Participation Area on a basis to be determined pursuant to Article 19.3.
- 22.3.C If a Modified Participating Area, on the Modified PA Date thereof, is served by any Tangible Property or Usable Well which also serves another Participating Area or other Participating Areas, the Value of such Tangible Property and Usable Well (including the Intangible Value thereof) shall be fairly apportioned between such Modified Participating Area and such other Participating Area or Participating Areas, provided that such apportionment receives approval of the Operating Committee for the Participating Interests in the Participating Area(s). That portion of the Value of such Tangible Property and Usable Well (including the Intangible Value thereof) which is so apportioned to the Modified Participating Area shall be included in the adjustment made as of the Modified PA Date of such Modified Participating Area in the same manner as is the Value of Tangible Property serving only the Modified Participating Area.

- 22.3.D Each Party owning an interest in the Modified Participating Area immediately prior to such Modified PA Date shall be charged the market value (as reasonably determined by the Determination Subcommittee based on the applicable timing of production) of that portion of the production of Unitized Substances from such Participating Area that, prior to the Modified PA Date, was delivered to such Party, less the amount of Lease Burdens and taxes (other than those based on or measured by production of Unitized Substances) paid or payable on said portion. The total aggregate amount charged as the market value of all production of Unitized Substances from such Participating Area prior to the Modified PA Date shall be credited to all Parties within the Modified Participating Area on a basis to be determined pursuant to Article 19.3.
- 22.3.E The credits and charges above provided for shall be made by Operator. On each such adjustment, each Party who is charged an amount in excess of the amount credited it shall be “under-invested.” Each Party who is credited an amount in excess of the amount it is charged shall be “over-invested.” If a Party is under-invested with respect to Tangible Property and/or with respect to Intangible Value, any such under-investment shall be eliminated by making a lump sum payment within one hundred and twenty (120) Days from the determination of any adjustment to the over-invested parties. For purposes of securing payment of adjusted amounts, each Party shall be subrogated to the lien of Operator in accordance with the provisions of Article 8.13.

22.4 Method of Adjustment on Contraction

As promptly as reasonably possible after the Modified PA Date of a Modified Participating Area resulting from a contraction, an adjustment shall be made with each Party owning a Participating Interest in land excluded from the Modified Participating Area by such contraction (such Participating Interest being hereinafter in this Article referred to as “**Excluded Interest**”) in accordance with the following provisions:

- 22.4.A An adjustment for intangible Costs shall be made in accordance with Article 22.4.B, and a separate adjustment for Tangible Property shall be made in accordance with Article 22.4.C.
- 22.4.B Each Party owning an Excluded Interest shall be credited with the sum of (1) the total amount theretofore charged against such Party with respect to its Excluded Interest, pursuant to the provisions of Exhibit D, as intangible Costs incurred in the development and operation of the Participating Area prior to the Modified PA Date, *plus* (2) the total amount charged against such Party with respect to such Excluded Interest as Intangible Value of Usable Wells in any previous adjustment or adjustments made upon the establishment or revision of such Participating Area. Such Party shall be charged with the sum of (x) the market value (as reasonably determined by the Determination Subcommittee based on the applicable timing of production) of that portion of the production of Unitized Substances from such Participating Area that, prior to the Modified PA Date, was delivered to such Party with respect to such Excluded Interest, less the amount of Lease Burdens and taxes (other than those based on or measured by production of Unitized Substances) paid or payable on said portion, *plus* (y) the total amount credited to such Party with respect to such Excluded Interest as Intangible Value of Usable Wells in any previous adjustment or adjustments made upon the establishment or revision of such Participating Area. Any difference between the amount of said credit and the amount of said charge shall be adjusted as hereinafter provided.
- 22.4.C Each Party owning an Excluded Interest shall be credited with the sum of (1) the total amount theretofore charged against such Party with respect to its Excluded Interest, pursuant to the provisions of Exhibit D, as Costs other than Intangible Value incurred in the development and operation of the Participating Area prior to the Modified PA Date, *plus* (2) the total amount charged against such Party with respect to its Excluded Interest as Value of Tangible Property in any previous adjustment or adjustments made upon the establishment or revision of such Participating Area, *plus* (3) the excess, if any of the credit provided for in Article 22.4.B over the charge provided for in said Article 22.4.B. Such Party shall be charged with the sum of (x) the excess, if any, of the charge provided for in said Article 22.4.B over the credit therein provided for, *plus* (y) the total amount credited to such Party with respect to its Excluded Interest as Value of Tangible Property in any previous adjustment or adjustments made upon the establishment or revision of such Participating Area. If, however, as a result of contraction of a Participating Area, a Party no longer has any Participating Interest in the Contract Area, and the credit provided for in this Article 22.4.C is in excess of the charge therein provided for, such excess shall be contributed to the Contract Area on a basis to be

determined pursuant to Article 19.3, by the Parties who remain in the Participating Area after such contraction and Operator shall make a distribution equal to such net credit to such Party.

22.5 Ownership of Wells and Tangible Property

From and after the Modified PA Date of a Modified Participating Area, all Usable Wells within such Modified Participating Area and all Tangible Property serving such Modified Participating Area shall be owned by the Parties within such area on a basis to be determined pursuant to Article 19.3, except that in the case of Tangible Property serving a Participating Area or Participating Areas in addition to the Modified Participating Area, only that undivided interest therein which is proportionate to that portion of the Value thereof which is included in the adjustment provided for shall be owned by the Parties within the Modified Participating Area on a basis to be determined pursuant to Article 19.3.

22.6 Operating Committee

Notwithstanding anything to the contrary in this Article 22, the Operating Committee may by affirmative vote direct that the adjustments set forth in this Article 22 deviate from the procedures and standards set forth in the Unit Agreement.

23. TITLE

23.1 Title Examination

23.1.A Should any Working Interest in the Subject Lands be lost in whole or part through failure of title, the Party contributing the affected Working Interest to this Agreement shall have ninety (90) Days from final determination of the loss to acquire a new lease or other instrument correcting the loss and, failing to do so, this Agreement, nevertheless, shall continue in force as to all remaining Working Interests. Such loss shall be the joint loss of the Parties owning the Working Interest which was lost, and there shall be no readjustment of interest hereunder.

23.1.B Unless otherwise agreed to by approval of the Operating Committee, excluding any Parties without a Participating Interest in the Operation, title examination and title opinions shall be made on the drill site lease of any proposed Exploration Well prior to commencement of drilling operations and for any Leases the Parties anticipate including in a Participating Area. The opinion will include the ownership of the surface estate, Working Interest, minerals, subsurface estate, royalty, overriding royalty, net profits share payments, and production payments under the applicable Leases. At the time a well is proposed, each Party contributing Leases and/or oil and gas interests to the drill site lease or to the spacing unit, shall furnish to Operator all abstracts, title opinions, title papers, and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the Parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by outside attorneys. Copies of all title opinions and any and all other title material and correspondence concerning the title in Operator's possession and prepared for the Joint Account shall be furnished to the Parties participating in the well. The Costs incurred by Operator in such title examination shall be charged to the Joint Account. Operator shall make no charge for services rendered by its staff attorneys or other employees in the performance of the above functions.

23.1.C Operator shall be responsible for securing curative matter or agreements required in connection with jointly held Lease or oil and gas interests subject to this Agreement. Each Party owning an interest in Leases not jointly held by all Parties shall be responsible for securing all curative matter required in connection with such Leases or oil and gas interests contributed by such Party. The Operator shall be responsible for the conduct of hearings before Agencies for the securing of spacing or similar orders. This shall not prevent any Party from appearing on its own behalf and at its own expense at any such hearing.

23.1.D Unless otherwise approved by approval of the Operating Committee, excluding any Parties who are not participating in a well, no well shall be drilled on the Subject Lands until after (1) the title to the drill site Lease or Participating Area has been examined as above provided; and (2) title has been accepted by all of the Parties participating in the well.

24. MAINTENANCE OF INTERESTS

24.1 Maintenance of Uniform Interest

24.1.A Except as provided in Article 6.3, Article 7, Article 8.5.D (as further described in Articles 8.6 through 8.9), Article 10, and/or Article 12, for the purpose of maintaining uniformity of ownership in the Participating Interests covered by this Agreement and unless otherwise provided for herein, no Party shall sell, encumber, Transfer, or make other disposition of its Participating Interest in a Lease, Subject Lands, Contract Area, Tract, or Participating Area and in wells, Contract Area equipment, and Unitized Substances unless such disposition covers either:

- 24.1.A.1 The entire Participating Interest of the Party in the entire Contract Area, including such Party's entire Participating Interest in all Leases, wells, equipment, Facilities, Hydrocarbons, Unitized Substances, and other property, both real and personal, within the Contract Area;
- 24.1.A.2 An equal undivided interest in the entire Contract Area, including such undivided interest of the Party in all Leases, wells, equipment, Facilities, Hydrocarbons, Unitized Substances, and other property, both real and personal, within the Contract Area; or
- 24.1.A.3 An equal undivided interest in any given formation or formations within the entire Contract Area, including such undivided interest of the Party in all Leases, wells, equipment, Facilities, Hydrocarbons, Unitized Substances, and other property, both real and personal, within the formation or formations.

Every such sale, Encumbrance, Transfer, or other disposition made by any Party shall be made expressly subject to this Agreement and shall be made without prejudice to the right of the other Parties. Notwithstanding anything to the contrary contained herein, no Party shall have the right to Transfer less than an equal undivided proportionate part of its benefits and liabilities hereunder.

24.1.B If, at any time the Participating Interest of any Party as set forth in Article 3.2.A on the Effective Date is divided among and owned by three (3) or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, represent such co-owners on the Operating Committee, pay such co-owners' share of the Costs, and to deal generally with, and with power to bind, the co-owners of such Party's interest within the scope of the Operations embraced in this Agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Unitized Substances produced from the Subject Lands and they shall have the right to receive, separately, payment of the sale proceeds thereof.

25. GENERAL PROVISIONS

25.1 Conduct of the Parties

25.1.A Each Party with regard to Operations:

- 25.1.A.1 Warrants that such Party and its Affiliates and their respective directors, officers, employees, and personnel have not made, offered, or authorized,
- 25.1.A.2 Covenants that such Party and its Affiliates and their respective directors, officers, employees, and personnel will not make, offer, or authorize,

any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any Public Official, any political party, political party official, or candidate for office, or any other individual or entity, where such payment, gift, promise, or advantage would violate the Anti-Bribery Laws and Obligations applicable to such Party. In addition, each Party with regard to Operations (x) warrants that such Party and its Affiliates and their respective directors, officers, employees, and personnel have complied with, and (y) covenants that such Party and its Affiliates and their respective directors,

officers, employees, and personnel will comply with the Anti-Bribery Laws and Obligations applicable to such Party.

25.1.B The Operator agrees to adopt and administer a program of compliance with the reporting requirements and prohibitions of anti-boycott provisions of the U.S. Commerce Department Export Administration regulations and use the Voluntary Principles on Security and Human Rights as a guide for maintaining the safety and security of Operations within an operating framework that ensures respect for human rights and fundamental freedoms. Each Party with regard to Operations and/or activities under this Agreement:

25.1.B.1 Covenants that such Party and its Affiliates and their respective directors, officers, employees, and personnel will not engage in violations of applicable International Trade Laws.

25.1.C Each Party shall as soon as possible notify the other Parties of any investigation or proceeding initiated by an Agency relating to an alleged violation of applicable Anti-Bribery Laws and Obligations or International Trade Laws by such Party, or its Affiliates, or any of their directors, officers, employees, personnel, or any service providers of such Party or its Affiliates, concerning Operations. Such Party shall use Good Faith Efforts to keep the other Parties informed as to the progress and disposition of such investigation or proceeding, except that such Party shall not be obligated to disclose to the other Parties any information that would be considered legally privileged.

25.1.D Each Party shall indemnify the other Parties for any damages, losses, penalties, Costs (including reasonable legal Costs and attorneys' fees), and liabilities to Third Parties arising from, or related to, the events underlying:

25.1.D.1 Such Party's admission of allegations made by an Agency concerning Operations that such Party or its Affiliates, or their directors, officers, employees, and personnel have violated Anti-Bribery Laws and Obligations or International Trade Laws applicable to such Party; and

25.1.D.2 The final adjudication concerning Operations that such Party or its Affiliates, or their directors, officers, employees, and personnel have violated Anti-Bribery Laws and Obligations or International Trade Laws applicable to such Party.

Such indemnity obligations shall survive termination or expiration of this Agreement.

25.1.E Each Party shall, concerning matters that are the subject of this Agreement:

25.1.E.1 Devise and maintain adequate internal controls concerning such Party's undertakings under Article 25.1.A and 25.1.B;

25.1.E.2 Establish and prepare its books and records, and prepare its periodic statement of accounts, in relation to activities of this Agreement in accordance with generally accepted accounting practices applicable to such Party;

25.1.E.3 Properly record and report such Party's transactions in a manner that accurately and fairly reflects in reasonable detail such Party's assets and liabilities, and its activities under this Agreement;

25.1.E.4 Retain such books and records in accordance with each Party's record management guidelines, but for not less than two (2) Calendar Years; and

25.1.E.5 Comply with Anti-Bribery Laws and Obligations or International Trade Laws applicable to such Party.

25.1.F Each Party must be able to rely on the adequacy of the other Parties' system of internal controls, and on the adequacy of full disclosure of the facts, and of financial and other information concerning Operations. No Party is in any way authorized to take any action on behalf of another Party that would result in an inadequate or inaccurate recording or reporting of assets, liabilities, or any other transaction, or which would put such

Party in violation of its obligations pursuant to the Anti-Bribery Laws and Obligations or International Trade Laws.

- 25.1.G Each Party shall promptly respond in reasonable detail to any reasonable request from any other Party concerning a notice sent by such Party under Article 25.1.C, and shall furnish applicable documentary support for such Party's response, including showing such Party's compliance with the undertakings set out in Articles 25.1.A, 25.1.B, and 25.1.E, except that such Party shall not be obligated to disclose to the other Parties any information that would be considered legally privileged.
- 25.1.H Operator shall ensure that it will have, and will use reasonable efforts to request that its contractors have or will implement, adequate policies, procedures, and controls to ensure Operations are in compliance with the Anti-Bribery Laws and Obligations, including at a minimum, policies, procedures, and controls relating to:
- 25.1.H.1 Accounting, approval, and recording of financial transactions;
 - 25.1.H.2 Risk assessment and mitigation;
 - 25.1.H.3 Training of personnel;
 - 25.1.H.4 Risk-based due diligence on Third Party engagements/subcontracts and business partners in relation to this Agreement or operations hereunder; and
 - 25.1.H.5 Gifts and hospitality, promotional expenditures, sponsorship, and charitable donations.
- 25.1.I The Parties agree that no contributions of any kind will be made to political campaigns for elective office or to influence the outcome of public referenda out of the Joint Account, and no such contributions shall otherwise attributed to the joint venture constituted by this Agreement.
- 25.1.J Notwithstanding anything in this Agreement to the contrary, no provision shall be interpreted or applied so as to require any Party to do, or refrain from doing, anything that would constitute a violation of, or result in a loss of economic benefit under, any law or regulation applicable to such Party.

25.2 Conflicts of Interest

- 25.2.A Operator undertakes that it shall avoid any conflict of interest between its own interests (including the interests of Affiliates) and the interests of the other Parties in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Parties concerning activities contemplated under this Agreement.
- 25.2.B The provisions of the preceding paragraph shall not apply to:
- 25.2.B.1 Operator's performance that is in accordance with the local preference laws or policies of the Agencies; or
 - 25.2.B.2 Operator's acquisition of products or services from an Affiliate, or the sale of products to an Affiliate, made under this Agreement.
- 25.2.C Except as provided in Articles 25.2.A and 25.2.B above and unless otherwise agreed, the Parties and their Affiliates are free to engage or invest (directly or indirectly) in an unlimited number of activities or businesses, any one or more of which may be related to or in competition with the business activities contemplated under this Agreement, without having or incurring any obligation to offer any interest in such business activities to any Party.
- 25.2.D A Non-Operator acting pursuant to this Agreement shall comply with the provisions of this Article 25.2 as if it were Operator.
- 25.2.E If any information comes to the attention of any Party which indicates any departure from conduct consistent with the standards set forth in this Article 25.2, such Party shall immediately notify the other Parties.

25.3 Public Announcements

25.3.A Operator shall be responsible for the preparation and release of all public announcements and statements regarding this Agreement or Operations; provided that no public announcement or statement shall be issued or made unless, before its release: (1) all the Parties have been furnished with a copy of such statement or announcement; and (2) approval of the Operating Committee has been obtained. Any such notice shall be provided a minimum of eight (8) Days prior to its release. If a public announcement or statement becomes necessary or desirable because of danger to, or loss of, life, damage to property, or pollution resulting from activities arising under this Agreement, Operator is authorized to issue and make such announcement or statement without prior approval of the Parties, provided that Operator shall promptly furnish all the Parties with a copy of such announcement or statement.

25.3.B Notwithstanding Article 25.3.A, no Party shall be prohibited from issuing or making any public announcement or statement if it is necessary to do so in order to comply with the applicable Laws, rules, or regulations of any government, legal proceedings, or stock exchange having jurisdiction over such Party or its Affiliates, as determined in its reasonable judgment.

25.4 Successors and Assignees

Subject to the limitations on Transfer contained in Articles 24 and 11, this Agreement shall inure to the benefit of and be binding upon the successors and assignees of the Parties.

25.5 Waiver

No waiver by any Party of any one or more Defaults by another Party in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future Default or Defaults by the same Party, whether of a like or of a different character. Except as expressly provided in this Agreement, no Party shall be deemed to have waived, released, or modified any of its rights under this Agreement unless such Party has expressly stated in writing that it does affirmatively waive, release, or modify such right.

25.6 No Third-Party Beneficiaries

Except as provided under Article 4.6.B, the interpretation of this Agreement shall exclude any rights under legislative provisions conferring rights under a contract to persons not a party to that contract.

25.7 Joint Preparation

Each provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

25.8 Severance of Invalid Provisions

If, and for so long as, any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

25.9 Counterpart Execution

This Agreement may be signed in any number of counterparts, and each such counterpart shall be deemed an original Agreement for all purposes; provided that no Party shall be bound to this Agreement unless and until all Parties have signed a counterpart. For purposes of assembling all counterparts into one document, Operator is authorized to detach the signature page from one or more counterparts and, after signature of such page by the respective Party, attach each signed signature page to a counterpart.

25.10 Entirety and Modifications

This Agreement, including any attachments, constitutes the entire agreement of the Parties, supersedes all prior representations, understandings, and negotiations of the Parties relating to the subject matter of this Agreement, and except as set out in Article 25.8, may not be modified except by a written amendment signed by all Parties.

25.11 Waiver of Right to Partition

Each Party waives the right to bring an action for partition of its interest in the Subject Lands and equipment held under this Agreement, and covenants that during the existence of this Agreement it shall not resort at any time to an action at law or in equity to partition any or all of the Subject Lands and equipment or other personal property subject to this Agreement.

25.12 Compliance with Laws and Regulations

This Agreement, and all Operations, are expressly subject to, and shall comply with, all Laws.

25.13 Time of the Essence

This Agreement contains a number of dates and times by which performance or the exercise of rights is due, and the Parties intend that each and every such date and time be the firm and final date and time, as agreed. For this reason, each Party hereby waives and relinquishes any right it might otherwise have to challenge its failure to meet any performance or rights election date applicable to it on the basis that its late action constitutes substantial performance, to require the other Party to show prejudice, or on any equitable grounds. Without limiting the foregoing, time is of the essence in this Agreement.

25.14 Specific Performance

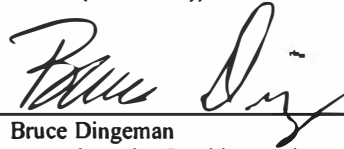
The Parties agree that the obligations and covenants (i) of Operator (a) to provide information to Non-Operators under Article 4.4 or Article 14, (b) surrender operatorship if removed pursuant to Article 4.13, (c) call Operating Committee meetings pursuant to Article 5.5, (d) perform its duties at Operating Committee meetings pursuant to Article 5.8 and (e) prepare Work Programs and Budgets, required AFEs, or required notices pursuant to this Agreement, and (ii) of the Parties to assign Participating Interests among the Parties pursuant to this Agreement, are special, unique, and of extraordinary character and that, if either Party violates, fails, or refuses to perform such obligations and covenants, the non-breaching Party may be without an adequate remedy at Law and may suffer irreparable harm, and that monetary damages alone would not be an adequate remedy. With respect to breaches of such obligations and covenants, such non-breaching Party shall be entitled to enforce specific performance without the necessity of proving actual damages or posting a bond, in addition to any other remedies (including damages) to which it may be entitled.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been duly executed by each Party set forth below as of the date hereof.

OIL SEARCH (ALASKA), LLC

By:



Name: Bruce Dingeman

Title: Executive Vice President and President Alaska

REPSOL E&P USA LLC

By: 
Name: Dennis Henderson
Title: Vice President Land Alaska

EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
1	State of Alaska 100%	ADL 392345	Tract NS0751 T. 009N., R. 005E., Umiat Meridian, Alaska. Section 3, Surveyed, Fractional, Lots 1 and 2, and the beds of the unnamed lakes, 640.00 acres; Section 4, Surveyed, Fractional, Lots 1 through 4, including Lot 2 and 4 of U.S. Survey 6682 and the beds of the unnamed lakes, 640.00 acres; Section 9, Surveyed, All, including Lot 2 of U.S. Survey 6682, the bed of the Itkillik River, and the beds of the unnamed lakes, 640.00 acres; Section 10, Surveyed, All, including the bed of the Itkillik River and the beds of the unnamed lakes, 640.00 acres; This Tract (NS0751) contains 2,560.00 acres, more or less.	10/1/2013	2560.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	J. Andrew Bachner Keith C. Forsgren Three Mountain Oil, LLC	1.80000% 0.20000% 0.50000%

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2	State of Alaska 100%	ADL 392346	<p>Tract NS0752</p> <p>T. 009N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 12, Surveyed, by protraction, the bed of the Colville River excluding the National Petroleum Reserve-Alaska, 4.57 acres;</p> <p>T. 009N., R. 005E., Umiat Meridian, Alaska.</p> <p>Section 5, Surveyed by protraction, Fractional, Lot 1, the portions of Lots 2, 3, and 4 U.S. Survey No. 6682 located within protracted Section 5, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 557.13 acres;</p> <p>Section 6, Surveyed by protraction, Fractional, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 0.75 acres;</p> <p>Section 7, Surveyed by protraction, Fractional, Lot 1, the portions of Lot 6 U.S. Survey No. 6682 located within protracted Section 7, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 289.97 acres;</p> <p>Section 8, Surveyed by protraction, All, including the portions of Lots 1, 2, and 6 U.S. Survey No. 6682 located within protracted Section 8, the bed of the Colville River, the bed of the Itkillik River, the bed of the unnamed slough, and the bed of the unnamed lake, 640.00 acres;</p> <p>This Tract (752) contains 1,492.42 acres, more or less.</p>	10/1/2013	1492.42	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	J. Andrew Bachner Keith C. Forsgren Three Mountain Oil, LLC	1.80000% 0.20000% 0.50000%
3	Bureau of Land Management 100%	AA 093130	<p>T. 9 N. R. 4 E., Umiat Meridian, Alaska Sections 1-3, 10-15, and T. 9 N. R. 5 E., Umiat Meridian, Alaska Sections 5-7 containing 6,414 acres, more or less.</p>	3/1/2012	6414.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	<p>Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%</p>

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4	Bureau of Land Management 100%	AA 093132	T. 9 N. R. 4 E., Umiat Meridian, Alaska Sections 4-9, 16-18 containing 5,727 acres, more or less.	3/1/2012	5727.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
5	Bureau of Land Management 100%	AA 093134	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 1-4, 11-14 containing 5,124 acres, more or less.	3/1/2012	5124.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
6	Bureau of Land Management 100%	AA 093133	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 22-27, 34-36 containing 5,763 acres, more or less.	3/1/2012	5763.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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7	Bureau of Land Management 100%	AA 093136	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 21, 28-33 containing 3,720 acres, more or less.	3/1/2012	3720.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
8	Bureau of Land Management 100%	AA 093135	T. 9 N. R. 2 E., Umiat Meridian, Alaska Sections 25-28, 33-36 containing 4,853 acres, more or less.	3/1/2012	4853.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
9	Bureau of Land Management 100%	AA 093128	T. 8 N. R. 2 E., Umiat Meridian, Alaska Sections 2-11, 14-18 containing 8,061 acres, more or less.	3/1/2012	8061.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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10	State of Alaska 100%	ADL 392041	<p>Tract 606</p> <p>T. 008N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 2, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 299.75 acres;</p> <p>Section 11, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 462.03 acres;</p> <p>Section 12, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 13, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 14, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 602.08 acres;</p> <p>T. 009N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 35, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 38.50 acres;</p> <p>Section 36, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 231.23 acres;</p> <p>This Tract (606) contains 3,553.59 acres, more or less.</p>	12/1/2012	3553.59	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Brix Royalty, LLC</p> <p>Kerr Family, LLC</p> <p>Kerr Family 2016 GST Trust</p> <p>Big Bug LLC</p> <p>Honey Hole Royalties, LLC</p> <p>Xavier Resources LLC</p> <p>Sumo, LLC</p> <p>Arete Enterprises, LLC</p> <p>Reed LIGC, LLC</p> <p>Smida Royalty LLC</p> <p>GMT North Slope Royalty Company II, LLC</p>	<p>3.28008%</p> <p>0.08437%</p> <p>0.08437%</p> <p>0.16875%</p> <p>0.16875%</p> <p>0.16875%</p> <p>0.10547%</p> <p>0.04219%</p> <p>0.04219%</p> <p>0.07383%</p> <p>1.40625%</p>

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
11	State of Alaska 100%	ADL 392044	<p>Tract 609</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 5, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 6, Surveyed by Protraction, All, 578.00 acres;</p> <p>Section 7, Surveyed by Protraction, All, including the bed of the Colville River, 581.00 acres;</p> <p>Section 8, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 17, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 18, Surveyed by Protraction, All, including the bed of the Colville River, 584.00 acres;</p> <p>T. 009N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 31, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 418.33 acres;</p> <p>Section 32, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 328.71 acres;</p> <p>Section 33, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 9.82 acres;</p> <p>This Tract (609) contains 4,419.86 acres, more or less.</p>	12/1/2012	4419.86	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

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12	State of Alaska 100%	ADL 392043	<p>Tract 608</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 2.95 acres;</p> <p>Section 4, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 490.21 acres;</p> <p>Section 9, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 10, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A and USS 8990, 104.08 acres;</p> <p>Section 15, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 506.79 acres;</p> <p>Section 16, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (608) contains 2,384.03 acres, more or less.</p>	12/1/2012	2384.03	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%
13	Bureau of Land Management 100%	AA 093126	<p>T. 8 N. R. 3 E., Umiat Meridian, Alaska</p> <p>Sections 1-4, 10-15</p> <p>containing 5,086 acres, more or less.</p>	3/1/2012	5086.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
14	Bureau of Land Management 100%	AA 093125	T. 8 N. R. 4 E., Umiat Meridian, Alaska Sections 2-10, 18 containing 4,294 acres, more or less.	3/1/2012	4294.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
15	State of Alaska 100%	ADL 392049	Tract 614 T. 008N., R. 004E., Umiat Meridian, Alaska. Section 7, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 60.09 acres; Section 8, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 239.90 acres; Section 9, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 76.99 acres; Section 16, Surveyed by Protraction, All, including U.S. Survey 9114 and the bed of the Colville River and excluding the NPR-A, 640.00 acres; Section 17, Surveyed by Protraction, All, including U.S. Survey 9114 and the beds of the Colville River and the unnamed lake, 640.00 acres; Section 18, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 482.87 acres; This Tract (614) contains 2,139.85 acres, more or less.	12/1/2012	2139.85	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%

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16	State of Alaska 100%	ADL 392048	<p>Tract 613</p> <p>T. 008N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, 639.92 acres; Section 2, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 584.29 acres; Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 19.76 acres; Section 10, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake and excluding the NPR-A, 472.47 acres; Section 11, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 640.00 acres; Section 12, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 13, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 14, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres; Section 15, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lakes, 640.00 acres;</p> <p>This Tract (613) contains 4,916.44 acres, more or less.</p>	12/1/2012	4916.44	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%
17	State of Alaska 100%	ADL 392055	<p>Tract 616B</p> <p>T. 008N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 23, Surveyed by Protraction, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 24, Surveyed by Protraction, All, 640.00 acres; Section 25, Surveyed by Protraction, N1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, NE1/4, 160.00 acres;</p> <p>This Tract (616B) contains 1,440.00 acres, more or less.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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18	State of Alaska 100%	ADL 392054	Tract 616A T. 008N., R. 004E., Umiat Meridian, Alaska. Section 22, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 23, Surveyed by Protraction, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Surveyed by Protraction, N1/2, including the beds of the unnamed lakes, 320.00 acres; This Tract (616A) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
19	State of Alaska 100%	ADL 392051	Tract 615B T. 008N., R. 004E., Umiat Meridian, Alaska. Section 20, Surveyed by Protraction, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 21, Surveyed by Protraction, All, 640.00 acres; Section 28, Surveyed by Protraction, N1/2, 320.00 acres; Section 29, Surveyed by Protraction, NE1/4, including the bed of the unnamed lake, 160.00 acres; This Tract (615B) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%
20	State of Alaska 100%	ADL 392050	Tract 615A T. 008N., R. 004E., Umiat Meridian, Alaska. Section 19, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 586.32 acres; Section 20, Surveyed by Protraction, W1/2, including the beds of the unnamed lakes, 320.00 acres; Section 29, Surveyed by Protraction, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 30, Surveyed by Protraction, N1/2, 294.14 acres; This Tract (615A) contains 1,360.46 acres, more or less.	12/1/2012	1360.46	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
21	State of Alaska 100%	ADL 392047	<p>Tract 612</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 13, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 136.75 acres; Section 14, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 84.60 acres; Section 23, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 24, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 25, Surveyed by Protraction, All, 640.00 acres; Section 26, Surveyed by Protraction, All, 640.00 acres; Section 35, Surveyed by Protraction, All, 640.00 acres; Section 36, Surveyed by Protraction, All, 640.00 acres;</p> <p>This Tract (612) contains 4,061.35 acres, more or less.</p>	12/1/2012	4061.35	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%</p>
22	State of Alaska 100%	ADL 392046	<p>Tract 611</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 21, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 22, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 27, Surveyed by Protraction, All, 640.00 acres; Section 28, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 33, Surveyed by Protraction, All, 640.00 acres; Section 34, Surveyed by Protraction, All, 640.00 acres;</p> <p>This Tract (611) contains 3,840.00 acres, more or less.</p>	12/1/2012	3840.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%</p>

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
23	State of Alaska 100%	ADL 392045	<p>Tract 610</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 19, Surveyed by Protraction, All, including the bed of the Colville River, 586.00 acres;</p> <p>Section 20, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 29, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 30, Surveyed by Protraction, All, including the bed of the Colville River, 589.00 acres;</p> <p>Section 31, Surveyed by Protraction, All, including the bed of the Colville River, 592.00 acres;</p> <p>Section 32, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (610) contains 3,687.00 acres, more or less.</p>	12/1/2012	3687.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%
24	State of Alaska 100%	ADL 392042	<p>Tract 607</p> <p>T. 008N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 23, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 522.75 acres;</p> <p>Section 24, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 25, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 26, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 636.21 acres;</p> <p>Section 27, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 38.60 acres;</p> <p>Section 34, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 341.50 acres;</p> <p>Section 35, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 36, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (607) contains 4,099.06 acres, more or less.</p>	12/1/2012	4099.06	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
25	Bureau of Land Management 100%	AA 093127	T. 8 N. R. 2 E., Umiat Meridian, Alaska Sections 19-22, 28-33, and Portion of sections 23, 26, 27, 34 containing 7,270 acres, more or less.	3/1/2012	7270.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
26	State of Alaska 100%	ADL 392052	Tract 615C T. 008N., R. 004E., Umiat Meridian, Alaska. Section 29, Surveyed by Protraction, SW1/4, 160.00 acres; Section 30, Surveyed by Protraction, S1/2, 294.78 acres; Section 31, Surveyed by Protraction, All, including the bed of the unnamed lake, 591.57 acres; Section 32, Surveyed by Protraction, W1/2, 320.00 acres; This Tract (615C) contains 1,366.35 acres, more or less.	12/1/2012	1366.35	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
27	State of Alaska 100%	ADL 392053	Tract 615D T. 008N., R. 004E., Umiat Meridian, Alaska. Section 28, Surveyed by Protraction, S1/2, 320.00 acres; Section 29, Surveyed by Protraction, SE1/4, 160.00 acres; Section 32, Surveyed by Protraction, E1/2, 320.00 acres; Section 33, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; This Tract (615D) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
28	State of Alaska 100%	ADL 392056	Tract 616C T. 008N., R. 004E., Umiat Meridian, Alaska. Section 26, Surveyed by Protraction, SW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Surveyed by Protraction, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 34, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres; Section 35, Surveyed by Protraction, W1/2, including the bed of the unnamed lake, 320.00 acres; This Tract (616C) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.000000% 49.000000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
29	State of Alaska 100%	ADL 392057	Tract 616D T. 008N., R. 004E., Umiat Meridian, Alaska. Section 25, Surveyed by Protraction, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, SE1/4, 160.00 acres; Section 35, Surveyed by Protraction, E1/2, 320.00 acres; Section 36, Surveyed by Protraction, All, 640.00 acres; This Tract (616D) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.000000% 49.000000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
30	State of Alaska 100%	ADL 392010	Tract 526B T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska. Section 1, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 11, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres; This Tract (526B) contains 1,440.00 acres, more or less. Note: Township surveyed by protraction under State Selection Survey Group No. 203.	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.000000% 49.000000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
31	State of Alaska 100%	ADL 392009	<p>Tract 526A</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 2, Unsurveyed, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 3, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 10, Unsurveyed, N1/2, 320.00 acres; Section 11, Unsurveyed, NW1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>This Tract (526A) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
32	State of Alaska 100%	ADL 392014	<p>Tract 527B</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 4, Unsurveyed, All, including the beds of the unnamed lakes and creeks, 638.38 acres; Section 5, Unsurveyed, E1/2, including the beds of the unnamed lakes and creeks, 320.00 acres; Section 8, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 9, Unsurveyed, N1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>T. 007N., R. 004E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 4, Unsurveyed, All, 1.62 acres;</p> <p>This Tract (527B) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
33	State of Alaska 100%	ADL 392013	<p>Tract 527A</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 5, Unsurveyed, W1/2, including the bed of the unnamed creek, 320.00 acres; Section 6, Unsurveyed, All, including the beds of the unnamed lake and creek, 575.49 acres; Section 7, Unsurveyed, N1/2, including the bed of the unnamed creek, 298.50 acres; Section 8, Unsurveyed, NW1/4, including the bed of the unnamed creek, 160.00 acres;</p> <p>T. 007N., R. 004E., Tract C, Umiat Meridian, Alaska.</p> <p>Section 6, Unsurveyed, All, 18.51 acres;</p> <p>This Tract (527A) contains 1,372.50 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1372.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
34	State of Alaska 100%	ADL 392005	<p>Tract 522B ADL 392005</p> <p>T. 007N., R. 003E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, 28.92 acres;</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, including the beds of the unnamed lakes, 611.04 acres; Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 319.98 acres; Section 11, Unsurveyed, NE1/4, 160.00 acres; Section 12, Unsurveyed, N1/2, 320.00 acres;</p> <p>This Tract (522B) contains 1,439.94 acres, more or less.</p>	12/1/2012	1439.94	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
35	State of Alaska 100%	ADL 392004	<p>Tract 522A ADL 392004</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 2, Unsurveyed, W1/2, including the bed of the unnamed lake, 319.98 acres; Section 3, Unsurveyed, All, including the bed of the unnamed lake, 637.52 acres; Section 10, Unsurveyed, N1/2, including the bed of the unnamed lake, 308.78 acres; Section 11, Unsurveyed, NW1/4, 160.00 acres;</p> <p>T. 007N., R. 003E., Tract C, Umiat Meridian, Alaska.</p> <p>Section 3, Unsurveyed, All, 2.84 acres; Section 10, Unsurveyed, All, 11.30 acres;</p> <p>This Tract (522A) contains 1,440.42 acres, more or less.</p>	12/1/2012	1440.42	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
36	State of Alaska 100%	ADL 392008	<p>Tract 523 ADL 392008</p> <p>T. 007N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 4, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 5, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 640.00 acres;</p> <p>Section 6, Surveyed by Protraction, All, including the bed of the Colville River, 594.00 acres;</p> <p>Section 7, Surveyed by Protraction, All, including the bed of the Colville River, 597.00 acres;</p> <p>Section 8, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 9, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres;</p> <p>Section 16, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres;</p> <p>Section 17, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 18, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 599.00 acres;</p> <p>This Tract (523) contains 5,630.00 acres, more or less.</p>	12/1/2012	5630.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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37	State of Alaska 100%	ADL 392003	<p>Tract 520 ADL 392003</p> <p>T. 007N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, 640.00 acres; Section 2, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 544.71 acres; Section 4, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 27.33 acres; Section 9, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 193.83 acres; Section 10, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 11, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 12, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 13, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 14, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 15, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 411.53 acres; Section 16, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 7.74 acres;</p> <p>This Tract (520) contains 5,665.14 acres, more or less.</p>	12/1/2012	5665.14	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%</p>

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38	Bureau of Land Management 100%	AA 093124	T. 7 N. R. 2 E., Umiat Meridian, Alaska Portion of sections 3, 4, 9, 15; Sections 5-8, 16-18 containing 5,732 acres, more or less.	3/1/2012	5732.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
39	State of Alaska 100%	ADL 392006	Tract 522C ADL 392006 T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska. Section 10, Unsurveyed, S1/2, including the bed of the unnamed lake, 320.12 acres; Section 11, Unsurveyed, SW1/4, 160.00 acres; Section 14, Unsurveyed, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 15, Unsurveyed, All, including the beds of the unnamed lakes, 640.48 acres; This Tract (522C) contains 1,440.60 acres, more or less.	12/1/2012	1440.60	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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40	State of Alaska 100%	ADL 392007	<p>Tract 522D ADL 392007</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 11, Unsurveyed, SE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 13, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 14, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres;</p> <p>This Tract (522D) contains 1,440.00 acres, more or less.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.000000% 49.000000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
41	State of Alaska 100%	ADL 392015	<p>Tract 527C</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 7, Unsurveyed, S1/2, including the bed of the unnamed lake, 298.50 acres; Section 8, Unsurveyed, SW1/4, including the bed of the unnamed lake, 160.00 acres; Section 17, Unsurveyed, W1/2, including the beds of the unnamed lake and creek, 320.00 acres; Section 18, Unsurveyed, All, including the bed of the unnamed lake, 599.00 acres;</p> <p>This Tract (527C) contains 1,377.50 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1377.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.000000% 49.000000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
42	State of Alaska 100%	ADL 392016	<p>Tract 527D</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 8, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres;</p> <p>Section 9, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>Section 16, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 17, Unsurveyed, E1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>This Tract (527D) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
43	State of Alaska 100%	ADL 392011	<p>Tract 526C</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 10, Unsurveyed, S1/2, 320.00 acres;</p> <p>Section 11, Unsurveyed, SW1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>Section 14, Unsurveyed, W1/2, 320.00 acres;</p> <p>Section 15, Unsurveyed, All, 640.00 acres;</p> <p>This Tract (526C) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
44	State of Alaska 100%	ADL 392012	<p>Tract 526D</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 11, Unsurveyed, SE1/4, including the beds of the unnamed lake and creek, 160.00 acres; Section 12, Unsurveyed, S1/2, 320.00 acres; Section 13, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 14, Unsurveyed, E1/2, including the bed of the unnamed creek, 320.00 acres;</p> <p>This Tract (526D) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
45	State of Alaska 100%	ADL 393553	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 23, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 24, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 25, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>This Tract (NS0529B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
46	State of Alaska 100%	ADL 393552	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 22, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 23, Unsurveyed, W1/2, 320.00 acres; Section 26, Unsurveyed, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Unsurveyed, N1/2, including the beds of the unnamed lake, 320.00 acres;</p> <p>This Tract (NS0529A) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
47	State of Alaska 100%	ADL 393549	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 20, Unsurveyed, E1/2, 320.00 acres; Section 21, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 28, Unsurveyed, N1/2, including the bed of the unnamed lake, 317.56 acres; Section 29, Unsurveyed, NE1/4, 160.00 acres;</p> <p>T. 007N., R. 004E., Tract D, Umiat Meridian, Alaska.</p> <p>Section 28, Unsurveyed, All, 2.44 acres;</p> <p>This Tract (NS0528B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
48	State of Alaska 100%	ADL 393548	T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska. Section 19, Unsurveyed, All, including the bed of the unnamed lake, 602.00 acres; Section 20, Unsurveyed, W1/2, 320.00 acres; Section 29, Unsurveyed, NW1/4, 160.00 acres; Section 30, Unsurveyed, N1/2, 302.50 acres; This Tract (NS0528A) contains 1,384.50 acres, more or less. According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.	7/1/2017	1384.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
49	Bureau of Land Management 100%	AA 094396	T. 7 N. R. 2 E., Umiat Meridian, Alaska Sections 19-22, 27-35 containing 7,167 acres, more or less.	4/1/2017	7167.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
50	State of Alaska 100%	ADL 393555	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 25, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres; Section 26, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres; Section 35, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 36, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>This Tract (NS0529D) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
51	State of Alaska 100%	ADL 393529	<p>T. 006N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 11, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres;</p> <p>This Tract (NS0442B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed on January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	NONE	NONE

EXHIBIT A

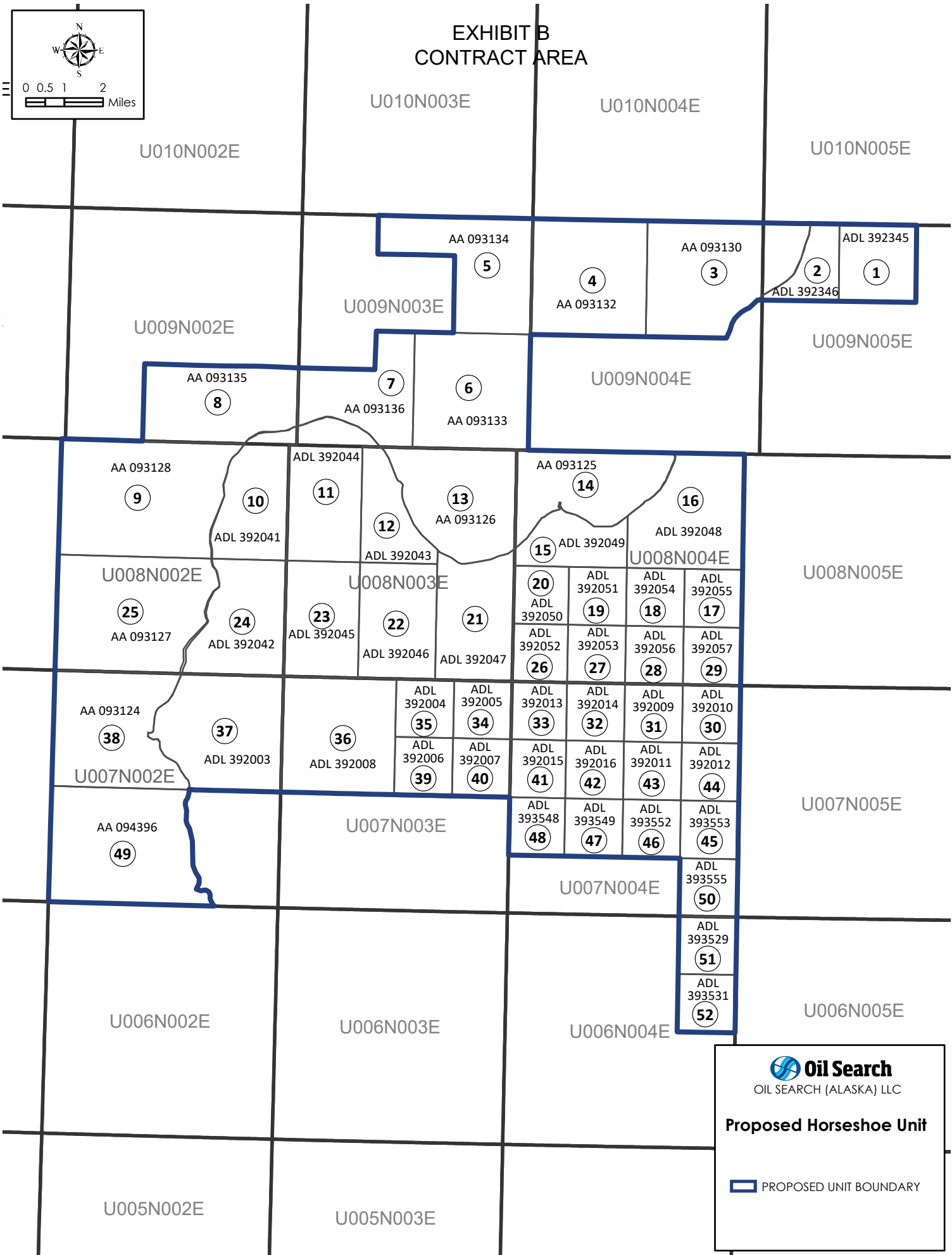
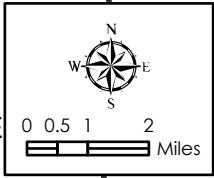
**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
52	State of Alaska 100%	ADL 393531	T. 006N., R. 004E., Tract A, Umiat Meridian, Alaska. Section 11, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres; Section 12, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres; Section 13, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 14, Unsurveyed, E1/2, 320.00 acres; This Tract (NS0442D) contains 1,440.00 acres, more or less. According to the survey plat officially filed on January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	NONE	NONE

TOTAL: 156,202.01

EXHIBIT B CONTRACT AREA



Oil Search
OIL SEARCH (ALASKA) LLC

Proposed Horseshoe Unit

PROPOSED UNIT BOUNDARY

EXHIBIT C

ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT,
BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND REPSOL E&P USA LLC

INTEGRATED PROJECT TEAM PROVISIONS

1. **Definitions.**

Except as otherwise provided in this Exhibit, capitalized terms used in this Exhibit shall have the meaning given to those terms in the Agreement. For purposes of this Exhibit, certain terms are defined as follows:

“**Integrated Project Team**” or “**IPT**” means a group of employees and contract workers of the Parties participating in the applicable FEED Appraisal Operations or, thereafter, a Major Project (for the purposes of this Exhibit C, the “**IPT Parties**”, and individually each an “**IPT Party**”) or of their respective Affiliates, selected under this Exhibit, who shall assist Operator in performing the Scope of Work.

“**Scope of Work**” means those functions constituting part of an Operation that are described in a separate memorandum issued by Operator and approved by the Operating Committee, as may be authorized under Section 4 of this Exhibit.

2. **Purpose.**

The purpose of an IPT established under this Exhibit is to pool the talents and capacities of all IPT Parties in performance of the Scope of Work.

3. **Work to be Performed.**

The performance of functions within the Scope of Work has been delegated by Operator and the Operating Committee (consisting of the IPT Parties, in the case of an Exclusive Operation) to the IPT. The IPT shall carry out such functions under this Exhibit in a manner consistent with the Unit Agreement and the Law.

4. **Formation.**

- (a) The Operating Committee by vote shall have the right to form an IPT. To that effect, once a FEED Decision has been approved by the Operating Committee, Operator must, at least thirty (30) Days before the proposed commencement of activities by the IPT, deliver to all IPT Parties a memorandum describing in detail the anticipated Scope of Work to be undertaken by the IPT, the estimated type and number of staff required to complete that Scope of Work, the estimated duration of the project, and the estimated costs.
- (b) An Integrated Project Team may be formed only for a Scope of Work involving or in anticipation of a Major Project.
- (c) If the IPT is approved under this Section, Operator shall proceed to implement the IPT as described herein, subject to the proposal complying with the other terms of this Exhibit.

Creation of an IPT is contingent upon the Operating Committee's authorization of the applicable Expenditures in the applicable Work Program and Budget.

5. Project Manager.

The IPT shall have a "**Project Manager**" who shall be appointed by Operator and may be removed and replaced in the manner described in Sections 6 and 8. Operator shall appoint the first Project Manager promptly after approval of an IPT. The Project Manager as representative of Operator shall be responsible for directing, supervising, and overseeing the work of the IPT. Subject to the terms of this Exhibit and the Scope of Work and the decisions of the Operating Committee not in conflict with the Agreement, the Project Manager shall determine the manner, means and method in which the Scope of Work is performed by the IPT, and the locations where it is performed.

6. Staffing.

- (a) The Project Manager shall promptly prepare an organizational chart for the IPT and submit it to the Operator for approval. Each IPT Party shall be entitled to nominate representatives as candidates to serve as members of the IPT, subject to the terms of the Agreement. All IPT member nominations must have the required qualifications and experience commensurate with the Scope of Work assigned to the IPT and must be either employees or contract workers of an IPT Party or its Affiliates.
- (b) If IPT Parties nominate sufficient representatives acceptable to the Project Manager, the IPT shall be composed of representatives designated by each IPT Party in proportion to its respective Participating Interest in the relevant Operation; provided that the nomination of IPT members shall be a right and not an obligation for the IPT Parties. If an IPT Party fails or declines to nominate all or any of its corresponding designees, the remainder shall be appointed by the Operator or, if the Operator is not an IPT Party, by the other IPT Parties in proportion to their respective Participating Interests. The Project Manager shall determine the acceptability of any nominee for any position and which specific positions are filled by the representatives nominated by each IPT Party, provided that the Project Manager shall use reasonable efforts to allocate positions at each level of seniority below the Project Manager among the representatives of the IPT Parties in rough proportion to each IPT Party's Participating Interest, to the extent each IPT Party has made qualified individuals available.
- (c) The Project Manager shall have the right at any time to terminate the participation of any IPT member if:
 - (i) the IPT member engages in serious misconduct or violates any substantive or material laws, that in the Project Manger's reasonable judgment significantly impairs the IPT member's ability to perform the IPT member's role;
 - (ii) the IPT member breaches the confidentiality obligations under the Agreement, any confidentiality agreement signed by it regarding the IPT, or Article 25.1 of the Agreement;
 - (iii) the IPT member fails repeatedly to comply with directions given by the Project Manager or workplace rules, regulations, and policies applicable at the place he or she is working on IPT matters;
 - (iv) the IPT member after receiving notice of unsatisfactory performance fails to perform his or her role in a manner that in the Project Manager's reasonable judgment is

satisfactory; or

- (v) the IPT Party who nominated the IPT member ceases to be an IPT Party.

Immediately after any termination, the Project Manager shall notify the IPT Party who nominated the IPT member, setting out the reasons for such termination. The Operating Committee by vote of all Non-Operators that are IPT Parties may terminate the participation of the Project Manager on the grounds described in clauses (i) through (iv) above, in which case Operator will appoint a new Project Manager. If Operator ceases to be an IPT Party and the Project Manager is appointed by Operator, any Non-Operator that is an IPT Party and has a Participating Interest in the applicable FEED Appraisal Operation or Major Project of at least ten percent (10%) may terminate the participation of the Project Manager, in which case the successor Project Manager will be appointed by nomination of Operator and approval by a vote of the IPT Parties.

- (d) In the event of a vacancy, whether by resignation, removal, or otherwise, the vacant position shall be filled by the Project Manager requesting nominations and following the same procedure as was followed for initial selection.
- (e) Service on the IPT is not an exclusive commitment, and members may continue to perform other functions on behalf of the IPT Party provided that they do not interfere with such members' duties regarding the IPT or such members' secondment agreement.
- (f) Operator may not solicit (other than by general solicitation of employment not specifically directed toward any IPT member) any IPT member during the period of the IPT or for a period of twenty-four (24) months after the termination of the IPT without obtaining the prior written consent of the nominating IPT Party.
- (g) The IPT Party who nominated each IPT member shall enter into a secondment agreement for each IPT member nominated and selected, and shall require such IPT members to enter into a confidentiality agreement with Operator regarding the information obtained by such IPT member in connection with his or her work on the IPT.

7. Status of and Responsibility for the IPT Members.

- (a) The IPT members must be employees or contract workers of the IPT Parties or of their respective Affiliates at all times during their membership in the IPT. The Project Manager shall have no authority to terminate such employment or to administer disciplinary action regarding an IPT member, other than to terminate such member's participation in the IPT as described in Section 6.
- (b) The relevant IPT Party or Affiliate shall remain at all times responsible for their salaries, benefits, insurance, and any other compensation, as well as payroll taxes, government unemployment and similar assessments, workers' compensation and employers' liability insurance and any other direct costs that the employer must bear under applicable law.
- (c) The relevant IPT Party or Affiliate shall be responsible for obtaining any work permits, visas, and other administrative authorizations required to allow its IPT members to work and reside in the location where the IPT work is being performed. Operator shall provide assistance reasonably requested by such IPT Party in connection with obtaining such permits, visas and authorizations.

- (d) IPT members shall be entitled to vacation under the normal personnel policies of the relevant IPT Party or Affiliate. Vacation may only be taken after consultation with the Project Manager and is subject to the IPT's reasonable operational requirements.
- (e) If so requested, the Project Manager shall provide the relevant IPT Party or Affiliate with a summary of work accomplishments and a performance appraisal of the IPT member in the format that Operator uses to assess its employees.

8. Withdrawal of an IPT Member.

An IPT Party shall have the right to withdraw any of its participants in an IPT with ninety (90) Days prior notice to the Project Manager; provided, however that the removal shall not take effect until substitution of a replacement IPT member has taken place.

9. Reports.

The Project Manager shall prepare and submit progress reports to the Operating Committee of the work assigned to the IPT each Calendar Quarter, and a final report upon the completion of the Scope of Work.

10. Costs.

- (a) All costs of the IPT that are within the Work Program and Budget shall be charged to the Joint Account or the account maintained for Exclusive Operations, as applicable, under the Accounting Procedure, including the amounts paid by each IPT Party or its Affiliates with respect to its designee members during their participation in the IPT that would be chargeable by Operator under Section 2.3 of the Accounting Procedure if such members were its employees (prorated based on time sheets where the IPT member handles other functions during a given Day).
- (b) Within fifteen (15) Days after the end of each Calendar Month, each IPT Party shall submit an invoice to Operator for reimbursement of such costs incurred during the prior month, accompanied, where applicable, by the relevant time sheet information. Within fifteen (15) Days of the receipt of each invoice, but no sooner than the fifteenth Day of the month after the month in which the costs were incurred, Operator shall pay the amount of the invoice to the IPT Party in U.S. Dollars by wire transfer of immediately available funds.
- (c) Operator shall pay all amounts invoiced in full, whether or not disputed, and waives any right of set off, provided that Operator's payment of any charge shall be without prejudice to its right to later contest the charge. If Operator disputes all or any portion of an invoice, Operator and the applicable IPT Party shall confer as soon as practicable to resolve the Dispute. If the Dispute is resolved by negotiation, or by the process of Article 17 of the Agreement, in favor of Operator, such IPT Party shall refund the disputed amount, together with interest at the Agreed Interest Rate (as of the date the Dispute is resolved or decided) from the date paid until the date refunded.
- (d) Any amounts not paid on or before the date due under this Exhibit shall bear interest from the date due until paid in full at the Agreed Interest Rate.

11. Audit.

- (a) The audit rights of the IPT Parties under the Agreement shall include the right to audit the accounts pertaining to any IPT in which they are participating.

- (b) In addition, any IPT Party may audit the records of another IPT Party relating to costs charged by the audited IPT Party under Section 10. The provisions of Section 1.8 of the Accounting Procedure shall apply *mutatis mutandis* to such audit, unless otherwise agreed by the IPT Parties. Should such charges be rejected under Section 1.8 of the Accounting Procedure, such charges shall be charged back to the IPT Party who had originally charged them.

12. Liabilities.

- (a) If any IPT member acting as a Senior Supervisory Personnel engages in Gross Negligence / Willful Misconduct that proximately causes the Parties to incur damage, loss, Cost, or liability for claims, demands or causes of action resulting from the acts or omissions of the IPT member within the Scope of Work, the Non-Operator who nominated such member, to the extent Operator would be liable for such Gross Negligence/Willful Misconduct of its own employees under Article 4.6 of the Agreement shall bear such damage, loss, cost, or liability.
- (b) In all other cases, Operator, on behalf of the Joint Account (or, in the case of an Exclusive Operation, the account maintained on behalf of the IPT Parties) and subject to the limitation on liability of Operator and indemnification rights of Operator under Article 4.6 of the Agreement, shall indemnify each IPT Party, its Affiliates and its and their directors, officers, and employees from any such damage, loss, Cost, or liability resulting from the acts or omissions of the IPT member within the Scope of Work. The nominating Party shall indemnify Operator from any damage, loss, Cost, or liability arising out of claims brought by or on behalf of an IPT member in respect of such member's employment status, rights or conditions. **EACH INDEMNITY OBLIGATION SET OUT IN THIS SECTION 12 SHALL APPLY EVEN THOUGH SUCH DAMAGE, LOSS, COST, OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, ANY INDEMNITEES' SOLE OR CONCURRENT NEGLIGENCE (EITHER ACTIVE OR PASSIVE) OR STRICT LIABILITY, OR OTHER LEGAL FAULT.**

13. Status of the IPT.

An IPT has no separate legal existence and for administrative purposes shall function as a part of Operator's organization. An IPT is not an agent or other representative of any Party and has no authority to contract or bind or incur financial commitments on behalf of any Party. Though as part of performing the Scope of Work various members of the IPT may make decisions regarding matters within that scope, the IPT is not a deliberative body and shall not hold votes.

14. Term.

The IPT shall remain in place until the earliest of (i) completion of the Scope of Work or (ii) a decision of the Operating Committee to terminate the IPT by a vote under Article 5.9 of the Agreement. Upon dissolution of the IPT, Operator shall conduct any further work remaining within the Scope of Work that remains in the approved Development Plan & AFE and/or Work Program and Budget.

15. Conflict of Agreements.

In the event of a conflict between the terms of the Agreement and the terms of this Exhibit, the terms of the Agreement shall prevail.

EXHIBIT D

ATTACHED TO AND MADE A PART OF THAT CERTAIN HORSESHOE UNIT
OPERATING AGREEMENT, BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND
REPSOL E&P USA LLC

ACCOUNTING PROCEDURE

ACCOUNTING PROCEDURE

SECTION 1 GENERAL PROVISIONS

1.1 Purpose

1.1.1 The purpose of this Accounting Procedure is to establish equitable methods for determining charges and credits applicable to Joint Operations under the Agreement to the end that no Party shall gain or lose in relation to other Parties.

1.1.2 If the methods prove unfair or inequitable to Operator or Non-Operators, then the Parties shall meet and in good faith try to agree on changes deemed necessary to correct any unfairness or inequity.

1.2 Interpretation In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the Agreement, the provisions of the Agreement shall control.

1.3 Definitions

All capitalized words in this Accounting Procedure shall have the meaning specified in the Agreement. Certain other terms used in this Accounting Procedure are defined as follows:

“**Accrual basis**” means that basis of accounting under which costs and benefits are regarded as applicable to the period in which the liability for the cost is incurred or the right to the benefit arises, regardless of when billed, paid, or received.

“**Agreement**” means the Unit Operating Agreement with an execution date of _____ 2021, entered into by Oil Search (Alaska), LLC and Repsol E&P USA LLC, to which this Accounting Procedure is attached as an exhibit.

“**Designated Affiliate Charges**” shall have the meaning set forth in Section 2.8.2.

“**Material**” means machinery, equipment, and supplies acquired and held for use in Joint Operations.

“**Section**” means a section of this Accounting Procedure.

“**Year-To-Date**” shall have the meaning set forth in Section 3.2.1.

1.4 Joint Account Records and Currency Exchange

1.4.1 Operator shall at all times maintain and keep true and correct records of the production and disposition of all Unitized Substances, of all costs and expenditures under the Agreement, and of other data necessary or proper for the settlement of accounts between the Parties in connection with their rights and obligations under

the Agreement to enable Parties to comply with their income tax and other legal and contractual obligations.

- 1.4.2 Operator shall maintain accounting records pertaining to Joint Operations in accordance with generally accepted accounting practices used in the international petroleum industry, the Laws, the provisions of the Unit Agreement, and the Agreement.
- 1.4.3 Operator shall maintain the Joint Account in the English language and in U.S. dollars. Operator shall record conversions of currency at the rate actually experienced in the conversion. Unless otherwise agreed by the Parties, Operator shall record any currency translations to express the amount of expenditures and receipts for which a currency conversion has not actually occurred, in addition to any requirements of the Laws in accordance with Operator's normal practice. Operator shall provide a statement describing its practice to Non-Operators upon request.
- 1.4.4 Operator shall charge or credit any currency exchange gains or losses to the Joint Account, except as otherwise specified in this Accounting Procedure.
- 1.4.5 This Accounting Procedure shall apply separately, *mutatis mutandis*, to Exclusive Operations. Accordingly, Operator shall maintain charges and credits applicable to such Exclusive Operations separately from charges and credits applicable to Joint Operations. In determining and calculating the costs and expenditures of the Consenting Parties, including the premiums for Exclusive Operations, Operator shall express the costs and expenditures in U.S. dollars (irrespective of the currency in which the expenditures were incurred).
- 1.4.6 Operator shall use the Accrual basis for accounting in preparing accounts concerning the Joint Operations.

1.5 Statements

- 1.5.1 On or before the 15th Day of each Calendar Month, Operator shall submit a statement to each Party of the costs and expenditures incurred by Operator during the prior Calendar Month, indicating by appropriate classification the nature of the costs, the corresponding budget category, the portion of the costs charged to each Party, and the portion of the costs being billed to a Party by that statement.
- 1.5.2 Operator's statements required by Section 1.5.1 shall also contain the following information:
 - (a) the funds received pursuant to Cash Calls setting forth the currencies received from each Party;
 - (b) the share of each Party in total expenditures;
 - (c) the accrued expenditures;

- (d) the current account balance of each Party;
- (e) a summary of costs, credits, and expenditures on a current Calendar Month, Year-To-Date, and inception-to-date basis or other periodic basis, as agreed by the Parties;
- (f) the working capital balance;
- (g) the details of all audit adjustments and unusual charges and credits more than U.S. \$100,000; and
- (h) costs detailed by the cost categories used by Operator for its internal accounting.

Operator shall group the expenditures in the statement by the categories and line items designated in the approved Work Program and Budget, and by AFE number within a Work Program and Budget, where practical, to aid the Parties in comparing the actual expenditures against the Work Program and Budget.

- 1.5.3** Operator shall, upon the execution of this Agreement, furnish a description of the accounting classifications used by Operator.
- 1.5.4** Operator shall express amounts included in the statements in U.S. dollars and reconcile them to the currencies paid pursuant to a Cash Call or paid pursuant to a statement.
- 1.5.5** Each Party shall be responsible for preparing its own accounting and tax reports. Operator, to the extent that the information is reasonably available from the Joint Account records, shall provide Non-Operators in a timely manner with the information necessary to comply with their income tax and other legal and contractual obligations. If the information is not reasonably available to Operator, then the information shall be provided to the requesting Party (a) if the requesting Party needs the information to meet its accounting and tax requirements; (b) if the Joint Account records of Operator are the only source from which the information can be acquired by the requesting Party; (c) if Operator can develop the information; (d) if the requesting Party pays the costs incurred by Operator to prepare the information; and (e) if preparing the information will not unduly burden the administrative and technical personnel of Operator. Only the requesting Party that pays the costs will receive the information requested.

1.6 Cash Calls

- 1.6.1** Upon approval of any Work Program and Budget (or any incorporation of updates thereto as the result of the approval of Joint Operations), AFE or other approval of any expenditure under the Agreement, Operator may submit to Non-Operators a Cash Call for the next Calendar Month's operations. The Cash Call shall equal Operator's estimated cash requirements (in the currencies required) to perform Joint Operations under the approved (or updated) Work Program and Budget,

approved AFEs and other approved expenditures during the next Calendar Month. For informational purposes, Operator shall submit with the Cash Call an estimate of the funds required for each of the two Calendar Months following the Calendar Month for which the Cash Call is made. The Cash Call and the two-Calendar Month estimate shall be detailed by the categories designated in the approved (or updated) Work Program and Budget.

- 1.6.2** Operator shall submit each Cash Call in writing and deliver it to all Non-Operators not less than 15 Days before the due date for payment of the Cash Call. Operator shall set the due date, but the due date shall be no sooner than the first Business Day of the Calendar Month for which the funds subject of the Cash Call are required. Each Non-Operator shall pay any Cash Call free of bank charges. Any bank charges deducted from the payment of a Cash Call shall be borne by the Non-Operator that made the payment.
- 1.6.3** Each Non-Operator shall wire transfer to Operator at a bank designated by Operator the share corresponding to the Non-Operator of the full amount of each Cash Call in the currencies requested or any other currencies acceptable to Operator. Operator may charge the Non-Operator the entire cost of converting the currency furnished to the currency requested in the Cash Call.
- 1.6.4** If Operator issues a Cash Call for a Calendar Month but becomes aware of additional sums of money needed for that Calendar Month, then Operator may revise the outstanding Cash Call if the revision is made before the 15 Day period prior to the due date of the outstanding Cash Call. Otherwise, Operator may make an additional Cash Call for the Calendar Month in question. The due date for payment of the additional Cash Call shall be 10 Days after receipt of the Cash Call by each Non-Operator, but no sooner than the first Business Day of the Calendar Month for which the additional Cash Call is made.
- 1.6.5** If payment of a Cash Call by a Non-Operator exceeds its share of cash expenditures for a Calendar Month, then the next Cash Call for that Non-Operator shall be reduced by the excess. However, if the excess is greater than the estimated Cash Call for that Non-Operator for the next Calendar Month, then the Non-Operator may request a refund from Operator of the difference between the excess and the estimated Cash Call for that Non-Operator for the next Calendar Month if the difference is more than U.S. \$100,000. Operator shall refund the difference within 15 Days after receipt of a request from the Non-Operator.
- 1.6.6** If the amounts paid by a Non-Operator pursuant to a Cash Call are less than its share of cash expenditures for the Calendar Month covered by the Cash Call, then Operator may add the deficiency to subsequent Cash Calls or bill the Non-Operator for the deficiency in the statement rendered by Operator to Non-Operators under Section 1.5.1.
- 1.6.7** If the Agreement provides that Operator may not commingle monies received for the Joint Account with Operator funds not related to Joint Operations, then the

provisions of this Section 1.6 for payment of Cash Calls shall also apply to Operator.

- 1.6.8** Interest paid into a bank account into which funds received by Operator from the Parties are deposited shall be applied against the next Cash Call or, if directed by the Operating Committee, paid to the Parties. The interest thus received shall be allocated to the Parties on a proportionate basis taking into consideration the date of funding by each Party of the account in proportion to the total funding of the account. Operator shall provide the Parties a monthly statement summarizing receipts, disbursements, and transfers and beginning and ending balances for each bank account.
- 1.6.9** If Operator does not issue a Cash Call to Non-Operators, then Operator shall bill each Non-Operator for its share of expenditures in the statement rendered by Operator to Non-Operators under Section 1.5.1.
- 1.6.10** Each Party shall pay the amount requested of that Party by a Cash Call on or before the due date specified in the Cash Call. The due date for any amount billed to a Party in a statement from Operator shall be 15 Days following receipt of the statement from Operator. Any late payment of a Cash Call or an amount billed in a statement by a Party prior to a Default Period applicable to that Party, should it become a Defaulting Party, shall accrue interest in favor of Operator at the Agreed Interest Rate from its due date until the earlier of the date payment is received by Operator or the beginning of a Default Period as to that Party as a Defaulting Party.
- 1.6.11** Subject to the Laws, Operator shall have the right, at any time and from time to time, to convert the funds received pursuant to a Cash Call or any part of those funds to other currencies to the extent that the currencies are then required for Joint Operations. The cost of any conversion of funds shall be charged to the Joint Account.
- 1.6.12** Operator shall try to maintain funds held for the Joint Account in bank accounts at a level consistent with that required for the prudent conduct of Joint Operations.
- 1.7** **Adjustments** Payment by a Non-Operator of any Cash Calls or amounts billed in a statement shall not prejudice the right of that Non-Operator to protest or question the correctness of the Cash Calls or amounts billed; however, all statements rendered to Non-Operators by Operator during any Calendar Year shall conclusively be presumed to be true and correct after 24 Calendar Months following the end of such Calendar Year unless within that 24-Calendar Month period a Non-Operator takes written exception to a charge and makes claim on Operator for adjustment. Operator shall provide a response to all written exceptions whether or not contained in an audit report within the time period prescribed in Section 1.8.5. Operator may make adjustments to the Joint Account after such twenty-four (24) month period if such adjustments result from audit exceptions outside of this Agreement, third party claims, or Agency or other governmental requirements. Any such adjustments made under this Section 1.7 shall be subject to audit within the time period specified in Section 1.8.1.

1.8 Audits

- 1.8.1** A Non-Operator, upon at least 60 Days advance notice in writing to Operator and all other Non-Operators, shall have the right to audit the Joint Account and records of Operator relating to the accounting hereunder for any Calendar Year within the 24-Calendar Month period following the end of such Calendar Year; however, the conduct of any audit shall not extend the time for taking a written exception to and for adjustments of account as provided in Section 1.7. Operator shall provide Non-Operators reasonable access to Operator's personnel and to the facilities, warehouses, and offices directly or indirectly serving Joint Operations as well as the source documents reasonably necessary to support Operator charges to the Joint Account for purposes of the audit and to examine, copy, and retain the copies of the source documents. The cost of each audit and the copies of Joint Account records shall be borne by Non-Operators participating in the audit. If two or more Non-Operators give notice of audit, then they shall make a reasonable effort to conduct joint or simultaneous audits in a manner that will result in a minimum of inconvenience to Operator. At any time before commencement of the audit, Non-Operators participating in the audit may request from Operator information limited to that normally used for pre-audit work such as trial balance, general ledger, sub-ledger data, and electronic transactional information in a format similar to the JADE (Joint Audit Data Exchange) Excel format and in detail typically provided for domestic U.S. operations. Operator shall provide the information in electronic format within 30 Days after the written request from Non-Operator.
- 1.8.2** If Operator does not provide for the requested audit of a charge under Section 1.8.1 within the 24-Calendar Month period provided in Section 1.8.1, then, absent an agreed-upon extension, Operator shall credit the Joint Account for the charge in question no later than 30 Days after expiration of the 24-Calendar Month period.
- 1.8.3** Any information obtained by a Party under the provisions of this Section 1.8 that does not relate directly to the Joint Operations shall be kept confidential and shall not be disclosed to any party, except as would otherwise be permitted by the Agreement.
- 1.8.4** If the Joint Account and the records of Operator relating to accounting under the Unit Agreement and Leases are subject to audit under the Laws, the Unit Agreement, or the Leases by a party other than the Parties, then the cost of the audit shall be charged to the Joint Account, and a copy of the audit report shall be furnished to each Non-Operator.
- 1.8.5** At the conclusion of an audit under the provisions of this Section 1.8, the Parties shall try to settle outstanding matters expeditiously. To this end, the Parties conducting the audit will make a reasonable effort to prepare and distribute a written report to Operator and all the Parties that participated in the audit within 90 Days after the conclusion of fieldwork. The report shall include all written exceptions and claims for adjustment with supporting documentation arising from the audit, along with comments pertinent to the operation of the accounts and

records. The 90-Day time period for preparing and distributing the written report shall not extend the 24-Calendar Month period for taking written exception to and making a claim on Operator for adjustment under Section 1.7. Operator shall reply to the report from the Parties conducting the audit within 90 Days after it is received by Operator.

After Operator's response to the written report from the Parties conducting the audit or 90 Days after the submission of the written report, Operator or any Party participating in the audit has the right to call a resolution meeting. The meeting will require one Calendar Month's written notice to Operator and all Non-Operators participating in the audit. The meeting shall be held at a mutually agreed location, and shall be attended in person, by telephone conference call, video conference, or similar means whereby all Parties in attendance can hear and speak to each other, by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved. In the event the Parties cannot reach a resolution within 120 Days from the date written notice is sent with respect to the first resolution meeting called by a Party pursuant to the above, then the Dispute shall be reported to and discussed by the Operating Committee, and, unless otherwise agreed by the Parties to the Dispute, resolved in accordance with the provisions of Article 17 of the Agreement.

- 1.8.6** All adjustments resulting from an audit agreed between Operator and the Non-Operator conducting the audit shall be reflected promptly in the Joint Account by Operator and detailed to the Non-Operator.
- 1.8.7** Any Party may audit the records of a Non-Operator or its Affiliate relating to charges under Section 2.8.1 and Section 2.8.3. The provisions of this Section 1.8 shall apply *mutatis mutandis* to that audit. Should the charges or portion of the charges be rejected because of the audit, the charge or portion of the charge shall be charged back to the Party that provided the service or whose Affiliate provided the service.
- 1.8.8** The provisions of this Section 1.8 apply to audits required under the Agreement when there is a change of Operator, except that the 60 Day advance notice and the advance information provisions of Section 1.8.1 shall not apply.
- 1.8.9** The rights of Non-Operators as to adjustments under Section 1.7 and audits under Section 1.8 in relation to Designated Affiliate Charges prior to Calendar Year 2021 shall be governed by this Section 1.8.9.

1.8.9.1 If a Non-Operator takes written exception to and makes a claim on Operator for adjustment under Section 1.7 of any Designated Affiliate Charge or requests an audit of the charges under Section 1.8, then Operator shall conduct an audit of the charges as follows:

- (a) The rates and other supporting documentation for the charges shall be audited by an internationally recognized independent public accounting firm selected by Operator.
- (b) Operator shall bear the accounting firm audit fee.
- (c) Within 12 Calendar Months after a Non-Operator requests an adjustment or audit of Designated Affiliate Charges, Operator shall furnish the Non-Operator a copy of a report from the accounting firm stating whether the Designated Affiliate Charges:
 - (i) represent a complete and accurate allocation of the charges to the Joint Operations;
 - (ii) exclude any element of profit;
 - (iii) exclude any duplication of costs covered under Section 2 and Section 3 and;
 - (iv) are consistent in application to all the activities of the Affiliate.

1.8.9.2 The Designated Affiliate Charges to the Joint Account in question shall conclusively be presumed to be true and correct 90 Days after Operator has furnished the Non-Operator the report from the accounting firm as provided in Section 1.8.9.1 (c) unless within that 90-Day period (i) the Non-Operator that originally made a written exception and claim on Operator for adjustment renews the written exception and claim for adjustment or (ii) the Non-Operator that requested the audit takes written exception to the charges and makes claim on Operator for adjustment.

1.8.9.3 If Operator fails to conduct the audit provided for under Section 1.8.9.1, then Operator shall credit the Joint Account for the charge in question no later than 30 Days after expiration of the 12-Calendar Month period.

1.8.10 The rights of Non-Operators as to adjustments under Section 1.7 and audits under Section 1.8 in relation to Designated Affiliate Charges beginning in Calendar Year 2021 shall be governed by this Section 1.8.10. In accordance with Section 2.3.5, from Calendar Year 2021 on all Designated Affiliate Charges costs shall be charged on an hourly rate or day rate basis, based on rates approved by the Operating Committee for such Calendar Year. Audits of the Designated Affiliate Charges are limited to verification of application of the rate(s) charged and the timesheet or other documentation provided as support for the time charged. The rights of Non-Operators as to adjustments under Section 1.7 and audits under Section 1.8 in

relation to Designated Affiliate Charges shall be governed by Section 1.8.9 during any period of time that such rates have not been approved.

1.9 **Allocations** If it becomes necessary for Operator to allocate any costs or expenditures to or between Joint Operations and any other operations outside the Agreement, then the allocation shall be made on an equitable basis. For informational and audit purposes, Operator shall furnish a description of its allocation procedures pertaining to these costs and expenditures and its rates for personnel and other charges, along with each proposed Work Program and Budget. The allocation shall be subject to audit under Section 1.8.

1.10 **Procedure for Unscheduled Direct Charges** Operator may charge Non-Operators by statement for their proportionate share of the following unscheduled direct costs:

- (a) costs which should have been charged to the Joint Account but were charged to other operations not covered by the Agreement and were the subject of audit exceptions outside of this Accounting Procedure if charged by Operator to Non-Operators within 24 Calendar Months from the time the audit exception outside of this Accounting Procedure is resolved by Operator;
- (b) revision of Joint Account costs that result from a physical inventory of the Material provided for in Section 6 if charged by Operator to Non-Operators within 24 Calendar Months from the time the physical inventory is completed by Operator;
- (c) costs from audit exceptions or other requirements by an Agency under the Unit Agreement or the Leases if charged by Operator to Non-Operators within 24 Calendar Months from the time the audit exception or other requirement by such Agency is resolved by Operator; and
- (d) other direct costs incurred by Operator but not previously charged to Non-Operators if charged by Operator to Non-Operators within the 24-Calendar Month period following the end of the Calendar Year in which the costs were first incurred by Operator.

SECTION 2

PERMITTED CHARGES; DIRECT CHARGES

2.1 **Costs Chargeable to the Joint Account**

2.1.1 Operator may charge the Joint Account for all direct costs and expenditures incurred by Operator in the conduct of Joint Operations within the limits of approved Work Programs and Budgets, approved AFEs and expenditures otherwise approved under the Agreement, and as permitted in Article 4.2.B.13 (emergencies), in Article 4.14.C (costs related to resignation or removal of Operator), and in Article 4.14.D (inventory and audit of an Operator that has resigned or been removed) of the Agreement;

- 2.1.2** Any charge by Operator to the Joint Account shall exclude profit to Operator, any Non-Operator and their respective Affiliates, except charges for equipment, including Facilities owned by Operator under Section 2.7.1 or an Affiliate of Operator under Section 2.7.2; and, charges for services by an Affiliate of Operator, a Non-Operator, or any Affiliate of a Non-Operator under Section 2.8.1; and
- 2.1.3** Direct costs and expenditures chargeable to the Joint Account are more fully described and addressed in Section 2.2 through Section 2.17. Direct costs exclude indirect costs, which are described and addressed in Section 3.
- 2.2** **Leases, Permits** Operator shall charge the Joint Account for all costs for the acquisition, maintenance, renewal, or relinquishment of Leases, permits, contractual rights and surface rights acquired for Joint Operations by Operator on behalf of the Parties.
- 2.3** **Salaries, Wages, and Related Costs**
- 2.3.1** Operator may charge the Joint Account for all salaries, wages, and related costs of employees of Operator and its Affiliates directly engaged in Joint Operations, including everything constituting the employees' total compensation, as well as the cost to Operator of holiday, vacation, sickness, disability benefits, living and housing allowances, travel time, bonuses, and other customary allowances applicable to salaries and wages, as well as the costs to Operator for employee benefits, including employee group life insurance, group medical insurance, hospitalization, retirement, and severance payments and other benefit plans of a like nature applicable to labor costs of Operator.
- 2.3.2** Operator may charge the Joint Account for all costs associated with organizational restructuring of Operator or its Affiliates (e.g., separation benefits, relocation costs, asset disposition costs), limited to employees directly engaged in Joint Operations on a full time basis; however, all other costs associated with organizational restructuring of Operator or its Affiliates require the approval of the Parties.
- 2.3.3** Operator may charge the Joint Account for all accrued costs of benefit plans required by the Laws upon the first to occur of (i) the time the benefit is payable to the employee or (ii) upon termination of the Agreement; however, upon withdrawal of a Party from the Agreement, that Party shall pay its Participating Interest share of the accrued costs.
- 2.3.4** Operator may charge the Joint Account for all expenditures or contributions made pursuant to assessments imposed by an Agency for payments regarding or on account of employees described in Section 2.3.1.
- 2.3.5** Operator may charge the Joint Account for all salaries, wages, and related costs on an actual basis or on a rate basis. Any rate used must be based on the average cost to Operator in accordance with Operator's usual practice. Beginning with Calendar Year 2021 and annually thereafter, the Operator shall submit for the Operating Committee's approval hourly or day rates for all salaries, wages, and related costs. During any period when hourly or day rates for all salaries, wages, and related costs

have not been approved by the Operating Committee, (1) Operator will charge the Joint Account for all salaries, wages, and related costs on an actual basis or on a rate basis and (2) the rights of Non-Operators as to adjustments under Section 1.7 and audits under Section 1.8 in relation to Designated Affiliate Charges shall be governed by Section 1.8.9.

2.3.6 Operator may charge the Joint Account for all reasonable expenses (including travel costs) reimbursed to employees under the usual practice of Operator when such employee's corresponding time is charged to the Joint Account.

2.4 Employee Relocation Costs

2.4.1 Operator may charge the Joint Account for all relocation costs for an employee assigned to the Joint Operations based on the employee's job responsibilities and payroll allocation over the next succeeding 12 Calendar Months. Operator may not charge the Joint Account for relocation costs for moving the employee from the Joint Operations, except when the employee is entitled to relocation cost reimbursement based on contract termination terms or when the employee is being relocated between different locations of the Joint Operations.

2.4.2 Relocation costs include transportation of employees, families of employees, personal and household effects of the employee and family, transit expenses, and all other related costs in accordance with Operator's usual practice.

2.4.3 Operator may not charge the Joint Account for relocation costs to an assignment that is not with the Joint Operations unless the place of the new assignment is the point of origin of the employee or unless otherwise approved by the Operating Committee.

2.5 Offices, Camps, and Miscellaneous Facilities Operator may charge the Joint Account for all costs of maintaining offices, sub-offices, camps, warehouses, housing, and other facilities of Operator and its Affiliates directly serving the Joint Operations through charges allocated based on time-written rates. If the facilities also serve corporate matters or operations other than the Joint Operations, then the costs shall be allocated to the properties served on an equitable basis.

2.6 Material

2.6.1 Operator may charge the Joint Account for all costs, net of discounts taken by or owed to Operator, for Material purchased or furnished by Operator, including export brokers' fees, transportation charges, loading and unloading fees, export and import duties and license fees associated with the procurement of Material, and any in-transit losses not covered by insurance. So far as it is reasonably practical and consistent with efficient and economical operation in the remote Alaska north slope, Operator shall obtain Material only as may be required for immediate use and dispose of surplus Material within 12 Calendar Months after it is determined to not be needed, with the exception of spare parts and other Material for drilling and other Joint Operations requirements that are most effectively maintained on site or

nearby, including Material jointly kept for ready use on the Alaska north slope in collaboration with other operators.

2.7 Equipment, Including Facilities and Material Owned by Operator and Affiliates of Operator

2.7.1 Operator may charge the Joint Account for equipment, including Facilities and Material, owned by Operator at rates not to exceed commercial rates of non-affiliated third parties then prevailing in the area for like equipment, including Facilities and Material.

2.7.2 Operator may charge the Joint Account for equipment, including Facilities and Material, under contracts with Affiliates of Operator provided the charge does not exceed commercial rates of non-affiliated third parties then prevailing in the area for like equipment, including Facilities and Material. If Article 6.7 of the Agreement requires Operating Committee approval of the contract with the Affiliate of Operator, the terms of Operating Committee approval shall control. Where Operating Committee approval is not required:

2.7.2.1 Operator shall furnish Non-Operators a list of rates and the basis of application of the rates under any contract with its Affiliate upon request by a Non-Operator; and

2.7.2.2 Operator may revise the rates from time to time if Operator determines that the rates are either excessive or insufficient; however, revisions shall not be made more than once every six Calendar Months.

2.7.3 If drilling tools and other equipment and Material owned by Operator or Affiliates of Operator are lost in the hole or damaged beyond repair, then Operator shall charge the Joint Account for replacement cost less depreciation plus transportation costs to deliver like equipment and Material to the location where used.

2.8 Services

2.8.1 Subject to Article 6.7 of the Agreement, Operator may charge the Joint Account for services under a contract with non-affiliated third parties. Costs will be at the net cost of service, after deducting any and all discounts, volume rebates, performance adjustments, or other deduction or reimbursement from the invoiced cost. Operator may also charge the Joint Account for services that are comparable to available third-party services under a contract with an Affiliate of Operator, a Non-Operator, or an Affiliate of a Non-Operator provided the charge does not exceed the commercial rates of non-affiliated third parties then prevailing in the area considering like quality and availability of services. If Article 6.7 of the Agreement requires Operating Committee approval of the contract with an Affiliate of Operator, a Non-Operator, or an Affiliate of a Non-Operator, the terms of Operating Committee approval shall control. This Section 2.8.1 does not apply to Section 2.8.2 and Section 2.8.3.

2.8.2 Operator may charge the Joint Account for all costs of services performed by technical and professional personnel of Operator's Affiliates not working directly for or assigned to Operator whose services are requested by Operator for a specific activity and where the services are charged to the Joint Operations based on hourly rates or other allocation method for time spent performing the requested services ("**Designated Affiliate Charges**"). Designated Affiliate Charges include: salaries and wages, lost time, governmental assessments, employee benefits, rent, utilities, clerical support staff, drafting, telephone and other communication expenses, computer support, supplies, depreciation, and other reasonable costs. Examples of services performed giving rise to Designated Affiliate Charges include:

- Geologic Studies and Interpretation
- Seismic Data Processing
- Well Log Analysis, Correlation and Interpretation
- Laboratory Services
- Ecological and Environmental Engineering
- Decommissioning (Abandonment) and Reclamation Studies
- Well Site Geology
- Project Management and Engineering
- Source Rock Analysis
- Petrophysical Analysis
- Geochemical Analysis
- Drilling Supervision
- Development Evaluation

Such services shall be supported by time records and any other information that supports the time-write activity. This information shall follow international oil industry standards and shall be available to the Non-Operators' auditors.

2.8.2.1 In accordance with Section 2.3.5, beginning with Calendar Year 2021 and annually thereafter, the Operator shall submit for the Operating Committee's approval hourly or day rates for all salaries, wages, and related costs, and such approved rates shall be used thereafter with respect to all costs permitted under Section 2.8.2. If such rates are approved, audits of the charges will be limited to verification of the application of the rate(s) charged and the timesheet or other documentation provided as support for the time charged.

2.8.3 Operator may charge the Joint Account for all costs of services performed with the approval of Operator by the technical and professional personnel of Non-Operators and their Affiliates. The costs of such services include salaries and wages, lost time, governmental assessments, employee benefits, rent, utilities, clerical support staff, drafting, telephone and other communication expenses, computer support, supplies, depreciation, and other reasonable costs.

A Non-Operator shall bill Operator for the costs of services charged under this Section 2.8.3 on or before the last Day of each Calendar Month for charges for the

preceding Calendar Month, to which charges Non-Operator shall not add an administrative overhead rate. Within 30 Days after receipt of a bill for the charges, Operator shall pay the amount due thereon.

2.8.4 Operator may charge the Joint Account for all costs incurred as payment for access to, and use of, technical data, intellectual property, and know-how of Operator's group of Affiliates in accordance with a technology participation agreement between Operator and its Affiliates and in accordance with the customary cost-sharing system applicable to operating companies within Operator's group of Affiliates. The costs shall be included in annual Work Program and Budgets as a separate line item.

2.9 **Insurance** Operator may charge the Joint Account for all premiums paid for insurance to be carried for the benefit of the Joint Operations as required by the Laws, the Unit Agreement, or the Agreement.

2.10 **Damages and Losses to Property**

2.10.1 Operator may charge the Joint Account for all costs or expenditures necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause. Operator shall furnish Non-Operators written notice of damages or losses incurred of more than U.S. \$100,000 as soon as practical after report of the same has been received by Operator. All losses more than U.S. \$100,000 shall be listed separately in the Calendar Month statement of costs and expenditures.

2.10.2 Operator shall credit the Joint Account for all settlements received from insurance carried for the benefit of Joint Operations and from others for losses or damages to Joint Property or Materials. Each Party shall be credited with its Participating Interest share of the credits except where the credits are derived from insurance purchased by Operator for fewer than all Parties in which event the proceeds of the credits shall be credited to those Parties for whom the insurance was purchased in proportion to the contribution of each toward purchase of the insurance.

2.10.3 Operator may charge the Joint Account for all expenditures incurred in the settlement of all losses, claims, damages, and judgments for the account of Joint Operations, subject to Article 4.5 of the Agreement.

2.11 **Litigation, Dispute Resolution, and Associated Legal Expenses**

2.11.1 Operator may charge the Joint Account for all costs and expenses of litigation, third-party dispute resolution, and associated legal services provided by non-affiliated third parties necessary for the protection of the Joint Operations under the Agreement.

2.11.2 Operator may charge the Joint Account for all costs and expenses of litigation, third-party dispute resolution, and associated legal services provided by the legal staff of any Party or Affiliate of a Party upon approval of the Operating Committee.

2.12 Taxes and Duties

- 2.12.1** Operator may charge the Joint Account for all taxes, duties, assessments, and governmental charges, of every kind and nature, assessed or levied upon or in connection with the Joint Operations, other than any that are measured by or based upon the revenues, income, or net worth of a Party. Any credits or refunds will be credited back to the Joint Account.
- 2.12.2** If Operator or an Affiliate is subject to income or withholding tax because of services performed at cost for operations under the Agreement, then Operator's or the Affiliate's charges for the services may be increased (grossed up) by the amount of the taxes incurred. Any credits or refunds will be credited back to the Joint Account.
- 2.13 Surveys** Operator may charge the Joint Account for all costs incurred on the Joint Property that pertain to Joint Operations because of legal requirements for archaeological and geophysical surveys relative to identification and protection of cultural resources.
- 2.14 Environmental** Operator may charge the Joint Account for all costs incurred in the conduct of Joint Operations for environmental or ecological surveys required by any regulatory authority, including costs to provide or have available pollution containment and removal equipment or other Material, and the costs of actual control, clean up, and remediation resulting from contamination of the environment as required by the Laws or as deemed appropriate by Operator for prudent operations.
- 2.15 Decommissioning and Reclamation** Operator may charge the Joint Account for all costs incurred for decommissioning and reclamation of the Joint Property, including costs required by an Agency or other regulatory authority or by the Unit Agreement or Leases.
- 2.16 Surface Use Costs** Operator may charge the Joint Account for all costs incurred for landowner activities, including the conduct of business development activities and agreements relating to surface rights and easements, including amounts paid to acquire such surface rights and easements.
- 2.17 Other Expenditures** Operator may charge the Joint Account for all other direct costs and expenditures incurred by Operator for Joint Operations in accordance with approved Work Programs and Budgets, approved AFEs or other expenditures approved under the Agreement and this Section 2.

SECTION 3 INDIRECT CHARGES

- 3.1 Indirect Services And Related Office Costs.** Operator may charge the Joint Account monthly for the cost of indirect services and related office costs of Operator and its Affiliates not otherwise provided in this Accounting Procedure. Indirect costs chargeable under this Section 3 represent the costs of general assistance and support services provided by the organizational units of Operator and its Affiliates not directly involved in Joint Operations and are costs that are not practical to identify or associate with Joint Operations

but are for services that provide Joint Operations with needed and necessary resources. No cost or expenditure included under Section 2 shall be included or duplicated under Section 3. The charges under Section 3 are not subject to audit under Sections 1.8.1 and 1.8.2 other than to verify that the overhead percentages are applied correctly to the expenditure basis.

3.2 Amount

3.2.1 Operator's indirect charge under Section 3.1 for any Calendar Month shall equal the greater of (1) the total amount of indirect charges for the period beginning at the start of the Calendar Year through the end of the period covered by Operator's invoice ("**Year-to-Date**") determined under Section 3.2.2, less indirect charges previously made under Section 3.1 for the Calendar Year in question, or (2) the amount of the minimum assessment determined under Section 3.2.3, calculated on an annualized basis (but reduced pro rata for periods of less than one year), less indirect charges previously made under Section 3.1 for the Calendar Year in question.

3.2.2 Unless exceeded by the minimum assessment under Section 3.2.3, Operator's aggregate Year-to-Date indirect charges shall be a percentage of the Year-to-Date expenditures, calculated on the following scale (U.S. Dollars):

Annual Expenditures

\$0 to \$10,000,000 of expenditures = 5%

Next \$5,000,000 of expenditures = 3%

Next \$35,000,000 of expenditures = 1.5%

Excess above \$50,000,000 of expenditures = 1%

3.2.3 Operator may charge a minimum amount of U.S. \$120,000 assessed each Calendar Year calculated from the Effective Date and shall be reduced pro rata for periods of less than a Calendar Year.

3.3 Exclusions When calculating the monthly indirect charge, Operator shall not include in the expenditures the indirect charge (calculated either as a percentage of expenditures or as a minimum monthly charge), rentals on surface rights acquired and maintained for the Joint Account, guarantee deposits, pipeline tariffs, facility tariffs, lease acquisition costs, insurance premiums and self-insured amounts, currency conversion fees, costs chargeable under Section 2.16, payments to spill containment organizations, royalties and taxes on production or revenue to the Joint Account paid by Operator, expenditures associated with major construction projects for which a separate indirect charge is established hereunder, payments to third parties in settlement of claims, and other similar items. Credits arising from any government subsidy payments, disposition of Material, and receipts from third parties for settlement of claims shall not be deducted by Operator from total expenditures in determining the indirect charge.

**SECTION 4
ACQUISITION OF MATERIAL**

4.1 Acquisitions

4.1.1 Operator shall charge for Materials purchased for the Joint Account at Operator's net cost, after application of all discounts taken and any volume or trade discounts applied or granted by the vendor applicable to Material purchased for the Joint Account. The price of Materials purchased shall include export brokers' fees, insurance, transportation charges, loading and unloading fees, import duties, license fees, demurrage (retention charges) associated with the procurement of Materials, and applicable taxes, less all discounts taken.

4.2 Materials Furnished by Operator

4.2.1 Operator shall purchase Materials required for operations for direct charge to the Joint Account whenever practicable, except Operator may furnish Materials from its stock under the following conditions:

4.2.1.1 New Materials (Condition "A")

- (a) If Operator furnishes new Materials transferred from Operator's warehouse or other properties of Operator, the price charged shall be the net cost determined in accordance with Section 4.1 as if Operator had purchased the new Material just before its transfer, but in no event exceeding the then current market price.

4.2.1.2 Used Materials (Conditions "B" and "C")

- (a) If Operator furnishes used Material, then the Material must be in sound and serviceable condition and suitable for use without repair or reconditioning. Operator shall classify such Material as Condition "B" and price the Material at 75% of the new purchase net cost at the time of transfer.
- (b) Regarding Materials not meeting the requirements of Section 4.2.1.2(a), but which can be made suitable for use after being repaired or reconditioned, Operator shall classify such Material as Condition "C" and price the Material at 50% of the new purchase net cost at the time of transfer. Operator may charge the Joint Account with the cost of reconditioning if the Condition "C" price, plus cost of reconditioning, does not exceed the Condition "B" price; and if that Material so classified meets the requirements for Condition "B" Material upon being repaired or reconditioned.
- (c) Operator shall price Material that cannot be classified as Condition "B" or Condition "C" at a value commensurate with its use.

- (d) Operator shall grade tanks, derricks, buildings, and other items of Material involving erection costs, if transferred in knocked-down condition, as to condition as provided in Section 4.2.1.2, and price same on the basis of knocked-down price of like new Material.
- (e) Operator shall grade Material including drill pipe, casing, and tubing, that is no longer useable for its original purpose but is useable for some other purpose, as to condition as provided in Section 4.2.1.2 and price same on the basis of the current price of items normally used for the other purpose if sold to third parties.
- (f) For subsections (a) through (e), Operator shall support and document the price(s) charged/used and make such information available to the Non-Operators auditors.

4.3 Premium Prices Whenever Material is not readily obtainable at prices specified in Sections 4.1 and 4.2 because of national emergencies, strikes, or other unusual causes over which Operator has no control, Operator may charge the Joint Account for the required Material at Operator's actual cost incurred in procuring the Material, in making it suitable for use, and in moving it to the Contract Area.

4.4 Warranty of Material Furnished by Operator Operator does not warrant the condition or fitness for the purpose intended of the Material furnished. If defective Material is furnished by Operator for the Joint Account, then any credit granted shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

SECTION 5 DISPOSAL OF MATERIALS

5.1 Disposal Operator shall be under no obligation to purchase the interest of Non-Operators in new or used surplus Materials. Operator shall have the right to dispose of Materials but shall advise and secure prior approval of the Operating Committee of any proposed disposition of Materials having an original cost to the Joint Account either individually or in the aggregate of U.S. \$100,000 or more. When Joint Operations are relieved of Material charged to the Joint Account, Operator shall advise each Non-Operator of the original cost of the Material to the Joint Account so that the Parties may eliminate the costs from their asset records. Operator shall credit the Joint Account for Material sold by Operator in the Calendar Month in which payment is received for the Material. Any Material sold or disposed of by Operator under this Section 5 shall be on an "as is, where is" basis without guarantees or warranties of any kind or nature. If Operator incurs costs in disposing of the Materials, then Operator may charge such costs to the Joint Account.

5.2 Material Purchased by a Party or Affiliate Operator shall credit to the Joint Account proceeds received from Material purchased from the Joint Property by a Party or its Affiliate, and value of new Material in the same manner as new Material under Section

4.2.1.1 and value used Material in the same manner as used Material under Section 4.2.1.2, unless otherwise approved by the Operating Committee.

- 5.3 Division In Kind** If Material is divided among the Parties, the division shall be in proportion to the Parties' respective interests in the Material. Thereupon, Operator shall credit the Joint Account and charge each Party with the value (determined in accordance with the procedure set forth in Section 5.2) of the Material received or receivable by it.
- 5.4 Sales to Third Parties** Operator shall credit proceeds received from Material purchased from the Joint Property by third parties to the Joint Account at the net amount collected by Operator from the buyer. If the sales price is less than the value determined in accordance with the procedure set forth in Section 5.2, then approval by the Operating Committee shall be required before the sale. Any claims by the buyer for defective Materials or otherwise shall be charged back to the Joint Account if and when paid by Operator.

SECTION 6 INVENTORIES

- 6.1 Periodic Inventories - Notice and Representation** Operator shall take at reasonable intervals, but no more than three years apart, inventories of all Material held in warehouse stock on which detailed accounting records are normally maintained. Operator shall charge the expense of conducting periodic inventories to the Joint Account. Operator shall give Non-Operators written notice at least 60 Days in advance of its intention to take inventory, and Non-Operators, at their sole cost and expense, shall each be entitled to have a representative present. If any Non-Operator fails to be represented at the inventory, such Non-Operator shall be bound to accept the inventory taken by Operator. Operator shall in any event furnish each Non-Operator with a reconciliation of overages and shortages and, within 60 Days of taking such inventory, charge or credit any inventory adjustments for overages and shortages to the Joint Account. Any adjustment equal to U.S. \$100,000 or more shall be brought to the attention of the Operating Committee.
- 6.2 Special Inventories** Whenever there is a sale or change of a Participating Interest in the Agreement, Operator shall take a special inventory provided the seller, the purchaser, or both agree to bear all of the expense of the inventory. Both the seller and the purchaser shall be entitled to be represented when the special inventory occurs and shall be bound by the inventory taken.

EXHIBIT E

ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT,
BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND REPSOL E&P USA LLC

TAX PARTNERSHIP PROVISIONS

If the Parties have not agreed to new tax partnership provisions by the Effective Date of this Agreement, for the avoidance of doubt, the existing tax partnership arrangement of the Parties will continue to apply.

Exhibit F

Horseshoe Unit Thousands of US Dollars Annual Expense and Minor Capital / Previously Approved AFEs / AFEs Approved with WP&B Approval / Forecast of AFE s To Be Approved	Horseshoe Unit Operating Agreement 2021 Work Program and Budget	
	2021	2022
6.1.D.1(b) Total AFEs Approved with this Work Program and Budget Approval		
Horseshoe Unit Team Costs	840*	3,141
Exploration 3 rd Party Studies	0	200
SuperMerge Pre-Stack Seismic Reprocessing	0	384
Total Previously Approved AFEs	840	0
Total AFEs Approved with this Work Program & Budget Approval	0	3,784

**AFE #.E.0.00037 was previously approved by the Alignment Area Operating Committee, which covered operations for the Alignment Area including Horseshoe and Quokka areas. The amount included herein represents the portion of such AFE which corresponds to the Horseshoe area and reflects only the expenditures contemplated for the 4Q of 2021.*

EXHIBIT G

ATTACHED TO AND MADE A PART OF THAT CERTAIN HORSESHOE UNIT
OPERATING AGREEMENT, BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND
REPSOL E&P USA LLC

DECOMMISSIONING PROCEDURES

DECOMMISSIONING PROCEDURES

SECTION 1 DEFINITIONS

1.1 Interpretation

In this Exhibit G, except with respect to the terms in Section 1.2 below, all capitalized terms shall have their respective meanings as set out in the Agreement. References to Articles are to Articles in the Agreement. References to Sections are to Sections in this Exhibit G.

1.2 Definitions

The capitalized terms below have the following meanings:

1.2.1 Decommissioning Work Program and Budget means the Decommissioning plan, schedule, and budget that is approved, or deemed approved, under Article 6.5.

1.2.2 Decommissioning Trust Fund means the trust fund established under Section 4.1.

1.2.3 End Date means the date when production of Unitized Substances by the Parties from the Contract Area is expected to cease permanently, as determined by Operator.

1.2.4 Field Run-Down Period means the period from the Trigger Date to the End Date.

1.2.5 Net Value means Operator's bona fide estimate of:

(a) the aggregate of:

(1) the sales value of the quantity of Unitized Substances forecast to be produced and delivered for the next Calendar Year through the End Date using the latest Production Forecast delivered under Article 9.4;

plus

(2) the value of any other income that it is reasonably anticipated will be received by the Parties from use of the Joint Property by third parties before Decommissioning under any processing, shared services, and other agreements existing on the relevant calculation date;

plus

(3) the anticipated proceeds of sale of any surplus Joint Property to be sold prior to Decommissioning;

less

- (b) in each case the costs attributable to such items, excluding costs of Decommissioning and including operating and capital costs (other than of Decommissioning), sales costs, taxes, and other government take (including royalty, corporation tax, supplementary charge to corporation tax, petroleum revenue tax, and other profit or petroleum-based taxes, to the extent applicable), but crediting against such costs any tax allowances and any government grants, allowances, or other assistance given concerning Joint Operations or Joint Property (other than any tax allowances expected to be available to any Party regarding the costs of Decommissioning), with each such item of revenue or expenditure discounted from the date it is anticipated to be earned or incurred to the date of determination of Net Value at the Agreed Interest Rate.

1.2.6 Trigger Date has the meaning set out in Section 4.8.1.

1.2.7 Trust Fund Cash Call has the meaning set out in Section 5.

1.2.8 Trustee has the meaning given in Section 4.2.1.

SECTION 2 PURPOSE

The purpose of these Decommissioning Procedures is to ensure that each Party provides Security for the benefit of the other Parties for due payment of all Cash Calls payable by it under the Agreement in respect of its liability to contribute to Decommissioning Costs.

SECTION 3 ESTIMATE OF DECOMMISSIONING COSTS AND DECOMMISSIONING WORK PROGRAM AND BUDGET

3.1 Decommissioning Work Program and Budget Particulars

The Decommissioning Work Program and Budget to be provided in accordance with Article 6.5 must include:

- 3.1.1** the Operator's good faith estimate of the Decommissioning Costs for Decommissioning of the Contract Area;
- 3.1.2** the Net Value based on the latest publicly available market-based price forecasts for Crude Oil and Natural Gas as may be approved by the Operating Committee;
- 3.1.3** the Operator's estimate of the Trigger Date and the estimated date of commencement of Decommissioning of the Contract Area; and
- 3.1.4** the production profile for Unitized Substances from the Contract Area during the Field Run-Down Period.

3.2 Participating Areas

To the extent there are any Participating Areas wherein the Parties' Participating Interests differ from the Participating Interests of all Parties in the entire Contract Area, there shall be a separate Decommissioning Work Program and Budget for each such misaligned Participating Area, and the relevant content of such Decommissioning Work Program and Budget as dictated by this Section 3 shall only include such information applicable to such Participating Area. All Participating Areas with aligned Participating Interests will share one Decommissioning Work Program and Budget.

SECTION 4 DECOMMISSIONING TRUST FUND

4.1 Decommissioning Trust Fund

To ensure that adequate funds are available to discharge the Parties' obligations under the Agreement, subject to Section 6, each Party will be required to pay Cash Calls for the creation of a trust fund for the costs of Decommissioning ("**Decommissioning Trust Fund**"), and the Parties shall contribute to the Decommissioning Trust Fund as required under this Section 4, Section 5, and Section 6.

4.2 Trustee

4.2.1 A suitably qualified independent trustee employed by a commercial financial institution having a long term debt rating of at least AA- by Standard & Poor's, Aa3 by Moody's Investors Service, or an equivalent rating by a successor entity to either agency will, subject to approval of the Operating Committee in accordance with Article 5, be the trustee of any Security and the Decommissioning Trust Fund ("**Trustee**").

4.2.2 In the event the Operating Committee fails to approve a Trustee by the required vote, then the proposed Trustee with the most support shall be appointed. If there is a tie, Operator shall select one of the Trustee candidates having the most support.

4.2.3 The Security documents and any cash received into the Decommissioning Trust Fund will be held by the Trustee for the benefit of each Party according to its net contributions. Operator shall promptly deposit the proceeds of each Trust Fund Cash Call into the Decommissioning Trust Fund. The Decommissioning Trust Fund shall be invested in a separate interest-bearing account with a commercial financial institution having a credit rating of at least A+ by Standard & Poor's or A1 by Moody's Investors Service.

4.3 Trust

The Trustee will be required to enter into trust agreements approved by the Operating Committee under which the Trustee will hold all capital (including all documents evidencing Security) and accrued interest in trust, to withdraw from the Decommissioning Trust Fund to pay all Decommissioning Costs. Interest accrued in the trust shall become part of the Decommissioning Trust Fund for the account of each Party in proportion to its share of the principal balance on the date the interest accrues.

4.4 Cash Calls for Decommissioning Costs

Operator will issue Cash Calls for Decommissioning Costs separately from other Cash Calls. If a Party has amounts available from the Decommissioning Trust Fund, Operator will apply those available funds to meet said Cash Call, and shall invoice the Trustee for such Party's Participating Interest share of the Cash Call, subject to Section 6. If there are insufficient funds standing to the credit of that Party in the Decommissioning Trust Fund to meet such Cash Call, then such Party shall pay the remaining amount of the Cash Call. If the Party fails to pay said Cash Call when due, then Operator shall take all steps necessary to realize any Security established by that Party under Section 6 for an amount up to the amount of such Cash Call.

4.5 Maintenance Requirement

4.5.1 Each Party shall continue to maintain funds in the Decommissioning Trust Fund and/or Security as necessary to satisfy the aggregate Cash Calls it has received under this Exhibit G, less any amounts drawn by the Trustee to pay Decommissioning Costs under Section 4.4, until the later of:

- (a) the time of completion of Decommissioning as set forth in the latest Decommissioning Work Program and Budget; and
- (b) the second anniversary of the End Date.

4.5.2 If Security provided by a Party ceases at any time before such date to meet the definition of Security, then within thirty (30) Business Days of such occurrence, such Party must either:

- (a) pay an amount in cash equivalent to the outstanding face value of such Security, plus interest that would have accrued in the Decommissioning Trust Fund had such Party paid all Trust Fund Cash Calls within fifteen (15) Days of receipt, to the Trustee for deposit in the Decommissioning Trust Fund; or
- (b) replace the defective Security with qualifying Security.

4.6 Surplus

If any funds remain for the account of any Party in the Decommissioning Trust Fund, or alternative Security is held for the account of any Party, at the later of the time of completion of Decommissioning as set forth in the latest Decommissioning Work Program and Budget and the second (2nd) anniversary of the End Date, the unused funds, including unused interest, shall be repaid, and the remaining Security released to the Party or Parties for whose account they are held.

4.7 Audit

The Decommissioning Trust Fund is subject to audit under the Accounting Procedure.

4.8 Trigger Date

4.8.1 The obligations of the Parties to commence paying Trust Fund Cash Calls (or provide adequate Security under Section 6 in lieu of such payments) shall commence on the "**Trigger Date**," being the first Day of the Calendar Year in

which the Net Value is less than or equal to 150% of the estimated Decommissioning Costs, discounted at the Agreed Interest Rate. Notwithstanding the foregoing, the Operating Committee may agree to separate Trigger Dates and/or separate determination methods for required contributions to the Decommissioning Trust Fund. If the Operating Committee so agrees, the provisions of Section 5 and Section 6 shall apply *mutatis mutandis* to the separate determination of the Trigger Dates and the required contributions to the Decommissioning Trust Fund, provided, that there shall only be a single Decommissioning Trust Fund.

4.8.2 The obligations of the Parties under Section 4, Section 5, and Section 6 shall, once the Trigger Date has occurred, remain in effect regardless of subsequent estimates.

4.9 Participating Areas

To the extent there are any Participating Areas wherein the Parties' Participating Interests differ from the Participating Interests of all Parties in the entire Contract Area, there shall be a separate Decommissioning Trust Fund for each such misaligned Participating Area. The provisions of this Exhibit G shall apply *mutatis mutandis* with respect to those Decommissioning Trust Fund(s) and Participating Area(s) as if the relevant Contract Area were the applicable Participating Area(s). All Participating Areas with aligned Participating Interests will share one Decommissioning Trust Fund.

SECTION 5 TRUST FUND CASH CALLS

5.1 Timing

From the Trigger Date, the Operator shall make bi-annual Cash Calls ("**Trust Fund Cash Calls**") to each Party for that Party's contribution to the Decommissioning Trust Fund for the relevant six (6) month period as follows:

5.1.1 One Trust Fund Cash Call shall be issued in March (or as soon as practicable thereafter) for the period 1 January until 30 June; and

5.1.2 One Trust Fund Cash Call shall be issued in September (or as soon as practicable thereafter) for the period 1 July until 31 December.

Each such Trust Fund Cash Call shall be supported by a statement showing the latest estimated Decommissioning Costs, the amount in the Decommissioning Trust Fund, and the projected amount of any overage or underage.

5.2 Calculation and Payment

5.2.1 The amount in U.S. Dollars due from each Party shall be calculated as follows:

- (a) for each relevant six (6) month period during the first eighty percent (80%) of the total number of months in the Field Run Down Period, an amount equal to:

$$\frac{((PI \times DC) - (DTF + S)) \times 6}{6}$$

Month

- (b) for each relevant six (6) month period in the final twenty percent (20%) of the total number of months in the Field Run Down Period, an amount equal to:

$$PI \times DC - (DTF + S)$$

where for the purposes of Sections 5.2.1(a) and (b) above,

- (1) PI = a Party's Participating Interest;
- (2) DC = Decommissioning Costs according to the latest Decommissioning Plan approved under Article 10.1;
- (3) DTF = The amount standing to the credit of that Party in the Decommissioning Trust Fund;
- (4) S = "Security" as defined in the Agreement and being held by the Trustee to the credit of that Party; and
- (5) Month = the remaining number of months in the first eighty percent (80%) of the Field Run Down Period.

5.2.2 The amount calculated in Section 5.2.1 shall be paid in full to the Decommissioning Trust Fund or Security for that amount provided to the Trustee, in each case within 30 Days of receipt of the statement from the Operator, or reimbursed by the Trustee from the Decommissioning Trust Fund, as the case may be.

SECTION 6 ADEQUATE SECURITY AS AN ALTERNATIVE

6.1 Provision of Security

6.1.1 In lieu of making a cash contribution to the Decommissioning Trust Fund, a Party may provide Security to the Trustee adequate to meet its Participating Interest share of Decommissioning Costs. Such Security must be provided at or before the date on which the relevant Trust Fund Cash Call becomes due for payment and must be for an amount that is greater than or equal to the total cumulative amount required to be in that Party's sub-account in the Decommissioning Trust Fund less the value of the Party's deposits in the sub-account, including any income and any realized or unrealized gains or losses on such deposits.

6.1.2 Each Party that provides Security under this Section 6 in lieu of making cash payments to the Decommissioning Trust Fund irrevocably authorizes the Trustee to draw on that Security: (a) and deposit the funds into the Decommissioning Trust Fund when that Party is in Default under Article 8; and (b) if, and to the extent that, such Party fails to pay to the Operator when due its share of a Cash Call for Decommissioning Costs. If that Party's obligations to contribute to the Decommissioning Costs are met in full by drawing on the

Security then that Party's failure to meet a Trust Fund Cash Call for Decommissioning Costs is not to be regarded as Default under Article 8.

- 6.1.3** If any Security provided under this Section 6 has a limited term, the Party providing it must renew or replace that Security at least thirty (30) Days prior to its date of expiry. If a Party fails to renew or replace an expiring Security at least thirty (30) Days prior to its date of expiry, the Trustee is authorized immediately to enforce that Security and pay all funds received to the credit of that Party's sub-account in the Decommissioning Trust Fund.
- 6.1.4** If for any reason a Security provided under this Section 6 ceases to meet the definition of Security under the Agreement, ceases to be adequate Security to meet the Party's Participating Interest share of Decommissioning Costs, or in any way becomes invalid or unenforceable ("**Defective Security**"), the Party providing that Defective Security must:
- (a) within fourteen (14) Days of becoming aware of that event replace that Defective Security with adequate Security or make a cash payment to the credit of the Decommissioning Trust Fund equal to the value of the Defective Security and otherwise comply with this Section 6; and
 - (b) promptly notify the Trustee and Operator of that event and the measures being taken to comply with the requirements of this Section 6.
- 6.1.5** The Trustee shall, promptly following the provision of any substitute adequate Security by a Party, procure the release of the Defective Security.

6.2 Change to Participating Interests

- 6.2.1** A Party that withdraws from the Agreement under Article 12 shall, as a condition of its withdrawal, provide adequate Security for its Participating Interest share of the last approved estimate of the Decommissioning Costs, less any amount standing to the credit of that Party in the Decommissioning Trust Fund, plus any amounts (or adequate Security therefor) approved by the Operating Committee for any difference between the amount of the latest approved estimate and the withdrawing Party's Participating Interest share of actual liability for Decommissioning Costs accrued at the effective date of withdrawal. The amount so provided or paid shall be held for the credit of those Parties that take over the withdrawing Party's Participating Interest. Following a withdrawal, if a withdrawn Party's Participating Interest share of Decommissioning Costs exceeds the amounts so provided or paid, based on the latest approved estimate of Decommissioning Costs, then the Parties taking over such Participating Interest share shall provide additional Security for such Participating Interest share of Decommissioning Costs in accordance with the terms of this Exhibit G in proportion to the Participating Interests assumed by such Parties.
- 6.2.2** Upon the Transfer by a Party of its Participating Interest to another party, unless and until that other party provides monies for its own sub-account in place of the monies standing to the credit of the transferring Party in the

Decommissioning Trust Fund in respect of the Participating Interest transferred or provides adequate Security to the value of the same, the Trustee is authorized to treat the monies or Security provided by the transferring Party in respect of the Participating Interest transferred as monies or Security held in favor of the transferee. Where adequate Security has been provided by a transferring Party and the transferee has not provided adequate Security in place of the transferring Party's Security, the Trustee is authorized to call on any Security provided by the transferring Party or the transferee upon the Transfer of Participating Interest as necessary to address any Cash Calls for Decommissioning Costs as they arise.

- 6.2.3** For the avoidance of doubt, where a Party acquires a share of a Defaulting Party's Participating Interest following the exercise of its Dilution Option or Buy-Out Option under Article 8, that Party shall become liable (and the Defaulting Party shall cease to be liable) to pay a portion of the contribution payable by the Defaulting Party (prior to the Assignment Date) under Section 5 that is attributable to the share of the Defaulting Party's Participating Interest which it acquired.

SECTION 7 DEFAULT

7.1 Consequences of Failure to Pay or Furnish Adequate Security

If any Party fails to pay a Trust Fund Cash Call without having provided alternative Security as specified in Section 6.1.1, or fails to provide renewal or replacement Security or make a cash payment, as applicable, as required by Sections 6.1.3 or 6.1.4, the failure shall for all purposes be treated as a Default under the Agreement.

7.2 Non-Compliance

Where any Party believes that the Security provided by any other Party does not comply at any time with the requirements of Section 6 or the Agreement, or has become a Defective Security, it may notify all Parties and state the reasons for the purported non-compliance. The Party whose Security is alleged to be non-compliant or a Defective Security must within thirty (30) Business Days either prove to the other Parties' reasonable satisfaction that its Security does comply with Section 6 and the Agreement and is not a Defective Security, or take the remedial actions required under Section 6.1.4 in the event of Defective Security. If the Dispute remains unresolved, the issue of adequacy/compliance of the Security provided may be submitted for decision by an expert under Article 17.3, and the requirement to take remedial actions will be deferred until a determination is made.

SECTION 8 ALTERNATIVE ARRANGEMENTS

8.1 Other Arrangements

If at any time the Parties unanimously agree that provision for Security for Decommissioning Costs would better be met by means of a joint assurance or other arrangement, then the provisions of this Exhibit G may be superseded by such arrangement.

8.2 Review

The Parties shall promptly meet to review this Exhibit G in good faith to decide whether changes acceptable to all the Parties should be put into effect if at any time (including before the Trigger Date) any Party gives notice to the other Parties that:

- 8.2.1** it considers the objectives of this Exhibit G can be met in a way that is more beneficial to the Parties, taking into account, inter alia, tax considerations; or
- 8.2.2** for any other reason the provisions of this Exhibit G do not result in adequate Security being provided for the meeting of all Decommissioning Costs.

****End of Exhibit****

Agreement

IN CONSIDERATION of the mutual premises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The rights, remedies and obligations among the Parties under this Agreement are subject to and burdened by the terms and conditions of the Operating Agreement, which is hereby incorporated by reference as if set forth in its entirety herein. All terms used herein but not otherwise defined shall have the meanings ascribed to them in the Operating Agreement.

2. The Leases and the Lands are subject to and burdened by the terms and conditions of the Agreements, and the Parties commit the Leases and the Lands to the performance thereof. All matters with respect to exploration and development of the Leases and the Lands and the ownership and transfer of the Leases and the Lands shall be governed by the terms and provisions of the Agreements. All costs and liabilities incurred in operations under the Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Leases and the Lands shall be owned by the Parties as provided in the Operating Agreement. Regardless of the record title ownership to the Leases and the Lands, all production of Unitized Substances from the Leases and the Lands shall be owned by the Parties as provided in the Operating Agreement.

3. Each Party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Leases and the Lands as provided in the Operating Agreement. Except as otherwise expressly provided in the Operating Agreement, any royalty, overriding royalty, production payment, net profits interest, or other burden payable out of production created after the date hereof shall be: (a) borne solely by the Party whose interest is burdened therewith; (b) subject to suspension if a Party is required to assign or relinquish to another party an interest which is subject to such burden; and (c) subject to the lien and security interest hereinafter provided if the Party subject to such burden fails to pay its share of expenses chargeable under the Agreements pursuant to the terms and conditions of the Agreements.

4. The rights and obligations of the Parties and the adjustment of interests among them in the event of a failure or loss of title, each Party's right to propose operations, obligations with respect to participation in operations on the Lands, and the consequences of a failure to participate in operations, the rights and obligations of the Parties regarding the marketing of production, and the rights and remedies of the Parties for failure to comply with financial obligations shall be as provided in the Agreements.

5. The entire amount of obligations and indebtedness of each Party under the Operating Agreement is secured hereby without limitation. The Parties hereby grant reciprocal liens and security interests as follows:

(a) In addition to any other security rights and remedies provided by Law, and as security for the payment of all sums due under the Operating Agreement and this Agreement, each Party grants to the other Parties a first and prior lien on such Party's Working Interest, and a first and prior security interest on such Party's Other Collateral, as defined below, said lien and security interest being conveyed and granted to secure payment of said Party's share of Costs

(including any undistributed payments by Operator under this Agreement of any rentals, minimum royalties or royalties on behalf of such Party), whether incurred heretofore or hereafter. “**Other Collateral**” that is subject to the security interests specified in this Agreement shall include: (i) such Party’s share of all Unitized Substances when extracted; (ii) such Party’s interest in all equipment that is Joint Property, whether acquired heretofore or hereafter; (iii) such Party’s interest in all other personal property that is used for Operations and is now or hereafter in the Operator’s possession or control; and (iv) all proceeds from sale or other disposition of all or any part of said share of Unitized Substances or said interest in equipment or other personal property that is Joint Property.

(b) Except with respect to Permitted Encumbrances, each Party represents and warrants to the other Parties that the lien and security interest granted by such Party to the other Parties shall be a first and prior lien, and each Party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in the Leases and the Lands by, through or under such Party. All parties acquiring an interest in the Leases and the Lands, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by the Operating Agreement and this Agreement as to all obligations attributable to such interest under the Operating Agreement and this Agreement whether or not such obligations arise before or after such interest is acquired.

(c) To the extent that the Parties have a security interest under the Uniform Commercial Code (the “**Code**”) of the state of Alaska, the Parties shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a Party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon the occurrence and continuance of a Default by any Party in the payment of its share of expenses, interest or fees, or any other financial obligations under the Operating Agreement, the other Parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Defaulting Party’s share of Unitized Substances until the amount owed by such Party, plus interest as provided in the Operating Agreement, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such Defaulting Party’s share of Unitized Substances. All purchasers of production may rely on a written notification of Default from the Non-Defaulting Party or Parties stating the amount due as a result of the Default, and all Parties waive any recourse available against purchasers for releasing production proceeds as provided in this subsection 5(c).

(d) If any Party fails to pay its share of expenses in accordance with the terms and conditions of the Operating Agreement, any amounts paid by the Non-Defaulting Parties to cover the unpaid amount shall be secured by the liens and security rights described in this Section 5 and in the Operating Agreement, and each paying Party may independently pursue any remedy available under the Agreements or otherwise.

(e) If any Party does not perform all of its obligations under this Agreement and the Operating Agreement, and the failure to perform subjects such Party to foreclosure or execution proceedings pursuant to the provisions of this Agreement or the Operating Agreement, to the extent allowed by governing law, the Defaulting Party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the

mortgaged or secured property prior to sale, any available right to stay execution or to require a marshalling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each Party hereby grants to the other Parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

(f) The lien and security interest granted hereunder supplement any identical rights granted under the Operating Agreement.

(g) Each Party agrees that the other Parties shall be entitled to utilize the provisions of mechanics' or materialmen's liens, oil and gas lien law, or other lien law of Alaska to secure the payment of any sum or enforce the obligations of each Party hereunder and under the Operating Agreement.

(h) To perfect the lien and security interests provided herein, either Party may, and is hereby authorized to, file this Agreement, any financing statements, and such other documents as it deems reasonably necessary in the land records in the Borough in which the Leases and the Lands are located, and may file a financing statement in all recording offices required under the Code or other applicable state statutes to perfect the above-described security interests. Either Party may, and is hereby authorized to, file a continuation statement as necessary under the Code, or other state laws.

6. The assignee of any interest in any of the Leases or the Lands shall be deemed a party to this Agreement and the Operating Agreement as to the interest assigned from and after such transfer of ownership. The lien and security interest granted herein and in the Operating Agreement shall continue to burden the interest transferred to secure payment of any such obligations.

7. The terms and conditions of this Agreement shall automatically burden and apply to any and all extensions or renewals of any of the Leases, or any portion thereof.

8. Upon expiration of the Operating Agreement and the satisfaction of all obligations and indebtedness established thereunder, on behalf of all parties to the Operating Agreement, the Operator shall promptly file of record an appropriate release and termination of all security and other rights created under the Operating Agreement and this Agreement. Upon the filing of such release and termination instrument, all benefits and obligations under this Agreement shall terminate as to all Parties with respect to the expired Operating Agreement.

9. A party having an interest in the Leases and the Lands may ratify this Agreement by execution and delivery of an instrument of ratification, adopting and entering into this Agreement, and such ratification shall have the same effect as if the ratifying party had executed this Agreement or a counterpart thereof. By execution or ratification of this Agreement, such party hereby consents to its ratification and adoption by any party who acquires or may acquire any interest in the Leases and the Lands.

10. This Agreement shall be binding upon and shall inure to the benefit of the Parties, and their respective permitted successors and assigns. This Agreement and the terms, conditions

and covenants hereof shall be deemed to be covenants running with the Lands, and a burden upon each Party's interest in the Leases and the Lands, for the benefit of the other Parties' interests in the Leases and the Lands. If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

11. All references in this Agreement to Exhibits, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. The word "including" (in its various forms) means including without limitation.

12. The Parties shall use their commercially reasonable efforts in good faith to execute all documents and take all other action reasonably necessary to consummate the transactions contemplated by the Agreements.

13. This Agreement and any ratification hereof may be executed in counterparts, and each counterpart shall be deemed to be an original, but all of which shall be deemed to be one agreement so long as each Party has executed a counterpart. Delivery of an executed counterpart signature page by electronic transmittal (PDF) is as effective as executing and delivering this Agreement in the presence of other Parties to this Agreement.

[Signature page follows.]

AFTER RECORDING RETURN TO:

[●]

EXHIBIT I

ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT OPERATING AGREEMENT,
BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND REPSOL E&P USA LLC

FORM OF ASSIGNMENT

ASSIGNMENT AND BILL OF SALE

STATE OF ALASKA §
§
BARROW RECORDING DISTRICT §

This Assignment and Bill of Sale (this “**Assignment**”), dated effective as of [●] (the “**Effective Date**”), is made by and between [●], a [●] whose address is [●] (“**Assignor**”), and [●], a [●] whose address is [●] (“**Assignee**”). The foregoing are sometimes herein referred to individually as a “**Party**” and collectively as the “**Parties**.”

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment. Assignor hereby transfers, assigns, and conveys to Assignee all of Assignor’s right, title, and interest in and to, and otherwise associated with, the following described assets (the “**Assets**”):

(a) The oil and gas leases described on Exhibit A attached hereto and all of the lands covered by such leases (the “**Leases**”); and

(b) a corresponding interest in and to (i) any Joint Property relating to the Leases and (ii) any other agreements burdening the Leases.

TO HAVE AND TO HOLD the Assets, together with all rights, titles, interests, estates, remedies, powers, privileges, and appurtenances in any way appertaining or belonging thereto, unto Assignee, and its successors and assigns, forever, subject to the terms of this Assignment and the HSUOA.

2. Special Warranty of Title. This Assignment is made, executed, and delivered without any covenant or warranty of title, either express, implied, statutory, or otherwise, except that Assignor warrants and agrees to forever defend defensible title to the Leases unto Assignee and its successors and assigns, from and against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through, or under Assignor or its Affiliates, but not otherwise (the “**Special Warranty**”). Assignee shall have the right of substitution and subrogation in and to any and all rights and actions of warranty which Assignor may have against any and all preceding owners or vendors of the Assets, to the extent Assignor may legally transfer such rights.

3. Assumed Obligations. Assignee hereby assumes and agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, and discharged) all duties, obligations, and liabilities arising [from and after the Effective Date] with respect to the ownership, operation, or use of the Assets pursuant to the terms and conditions of the Leases, the HSUOA, and this Assignment, and Assignor hereby accepts such assumption.

4. Disclaimer of Warranties. EXCEPT AS AND TO THE EXTENT EXPRESSLY REPRESENTED OTHERWISE IN THE HSUOA OR ASSIGNOR’S SPECIAL WARRANTY SET FORTH IN THIS ASSIGNMENT, ASSIGNOR DOES NOT MAKE, ASSIGNOR EXPRESSLY DISCLAIMS, AND ASSIGNEE WAIVES AND REPRESENTS AND WARRANTS THAT ASSIGNEE HAS NOT RELIED ON:

(a) ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY, OR IMPLIED, NOT EXPRESSLY SET FORTH IN THIS ASSIGNMENT, THE HSUOA, OR ANY OTHER INSTRUMENT OR AGREEMENT DELIVERED IN CONNECTION HEREWITH OR THEREWITH;

(b) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OR ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY ASSIGNEE THAT, SUBJECT TO ASSIGNEE’S EXPRESS RIGHTS AND REMEDIES IN ARTICLE 8 AND ARTICLE 12 OF THE HSUOA, THE ASSETS ARE BEING TRANSFERRED “AS IS, WHERE IS,” WITH ALL FAULTS AND DEFECTS, AND THAT ASSIGNEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS ASSIGNEE DEEMS APPROPRIATE; OR

(c) ANY OBLIGATION OR DUTY BY ASSIGNOR OR ANY OF ASSIGNOR’S REPRESENTATIVES TO MAKE ANY DISCLOSURES OF FACT NOT REQUIRED TO BE DISCLOSED PURSUANT TO THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THE HSUOA.

5. Horseshoe Unit Operating Agreement. This Assignment is made subject to the terms and conditions of the Horseshoe Unit Operating Agreement, dated October 1, 2021, made by and between Assignor and Assignee (the “**HSUOA**”), which shall survive the execution and delivery of this Assignment as provided therein. Any term not otherwise herein defined shall have the meaning given such term in the HSUOA. Nothing in this Assignment shall supersede, enlarge,

diminish, waive, or modify any term of the HSUOA or of the other documents contemplated therein. Should there be any conflict between the terms and provisions of this Assignment and the HSUOA, the terms and provisions of the HSUOA shall prevail.

6. Further Assurances. The Parties agree to take such further actions and to execute, acknowledge, and deliver all such further documents as are reasonably requested by the other Party for carrying out the purposes of this Assignment.

7. Governmental Forms. Assignor and Assignee may execute separate governmental form assignments of the Assets, if required by applicable law, on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Any such separate assignments (a) shall evidence this Assignment and assignment of the applicable Assets herein made and shall not constitute any additional assignment of the Assets, and (b) are not intended to modify, and shall not modify, any of the terms, covenants, conditions, or limitations on warranties set forth in this Assignment or the HSUOA and are not intended to create, and shall not create, any representations, warranties, or additional covenants of or by Assignor or Assignee.

8. Successors and Assigns. This Assignment and its covenants shall inure to the benefit of, and be binding upon the successors and permitted assigns of Assignor and Assignee.

9. No Third Party Beneficiaries. Except as set forth in Section 8 above, nothing in this Assignment shall entitle any Person other than Assignor and Assignee to any claim, cause of action, remedy, or right of any kind.

10. Miscellaneous. The following provisions of the HSUOA shall apply (and be incorporated herein) mutatis mutandis to this Assignment: Sections 1 (Definitions and Interpretation), 17.1 (Applicable Law and Forum), 17.2 (Dispute Resolution), 25.8 (Severance of Invalid Provisions), 25.9 (Counterpart Execution), and 25.10 (Entirety and Modifications).

11. Limitation on Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY, NONE OF ASSIGNOR, ASSIGNEE, OR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE ENTITLED TO CONSEQUENTIAL, SPECIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES IN CONNECTION WITH THIS ASSIGNMENT AND, EXCEPT AS OTHERWISE PROVIDED IN THIS SENTENCE, EACH OF ASSIGNOR AND ASSIGNEE, FOR ITSELF AND ON BEHALF OF ITS AFFILIATES, HEREBY EXPRESSLY WAIVES ANY RIGHT TO CONSEQUENTIAL, SPECIAL, INDIRECT, PUNITIVE, OR EXEMPLARY DAMAGES IN CONNECTION WITH THIS ASSIGNMENT; PROVIDED, HOWEVER, THAT, FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS SECTION 11 EXTENDS TO THE HSUOA.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date of their acknowledgements below, to be effective as of the Effective Date.

ASSIGNOR:

[●]

By:
Name:
Title:

ACKNOWLEDGMENT

STATE OF [_____] §
 §
COUNTY OF _____ §

Be it known, that on this _____ day of _____, [●], before me, the undersigned authority, personally came and appeared _____, to me personally known, who, being by me duly sworn, did depose and say that **[she/he]** is the _____ of [●], a [●], and that the foregoing instrument was signed on behalf of said [●] with due authorization and said appearer acknowledged same as the free act and deed of said [●].

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public in and for the State of [_____]

ASSIGNEE:

[●]

By:
Name:
Title:

ACKNOWLEDGMENT

STATE OF [_____] §
 §
COUNTY OF [_____] §

Be it known, that on this ____ day of _____, [●], before me, the undersigned authority, personally came and appeared _____, to me personally known, who, being by me duly sworn, did depose and say that **[she/he]** is the _____ of [●], a [●], and that the foregoing instrument was signed on behalf of said [●] with due authorization and said appearer acknowledged same as the free act and deed of said [●].

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public in and for the State of [_____]

Exhibit J

ATTACHED TO AND MADE A PART OF THAT CERTAIN HORSESHOE UNIT
OPERATING AGREEMENT, BY AND BETWEEN OIL SEARCH (ALASKA), LLC AND
REPSOL E&P USA LLC

HSSE POLICY STATEMENT

Attached.

Health, Safety, Environment & Security Policy

Operator is committed to achieving incident free operations through the provision of effective Health, Safety, Environmental and Security (HSES) Management across all of its operations and worksites for the benefit of employees, contractors and the community.

Operator is committed to:

- Promoting HSES objectives, leadership, responsibilities and behavior as an integral part of the duties of management and all employees;
- Complying with applicable laws and other obligations and requirements that the company subscribes to, and where adequate laws do not exist, adopting and applying standards that reflect Operator's commitment to HSES outlined in this policy;
- Reporting and evaluating risks, threats, hazards and impacts to company operations that have the potential to adversely affect the environment or the health and safety of employees, contractors or the community;
- Implementing appropriate control and contingency measures to prevent pollution and minimize and manage these risks, threats, hazards and impacts to an acceptable level;
- Establishing and ensuring that standards are followed and effective practices promoted to ensure that the environment, people, property and information are protected from harm;
- Selecting and engaging contractors whose management systems are acceptable to Operator and whose commitment to this policy is clearly and continuously demonstrated;
- Providing competent human resources to manage relevant aspects of health, safety, environment or security;
- Communicating openly with all stakeholders on HSES related issues;
- Providing training, instruction and supervision to personnel to enable them to attain the knowledge and skill levels necessary to perform their work incident free;
- Maintaining appropriate contingency arrangements;
- Continually monitoring, reviewing and improving HSES performance and associated management systems so that our activities can continue without interruption; and
- Ensuring that oversight of accident, incident and near miss investigations is assumed by the appropriate executive manager and that those investigations are conducted to a level of detail that is appropriate to the event's actual and potential severity.

Every employee and contractor working for Operator has a responsibility to promote a culture whereby their actions and those of their colleagues are consistent with this Policy.

UNIT AGREEMENT
HORSESHOE UNIT
STATE OF ALASKA

HORSESHOE UNIT AGREEMENT

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HORSESHOE UNIT AGREEMENT

RECITALS

The Working Interest Owner parties to this Agreement, Oil Search (Alaska), LLC, and Repsol E&P USA LLC are owners of interests in the oil and gas leases subject to this Agreement.

The Naval Petroleum Reserves Production Act of 1976, as amended (42 U.S.C. §§ 6501-6508), and 43 CFR Part 3130 authorize Federal National Petroleum Reserve Alaska (“NPR-A”) lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit plan of development or operations of any oil and gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest.

Pursuant to Section 347 of the Energy Policy Act of 2005 (42 U.S.C. §6506a), in determining whether a unit application is necessary or advisable in the public interest, the Secretary of Interior shall consult with and provide opportunities for participation by the State of Alaska (“State”), with respect to the creation or expansion of units that include acreage in which the State has an interest in the subsurface estate.

The Commissioner of the Alaska Department of Natural Resources has the authority to approve unitization of State leases under AS 38.05.180(p).

The parties hereto hold sufficient interests in the Unit Area covering the land hereinafter described to give reasonably effective control of operations therein.

It is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this Agreement under the terms, conditions, and limitations herein set forth.

AGREEMENT

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

ARTICLE 1 Definitions

1.1 Alaska Oil and Gas Conservation Commission (“AOGCC”) means the independent quasi-judicial agency of the State of Alaska established by the Alaska Oil and Gas Conservation Act, AS 31.05.

1.2 Authorized Officer means the State Director Alaska, of the Bureau of Land Management, U.S. Department of the Interior (BLM), or his designees, authorized and empowered to regulate and approve unit operations.

1.3 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.

1.4 Effective Date means the time and date this Agreement becomes effective as provided in Section 14.1.

1.5 Force Majeure means wars, riots, acts of God, or any other cause beyond Unit Operator's reasonable ability to foresee or control including, but not limited to, in whole or in part, strikes; physical events such as landslides, lightning, earthquakes, fires, unusually severe weather, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, wars, terrorist acts, epidemics, pandemics, quarantine, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; weather related events affecting an entire geographic region; Federal, state, municipal, corporation law or agencies; third party approvals; breakdown, interruption, malfunction, loss or failure of any third-party utility, transportation, communication, computer (hardware or software), web or internet service, equipment, system or facilities, cyber-attack or computer virus, unavoidable accidents; uncontrollable delays in transportation; inability to obtain necessary materials or equipment in the open market; or other matters beyond the reasonable control of the Unit Operator, whether similar to matters herein enumerated or not.

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 a Participating Area by the Unit Operator and, with the approval of the Proper Authority, injected into a separate Participating Area in the Unit Area.

1.8 Participating Area means all or parts of Unit Tracts described and designated as a Participating Area under Article 9 of 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 and the Unit Operating Agreement for or on account of Unit Operations in a Participating Area and allocated solely to the Unit Tracts or parts of 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, even if drilling and equipment costs may never be repaid and the undertaking considered as a whole may ultimately result in a loss. Quantities are insufficient to

yield a return in excess of operating costs unless they will produce sufficient revenue, not considering transportation and marketing, to induce a prudent operator to produce them.

1.11 Proper Authority means, depending upon the context, the party having jurisdiction, which, unless otherwise specified, shall generally be:

- (a) the Authorized Officer, if only federally-managed land is directly implicated;
- (b) the Commissioner, if only State-managed land is directly implicated; and
- (c) both the Authorized Officer and the Commissioner if both Federal and State-managed land is implicated.

1.12 Reservoir means 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 pressure communication with any other oil and gas accumulation.

1.13 Royalty Interest means a right to or interest in any portion of, or the proceeds or value of the Unitized Substances other than a Working Interest.

1.14 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.

1.15 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, excluding temporary production for initial testing or evaluation purposes.

1.16 Unit Area means the lands subject to this Agreement and described in Exhibit A and B to this Agreement.

1.17 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.

1.18 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.

1.19 Unit Operating Agreement means any and all agreements entered into by the Unit Operator and the Working Interest Owners, as set forth in Article 7 of this Agreement.

1.20 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.

1.21 Unit Operator means the party designated by the Working Interest Owners and approved by the Authorized Officer and the Commissioner under this Agreement to conduct Unit Operations within the Unit Area.

1.22 Unit Plan means a unit plan of exploration, unit plan of development, or unit plan of operations as described in Article 8 of this Agreement, that includes initial development obligations or continuing development obligations.

1.23 Unit Tract means each separate parcel which is described in Exhibit A and given a Unit Tract number.

1.24 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.

1.25 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. Outside Substances (other than water) injected into a Reservoir shall be deemed to be Unitized Substances when produced from the Unit Area, except to the extent that such substances are deemed or considered to be Outside Substances pursuant to Section 10.4.

1.26 Working Interest means an interest in lands by virtue of a lease, operating agreement, fee title 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.

1.27 Working Interest Owner means a party who owns a Working Interest.

ARTICLE 2 Exhibits

2.1 The following Exhibits are to be attached to and made a part of this Agreement. At the time of approval of this Agreement, only Exhibits A, B and E 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, including the Unit Tract numbers, legal descriptions, lease numbers (both Federal and State), the Working Interest ownership in each Unit Tract, and shows the royalty 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 identified by Unit Tract number and lease number.

2.4 Exhibit C is a schedule that identifies and describes a Participating Area established under this Agreement, including Unit Tract numbers, legal descriptions, lease numbers (both Federal and State), the Working Interest ownership, the royalty rates applicable to the Unit Tract, and the percentage of Unitized Substances allocated to each Unit Tract within the Participating Area ("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 Authorized Officer and

Commissioner within thirty (30) days of approval of any division of interest or allocation formula affecting or revising Tract Participations.

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 the Unit Plan for the Unit. Subsequent Unit Plans are part of this Agreement, but do not need to be labelled as a revised Exhibit E or submitted as an amendment to this Agreement.

2.7 Exhibit F shall be required only if the Unit is later expanded to include a net profit share lease. Exhibit F is a schedule that identifies and describes the allocation of Participating Area Expense to each Unit Tract in each Participating Area established under this Agreement. Separate Exhibits must be prepared for each separate Participating Area established in the Unit Area that includes a net profit share lease.

2.8 Exhibit G shall be required only if the Unit is later expanded to include a net profit share lease. Exhibit G is a schedule that identifies and describes the allocation of Unit Expense to each Unit Tract in the Unit Area.

2.9 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 Proper Authority 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 Bureau of Land Management, Alaska State Office, Anchorage, Alaska.

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 Unit Plan 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 lease is committed to this Agreement, the commitment constitutes a severance of the lease as to the unitized and non-unitized 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 or production of Unitized Substances from the Unit Area, or by suspension approved or ordered for the Unit by the Authorized Officer or Commissioner under applicable 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 of Unitized Substances 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 modified to the extent necessary to conform to the 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 any lease subject to this Agreement 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 All Unit Equipment and any other lease and well equipment, materials, and other facilities placed by the Unit Operator or any other 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 Unit Operator or Working Interest Owner owning same. 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 Authorized Officer, 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. All data and information provided to the Authorized Officer, the Commissioner, or the Alaska Oil and Gas Conservation Commission, when requested in writing and appropriately identified as confidential, shall be protected from disclosure pursuant to governing law and regulations.

ARTICLE 4 Designation of Unit Operator

4.1 Oil Search (Alaska), LLC is hereby designated as the Unit Operator and accepts the rights, duties 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, including but not limited to Section 7.4, and subject to the terms and conditions of Unit 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. The Unit Operator shall notify the other Working Interest Owners, the Authorized Officer and Commissioner of all actions taken by the Unit Operator under this Agreement.

ARTICLE 5 Resignation or Removal of Unit Operator

5.1 The Unit Operator may resign at any time, but the resignation is not effective until the Authorized Officer and Commissioner approve a successor Unit Operator.

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 Authorized Officer, the Commissioner and the Unit Operator, and until the Authorized Officer 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 that accrued before the effective date of its resignation or removal.

5.4 The resignation or removal of the Unit Operator shall not terminate its rights, title, or interest as the owner of a Working Interest or other interest in the Unit Area. Any termination of such 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 Unit Equipment, 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. A proposed successor Unit Operator shall accept all rights, duties, and obligations of a Unit Operator in writing before it will be considered for approval by the Authorized Officer and Commissioner.

6.2 If no successor Unit Operator is designated within sixty (60) days following notice to the Authorized Officer and the Commissioner of the resignation or removal of Unit Operator, the Authorized Officer 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 that describes how all costs and liabilities incurred in maintaining or conducting operations pursuant to this Agreement shall be apportioned and assumed among the Working Interest Owners. 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 production of Unitized Substances or other unit benefits set forth in the Unit Operating Agreement will not be binding on the State or the BLM for the purposes of determination or settlement of State or Federal royalties. Allocations of Unitized Substances for the purpose of determination or settlement of State or Federal royalties shall be based on Exhibit C of this Agreement and must be approved by the Authorized Officer and 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. Solely as between and among the Working Interest Owners, the terms of the Unit Operating Agreement will prevail in case of any conflict with any term of this Agreement.

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, provided such activities are conducted under an approved permit to drill, a plan approved under Article 8 of this Agreement and in accordance with applicable statutes and regulations. 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 referenced in Section 7.1 shall be provided to the Authorized Officer and Commissioner when this Agreement is submitted to the Authorized Officer and Commissioner for approval. The copy of the Unit Operating Agreement filed with the Authorized Officer and the Commissioner shall be for informational purposes only. The Unit Operating Agreement shall not be deemed to be approved by the State's or BLM'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 Authorized Officer and the Commissioner at least thirty (30) days prior to their effective dates.

ARTICLE 8

Unit Plans of Operations, Exploration and Development

8.1 A Unit Plan shall be submitted for approval by the Authorized Officer and the Commissioner at the time this Agreement is filed. No exploration, development or production activities may be commenced or conducted on the Unit Area except in accordance with an approved Unit Plan.

8.2 A Unit Plan must meet the requirements of 11 AAC 83.341, 11 AAC 83.343 or 11 AAC 83.346 and provide for initial development obligations pursuant to 43 CFR §3137.40, or continuing development obligations pursuant to 43 CFR §3137.41.

8.3 A Unit Plan shall be updated and submitted for approval as provided in 11 AAC 83.341, 11 AAC 83.343 or 11 AAC 83.346 and 43 CFR §3137.71. The Unit Operator shall notify the Authorized Officer that it has met initial development obligations no later than 60 days after meeting the obligations. No later than 90 days after Authorized Officer approval of a Unit Plan containing continuing development obligations, the Unit Operator must certify to the BLM that operations meeting the continuing development obligations have begun.

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 and the Federal Government will be made jointly by the Authorized Officer and the Commissioner.

8.5 Unit Plan activities affecting Unit Tracts or Reservoirs entirely within either State- or BLM managed land shall require only the approval of the Proper Authority. If the Authorized Officer and the Commissioner cannot agree whether to approve any proposed Unit Plan, other than the initial Unit Plan, then in each such event the Authorized Officer and the Commissioner shall approve the portion or portions, if any, of such proposed Unit Plan or amendment thereof that:

- a) are not directly involved in such dispute;
- b) are not disapproved by both the Authorized Officer and the Commissioner; and
- c) are not disapproved by regulatory action.

The portions or portions approved hereunder shall constitute the approved Unit Plan.

8.6 Approved Unit Plans, including any updates or amendments, are part of this Agreement.

8.7 The Proper Authority, after giving written notice to the Unit Operator and an opportunity to be heard, may require the Unit Operator to modify the rate of prospecting and development or the quantity and rate of production from the Unit Area. Any modification required by the Proper Authority 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 Proper Authority as part of a Unit Plan of operation or development. Additionally, any injection of Outside Substances into a Reservoir underlying or partially underlying lands within the State or a Reservoir subject to the jurisdiction of the Alaska Oil and Gas Conservation Commission must also be approved by the Alaska Oil and Gas Conservation Commission.

8.10 Before beginning Unit Operations on or in the Unit Area, the Unit Operator must obtain approval of its Unit Plan of Operations and any other required state, federal, or local permits and approvals. A Unit Plan of Operations must meet the requirements of 11 AAC 83.346 and be consistent with the mitigation measures set forth in the most recent state areawide lease sale best interest finding for the region that includes the Unit Area as of the time the plan of operations is submitted that are not inconsistent with the terms of sale under which the Lease was obtained, with the terms of the Lease itself or which would deprive the Working Interest Owners of reasonable use of the leasehold interest. An amendment to a plan of operations must be consistent with the mitigation measures in the most recent state areawide lease sale best interest finding as of the time of the amendment submittal that are not inconsistent with the terms of sale under which the Lease was obtained, with the terms of the Lease itself or which would deprive the Working Interest Owners of reasonable use of the leasehold interest.

8.11 The Unit Operator will maintain an approved Unit Plan at all times. Failure to do so is cause for default.

8.12 The Commissioner, at the time a Unit Plan is approved, may, where facts and circumstances necessitate, require that the Unit Operator provide performance guarantee surety bonds or other mechanisms approved by the Commissioner, which are adequate in the determination of the Commissioner to protect the Unit Area and the State's interest.

8.13 The Unit Operator may explore, develop, or produce in the Unit Area only in accordance with an approved Unit Plan. Failure to comply with an approved Unit Plan is cause for default.

8.14 If production from a Participating Area, but not the Unit Area as a whole, ceases and is not resumed within six months, then within 120 days, the Unit Operator will submit a plan of operations amendment that sets forth a rehabilitation plan for that Participating Area. The rehabilitation plan may address any continued use of improvements in the Participating Area for Unit Operations.

8.15 Sustained Unit Production will be maintained. If production should cease, the Unit Operator will progress diligent Unit Operations to restore Sustained Unit Production with lapses of no more than six months. The lapse may be longer if a suspension of operations or production has been ordered or approved by the Proper Authority. An unapproved lapse in Sustained Unit Production of more than six months is cause for default.

ARTICLE 9 Participating Areas

9.1 No later than ninety (90) days prior to Sustained Unit Production from a Reservoir in the Unit Area, the Unit Operator shall submit to the Proper Authority for approval a description of the proposed Participating Area.

9.1.1 If the Reservoir into which a unit well capable of producing hydrocarbons in Paying Quantities is drilled lies completely under lands owned by the State, the application for a Participating Area or any revision to the Participating Area for a Reservoir involving only lands owned by the State shall be made to the Commissioner. If the Reservoir into which a unit well 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 the Participating Area for a Reservoir involving only lands owned by the Federal government shall be made to the Authorized Officer. If the Reservoir into which a unit well capable of producing hydrocarbons in Paying Quantities is drilled lies under both State and Federal lands, the application for a Participating Area or any revision to a Participating Area for a Reservoir involving both State and Federal lands shall be made to both the Authorized Officer and the Commissioner.

9.1.2 Prior to the submission of an application to either the Authorized Officer, or the Commissioner, but not both, as set out in Section 9.1.1, the Unit Operator must make a showing to the Authorized Officer and the Commissioner that the Reservoir underlies either State or Federally owned lands, but not both. Both the Authorized Officer 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 Authorized Officer, but not both.

9.1.3 The effective date of a Participating Area will be no later than the date of first Sustained Unit Production from that Participating Area.

9.2 The Unit Operator also shall submit to the Proper Authority 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 Proper Authority the area described in Exhibits C and D constitutes a Participating Area.

9.4 A Participating Area shall include only the land reasonably 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 Proper Authority as prescribed below. If both Reservoirs lie completely under lands owned by the State, the application for a combined Participating Area or any revision to a Participating Area involving only lands owned by the State 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 a Participating Area involving only lands owned by the Federal government shall be made to the Authorized Officer. If one or both Reservoirs lie under State and Federal lands, the application for a combined Participating Area or any revision to the combined Participating Area shall be made to both the Authorized Officer and the Commissioner.

9.6 The Unit Operator, at its own election or at the direction of the Proper Authority shall submit an application for approval by the Proper Authority 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 Proper Authority as provided in Sections 9.1.1 and 9.5, depending upon the land ownership overlaying the Reservoir(s). Before any directed expansion or contraction of the Participating Area is implemented, the Proper Authority 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 estimated 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 Authorized Officer and the Commissioner. A revision of a Participating Area becomes effective as of the first day of the month following the month in which the revision receives necessary approvals. New exhibits showing new Tracts, Tract Participation and boundaries by Tract based on the decisions of the Authorized Officer and the Commissioner shall be filed with the Authorized Officer 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 If the Working Interest Owners are unable to agree on the fair, reasonable and equitable allocation of production, such allocation will be prescribed by (1) the Authorized Officer, if only leases on Federal lands are included in the Participating Area, (2) the Commissioner if only leases on State lands are included in the Participating Area, or (3) the Authorized Officer and the Commissioner, if both Federal and State lands are included in the Participating Area.

ARTICLE 10
Allocation of Production

10.1 For the purpose of allocating Unitized Substances for determination of royalty payments under this Agreement, Unitized Substances saved, removed, or sold from a Participating Area shall be allocated to each Unit Tract in the Participating Area based upon reservoir properties that take into account volume of Unitized Substances present prior to first production, reservoir heterogeneity, and variation in producibility. The Unitized Substances saved, removed or sold from a Participating Area shall be allocated as described in Exhibit C regardless of where any well is drilled in the Participating Area. The amount of Unitized Substances allocated to each Unit Tract will be deemed for all purposes to have been produced from that Unit Tract regardless whether the amount is more or less than the actual production of Unitized Substances from the Unit Tract, if any. The allocation formula set forth in Exhibit C will be approved by the Proper Authority when a Participating Area is approved as provided in Article 9.

10.2 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. 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 Tract Participation. Unitized Substances shall be allocated to and each Working Interest Owner in a Unit Tract shall pay royalty for each Unit Tract in proportion to each Working Interest Owner's ownership in the Working Interests in that Unit Tract.

10.3 For each Participating Area, the Working Interest Owners may allocate Unitized Substances, Participating Area Expense, and Unit Expense solely as among themselves in amounts other than those set out in Exhibit C, and Exhibits F and G if necessary, provided that such allocation will not be effective for the determination and payment of royalty. Any allocation that is different than the allocations provided in Exhibit C, and Exhibits F and G if necessary, must be promptly submitted for information to the Proper Authority with a statement explaining the reason for the different allocation.

10.4 Prior to the injection of Outside Substances into any Reservoir within the Unit Area, the Working Interest Owners and the Proper Authority 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 for which royalty has already been paid or as provided in Section 10.5. If more than one type of Outside Substance is injected at any time, the Working Interest Owners and the Proper Authority 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.

10.5 No royalty, production, or other profit-based payments shall be due or payable for the proportion of Unitized Substances used in the Unit Area for development and production including Unitized Substances produced from one Participating Area used for repressuring, recycling or enhanced recovery purposes in another Participating Area or unavoidably lost. Gas that is flared for any reason other than safety purposes as allowed by the Alaska Oil and Gas Conservation Commission shall not be deemed to be unavoidably lost.

ARTICLE 11
Federal Leases, Rentals and Royalties

11.1 The United States shall be entitled to take in kind its share of the Unitized Substances, and the Unit Operator shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. For production allocated to federal land, settlement for royalty interest not taken in kind shall be made under existing contracts, laws, and regulations on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing in this Article 11 shall operate to relieve the responsible lessees from their respective lease obligations for the payment of any royalties due under their leases.

11.2 Royalty due the United States shall be computed as provided in 30 CFR Group 200 and paid in value or delivered in kind as to all Unitized Substances on the basis of the amounts thereof allocated to unitized Federal land within the Unit Area at the rates specified in the respective Federal leases, or at such other rate or rates as may be authorized by law or regulation and approved by the Authorized Officer; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations (43 CFR §3160) as though each Participating Area were a single consolidated lease.

11.3 The Unit Operator will submit a gas management agreement for the approval of the Authorized Officer at least six (6) months prior to production of Unitized Substances or injection of Outside Substances. This gas management agreement will describe how Unitized Substances will be produced, handled, transported, treated, and measured and the method of determining the volume of oil and gas subject to royalty.

11.4 Rental or minimum royalties due on leases committed hereto shall be paid by the appropriate parties under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective obligations for the payment of any rental or minimum royalty due under their leases. Rental or minimum royalty for Federal lands subject to this Agreement shall be paid at the rate specified in the respective Federal leases unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or the duly authorized representative.

ARTICLE 12
State Leases and Royalties Payments

12.1 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, and the amount of Unitized Substances allocated to each Tract as royalty production to be settled in value.

12.2 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.”

12.3 Each Working Interest Owner will pay royalties to the State as provided in the lease based on the production allocated to the Unit Tract and in accordance with 11 AAC 04.010 *et seq.*

12.4 In the event of the failure of any Working Interest Owner to make proper settlement of any royalty due from a lease, 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.

12.5 The Unit Operator shall give the Commissioner notice of the anticipated date for commencement of production at least six months before the commencement of Sustained Unit Production from the Unit. Each month after Sustained Unit Production has commenced, the Unit Operator shall provide the Commissioner an estimate of Unit production for the following ninety (90) days. The Commissioner may take the State’s share of Unitized Substances in-kind in accordance with the following. The Commissioner will give the Unit Operator 90 days written notice of the State’s initial election to take all or a portion of its share of Unitized Substances in-kind. After taking has commenced, the Commissioner may increase or decrease the amount of Unitized Substances taken in-kind upon not less than 60 days’ notice.

12.5.1. In the written notices given under this Article, the Commissioner may elect to specify the Unit Tracts from which royalty taken in kind by the State is to be allocated. If the Commissioner does not specify any Unit Tracts in the notice, the royalty taken in kind shall be allocated to all Unit Tracts in accordance with the Tract Participations.

12.5.2. The royalty taken in kind by the State shall be delivered to the custody transfer meter at a common carrier pipeline capable of carrying the Unitized Substances, 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.

12.5.3. 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 or settled in value shall be free and clear of all lease expenses, Unit Expenses, and Participating Area Expenses, and free from any lien for these excluded expenses. These excluded expenses include, but are not limited to, separating, cleaning, dehydration, saltwater removal, processing, compression, pumping, and manufacturing costs. These excluded expenses include the costs of preparing the Unitized Substances for transportation off the Unit Area and gathering and transportation costs incurred before the Unitized Substances are delivered to a common carrier. If a Working Interest Owner processes its share of Unitized Substances to separate, extract or remove liquids, the Commissioner may require the Working Interest Owner to also process the State’s share of Unitized Substances being taken in-kind in the same manner without costs to the State. Under these circumstances, the State, or its buyer, shall only pay any tariffed transportation costs.

12.5.4. 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.

12.6 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 State 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 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. The State shall give Unit Operator written notice thirty days before the first day of the month in which the State will accept the underlifted royalty share of Unitized Substances. Underlifted Unitized Substances may be recovered by the State at a daily rate not to exceed twenty-five percent (25%) of its Royalty Interest share of daily production at the time of the underlift recovery. 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 12.10.

12.7 The Unit Operator shall maintain and keep in its possession books and records showing the development and production (including records of development and production expenses) of all Unitized Substances produced from the Unit Area. Each Working Interest Owners shall maintain and keep in its possession records regarding disposition (including records of sales prices, volumes, and purchasers) of its portion of the Unitized Substances produced from the Unit Area. The Unit Operator and the Working Interest Owners shall permit the Commissioner to examine and copy 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.

12.8 Each Working Interest Owner acknowledges that sales information, including but not limited to confidential sales pricing terms, of the Working Interest Owner for the production and sale of hydrocarbons from the Unit may be used by the DNR to administer the leases in Unit, and other leases in the area, including valuation for royalty purposes as allowed by the leases and applicable law and the DNR may disclose such confidential sales information to other producer/lessees in the same area in the administration, collection, and/or audit of royalties and net profit share payments subject to any confidentiality obligations regarding such information required by statute or agreement with the DNR. The DNR also reserves the right to utilize information filed by the Working Interest Owner with the Department of Revenue in the administration, collection, and/or audit of royalties and net profit share payments as provided in AS 38.05.036.

ARTICLE 13 Expansion and Contraction

13.1 After notice to the Working Interest Owners, and with the approval of the Authorized Officer and the Commissioner, the Unit Operator, at its own election or at the direction of the Authorized Officer 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 Authorized Officer and Commissioner.

13.2 Any lease, no part of which is included in a Participating Area on the tenth anniversary of Sustained Unit Production, 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 continuing or an extension or suspension is approved.

13.3 Not sooner than ten (10) years from the Effective Date of this Unit Agreement, the Proper Authority 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 Proper Authority 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 effective as of 12:01 a.m. on the day following approval by the Commissioner and the Authorized Officer. 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, and one counterpart shall be filed for record with the Authorized Officer, Bureau of Land Management, Anchorage, Alaska.

14.2 This Agreement terminates ten (10) 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, 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) Unit Operations have been conducted in accordance with an approved Unit Plan and the Authorized Officer and Commissioner, after issuing written public notice, issues written decisions extending the unit term which states the basis for the decision. No extension shall exceed five (5) years.

14.3 If the Authorized Officer 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 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 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 Proper Authority 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, extension or renewal of the lease under 43 CFR §3137.111 or §3137.112 or in accordance with 43 CFR §3135.1-5 or with 43 CFR §3135.1-6, or a suspension obtained in accordance with 43 CFR §3135.2.

14.6 This Agreement may be terminated, with the approval of the Authorized Officer 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 lease and applicable State or Federal statutes and regulations.

15.2 Upon termination of this Agreement, a lease which was subject to this Agreement may be continued in force and effect in accordance with the terms and conditions contained in the lease and applicable State or Federal statutes and regulations.

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 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 Authorized Officer insofar as Federal leases are involved, within one 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. The Authorized Officer may extend the period for salvage and removal of Unit Equipment and rehabilitation of Federal leases.

ARTICLE 16 Counterparts

16.1 The signing of counterparts of this Agreement shall have the same effect as if all parties had signed a single original of this Agreement.

ARTICLE 17 Laws and Regulations

17.1 This Agreement is subject to all valid applicable Federal and State laws, rules, regulations and orders in effect on the Effective Date, and all valid applicable Federal and State laws, rules and regulations subsequently enacted or adopted.

17.2 The Naval Petroleum Reserves Production Act of 1976, as amended (42 USC §6501 – 6508), 43 CFR Part 3130, and all valid pertinent regulations including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this Agreement as to Federal lands and administration of this Agreement, provided such regulations are not inconsistent with the terms of this Agreement. State statutes and regulations in effect as of the Effective Date hereof, and insofar as constitutionally permissible, all State statutes and regulations placed in effect hereafter, are hereby accepted and made a part of this Agreement.

17.3 This Agreement controls the respective rights and obligations of the Unit Operator, the Working Interest Owners, the State 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. 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.

Oil Search (Alaska), LLC
Attention:
P.O. Box 240927
Anchorage, Alaska 99524

ARTICLE 19
Joinders

19.1 The Proper Authority 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.

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. The failure to comply because of Force Majeure as defined in Article 1.5 is not a default.

20.2 The Authorized Officer 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 Authorized Officer and the Commissioner.

20.3 If there is no 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 Authorized Officer and the Commissioner may, 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 Authorized Officer and the Commissioner may seek to terminate this Agreement by judicial proceedings.

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

ARTICLE 21 Revenue Distribution

21.1 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 a percentage of royalties from Federal Unit Tracts 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.

ARTICLE 22 Drainage; Offset Well

22.1 The Unit Operator shall take such measures as the Proper Authority deems appropriate and adequate to prevent actual drainage of compensable Unitized Substances from the Unit Area by wells on land not subject to this Agreement that are producing in Paying Quantities, which may include the drilling of an offset well that a reasonable and prudent operator would drill if economically feasible or the payment of a fair and reasonable compensatory royalty, as determined by the Proper Authority, after notice and opportunity to be heard. If oil or gas is produced from a gas well within 1,500 feet of the Unit boundary or an oil well within 500 feet of the Unit boundary on land not owned by the State or the United States or land owned by the State or the United States with a lower royalty rate for a period of 30 consecutive days in quantities that would appear to a reasonable and prudent operator to be sufficient to recover ordinary costs of drilling, completing, and producing an additional well in the same geological structure at an offset location with a reasonable profit to the operator, the Proper Authority may issue a written demand to drill an offset well. The Unit Operator will have an opportunity to be heard on the demand. If the Proper Authority then determines that production from such well outside the Unit Area is draining land within the Unit Area, the Unit Operator will begin drilling operations for an offset well in the Unit Area within 30 days. After such determination, in lieu of drilling a well required by this Article, the Working Interest Owners may compensate the State or the United States in full each month for the estimated loss of royalty through drainage in the amount determined by the Proper Authority.

ARTICLE 23
No Waiver of Certain Rights

23.1 Nothing contained in this Agreement will be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State or of the United States, or regulations issued thereunder in any way affecting such party hereto, or as a waiver by any such party hereto of any right beyond its authority to waive.

ARTICLE 24
Party Consultation and Participation

24.1 The Unit Operator shall conduct periodic meetings with BLM and the State upon request (“Consultation Meetings”).

ARTICLE 25
Unavoidable Delay

25.1 If reasons beyond the Unit Operator’s control prevent meeting the obligations under Article 8 of this Agreement, the Unit Operator may request the Authorized Officer to approve an extension of time for meeting those obligations. The Unit Operator must submit the request for an extension of time before the date the obligation is due. The request must demonstrate that for reasons beyond its control and despite reasonable diligence the Unit Operator was prevented from meeting the obligations. The Authorized Officer will grant an extension of time to meet the obligations if the Authorized Officer determines that: 1) the extension encourages the greatest ultimate recovery of oil or gas or it is in the interest of conservation and 2) the reasons beyond the Unit Operator’s control prevent the Unit Operator from performing the obligation. The extension of time for performing the obligations will continue for so long as the conditions giving rise to the extension continue to exist.

ARTICLE 26
Nondiscrimination

26.1 In connection with the performance of work under this Agreement, the Unit Operator agrees to comply with all the provisions of section 202(1) to (7), inclusive, of Executive Order 11246 (30 FR 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

By: [Signature]
Date: 1/12/21
Title: EVP & President Alaska
Address: PO Box 240927 Anchorage AK 99524

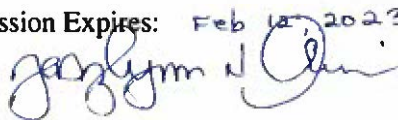
By: [Signature]
Date: 10/20/21
Title: VP Level Alaska
Address: 2455 Technology Forest Blvd.
The Woodlands, TX 77381

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

On this 20 day of October, 2021, before me, a Notary Public, State of Alaska, duly commissioned and sworn, personally appeared Bruce Dingeman, known to me to be the EVP & President of Oil Search Alaska, the company 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 company therein named, and acknowledged to me that such company executed the same.

In Witness hereof I have hereunto set my hand and affixed my official seal at October 20, 2021 the day and year in this certificate first above written.

My Commission Expires: Feb 12, 2023



STATE OF Texas)
)ss.
COUNTY OF Montgomery)

On this 20th day of October, 2021, before me, a Notary Public, State of Texas, duly commissioned and sworn, personally appeared Dennis Henderson, known to me to be the Vice President - Law of Repro! Exp USA LLC, the company 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 company therein named, and acknowledged to me that such company executed the same.

In Witness hereof I have hereunto set my hand and affixed my official seal at October 20, 2021 the day and year in this certificate first above written.

My Commission Expires:



EXHIBIT A

**ATTACHED TO AND MADE A PART OF THAT
CERTAIN HORSESHOE UNIT AGREEMENT**

HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
1	State of Alaska 100%	ADL 392345	Tract NS0751 T. 009N., R. 005E., Umiat Meridian, Alaska. Section 3, Surveyed, Fractional, Lots 1 and 2, and the beds of the unnamed lakes, 640.00 acres; Section 4, Surveyed, Fractional, Lots 1 through 4, including Lot 2 and 4 of U.S. Survey 6682 and the beds of the unnamed lakes, 640.00 acres; Section 9, Surveyed, All, including Lot 2 of U.S. Survey 6682, the bed of the Itkillik River, and the beds of the unnamed lakes, 640.00 acres; Section 10, Surveyed, All, including the bed of the Itkillik River and the beds of the unnamed lakes, 640.00 acres; This Tract (NS0751) contains 2,560.00 acres, more or less.	10/1/2013	2560.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	J. Andrew Bachner Keith C. Forsgren Three Mountain Oil, LLC	1.80000% 0.20000% 0.50000%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
2	State of Alaska 100%	ADL 392346	<p>Tract NS0752</p> <p>T. 009N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 12, Surveyed, by protraction, the bed of the Colville River excluding the National Petroleum Reserve-Alaska, 4.57 acres;</p> <p>T. 009N., R. 005E., Umiat Meridian, Alaska.</p> <p>Section 5, Surveyed by protraction, Fractional, Lot 1, the portions of Lots 2, 3, and 4 U.S. Survey No. 6682 located within protracted Section 5, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 557.13 acres;</p> <p>Section 6, Surveyed by protraction, Fractional, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 0.75 acres;</p> <p>Section 7, Surveyed by protraction, Fractional, Lot 1, the portions of Lot 6 U.S. Survey No. 6682 located within protracted Section 7, the bed of the Colville River, and excluding the National Petroleum Reserve-Alaska, 289.97 acres;</p> <p>Section 8, Surveyed by protraction, All, including the portions of Lots 1, 2, and 6 U.S. Survey No. 6682 located within protracted Section 8, the bed of the Colville River, the bed of the Ikillik River, the bed of the unnamed slough, and the bed of the unnamed lake, 640.00 acres;</p> <p>This Tract (752) contains 1,492.42 acres, more or less.</p>	10/1/2013	1492.42	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	J. Andrew Bachner Keith C. Forsgren Three Mountain Oil, LLC	1.80000% 0.20000% 0.50000%
3	Bureau of Land Management 100%	AA 093130	<p>T. 9 N. R. 4 E., Umiat Meridian, Alaska Sections 1-3, 10-15, and T. 9 N. R. 5 E., Umiat Meridian, Alaska Sections 5-7 containing 6,414 acres, more or less.</p>	3/1/2012	6414.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
4	Bureau of Land Management 100%	AA 093132	T. 9 N. R. 4 E., Umiat Meridian, Alaska Sections 4-9, 16-18 containing 5,727 acres, more or less.	3/1/2012	5727.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
5	Bureau of Land Management 100%	AA 093134	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 1-4, 11-14 containing 5,124 acres, more or less.	3/1/2012	5124.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
6	Bureau of Land Management 100%	AA 093133	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 22-27, 34-36 containing 5,763 acres, more or less.	3/1/2012	5763.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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7	Bureau of Land Management 100%	AA 093136	T. 9 N. R. 3 E., Umiat Meridian, Alaska Sections 21, 28-33 containing 3,720 acres, more or less.	3/1/2012	3720.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
8	Bureau of Land Management 100%	AA 093135	T. 9 N. R. 2 E., Umiat Meridian, Alaska Sections 25-28, 33-36 containing 4,853 acres, more or less.	3/1/2012	4853.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
9	Bureau of Land Management 100%	AA 093128	T. 8 N. R. 2 E., Umiat Meridian, Alaska Sections 2-11, 14-18 containing 8,061 acres, more or less.	3/1/2012	8061.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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10	State of Alaska 100%	ADL 392041	<p>Tract 606</p> <p>T. 008N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 2, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 299.75 acres;</p> <p>Section 11, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 462.03 acres;</p> <p>Section 12, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 13, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 14, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 602.08 acres;</p> <p>T. 009N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 35, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 38.50 acres;</p> <p>Section 36, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 231.23 acres;</p> <p>This Tract (606) contains 3,553.59 acres, more or less.</p>	12/1/2012	3553.59	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

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11	State of Alaska 100%	ADL 392044	<p>Tract 609</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 5, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 6, Surveyed by Protraction, All, 578.00 acres;</p> <p>Section 7, Surveyed by Protraction, All, including the bed of the Colville River, 581.00 acres;</p> <p>Section 8, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 17, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 18, Surveyed by Protraction, All, including the bed of the Colville River, 584.00 acres;</p> <p>T. 009N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 31, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 418.33 acres;</p> <p>Section 32, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 328.71 acres;</p> <p>Section 33, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 9.82 acres;</p> <p>This Tract (609) contains 4,419.86 acres, more or less.</p>	12/1/2012	4419.86	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

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12	State of Alaska 100%	ADL 392043	<p>Tract 608</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 2.95 acres;</p> <p>Section 4, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 490.21 acres;</p> <p>Section 9, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 10, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A and USS 8990, 104.08 acres;</p> <p>Section 15, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 506.79 acres;</p> <p>Section 16, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (608) contains 2,384.03 acres, more or less.</p>	12/1/2012	2384.03	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%
13	Bureau of Land Management 100%	AA 093126	<p>T. 8 N. R. 3 E., Umiat Meridian, Alaska</p> <p>Sections 1-4, 10-15</p> <p>containing 5,086 acres, more or less.</p>	3/1/2012	5086.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%

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14	Bureau of Land Management 100%	AA 093125	T. 8 N. R. 4 E., Umiat Meridian, Alaska Sections 2-10, 18 containing 4,294 acres, more or less.	3/1/2012	4294.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
15	State of Alaska 100%	ADL 392049	Tract 614 T. 008N., R. 004E., Umiat Meridian, Alaska. Section 7, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 60.09 acres; Section 8, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 239.90 acres; Section 9, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 76.99 acres; Section 16, Surveyed by Protraction, All, including U.S. Survey 9114 and the bed of the Colville River and excluding the NPR-A, 640.00 acres; Section 17, Surveyed by Protraction, All, including U.S. Survey 9114 and the beds of the Colville River and the unnamed lake, 640.00 acres; Section 18, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 482.87 acres; This Tract (614) contains 2,139.85 acres, more or less.	12/1/2012	2139.85	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
16	State of Alaska 100%	ADL 392048	<p>Tract 613</p> <p>T. 008N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, 639.92 acres; Section 2, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 584.29 acres; Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 19.76 acres; Section 10, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake and excluding the NPR-A, 472.47 acres; Section 11, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 640.00 acres; Section 12, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 13, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 14, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres; Section 15, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lakes, 640.00 acres;</p> <p>This Tract (613) contains 4,916.44 acres, more or less.</p>	12/1/2012	4916.44	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%
17	State of Alaska 100%	ADL 392055	<p>Tract 616B</p> <p>T. 008N., R. 004E., Umiat Meridian, Alaska.</p> <p>Section 23, Surveyed by Protraction, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 24, Surveyed by Protraction, All, 640.00 acres; Section 25, Surveyed by Protraction, N1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, NE1/4, 160.00 acres;</p> <p>This Tract (616B) contains 1,440.00 acres, more or less.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
18	State of Alaska 100%	ADL 392054	Tract 616A T. 008N., R. 004E., Umiat Meridian, Alaska. Section 22, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; Section 23, Surveyed by Protraction, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Surveyed by Protraction, N1/2, including the beds of the unnamed lakes, 320.00 acres; This Tract (616A) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
19	State of Alaska 100%	ADL 392051	Tract 615B T. 008N., R. 004E., Umiat Meridian, Alaska. Section 20, Surveyed by Protraction, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 21, Surveyed by Protraction, All, 640.00 acres; Section 28, Surveyed by Protraction, N1/2, 320.00 acres; Section 29, Surveyed by Protraction, NE1/4, including the bed of the unnamed lake, 160.00 acres; This Tract (615B) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%
20	State of Alaska 100%	ADL 392050	Tract 615A T. 008N., R. 004E., Umiat Meridian, Alaska. Section 19, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 586.32 acres; Section 20, Surveyed by Protraction, W1/2, including the beds of the unnamed lakes, 320.00 acres; Section 29, Surveyed by Protraction, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 30, Surveyed by Protraction, N1/2, 294.14 acres; This Tract (615A) contains 1,360.46 acres, more or less.	12/1/2012	1360.46	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
21	State of Alaska 100%	ADL 392047	<p>Tract 612</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 13, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 136.75 acres;</p> <p>Section 14, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 84.60 acres;</p> <p>Section 23, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 24, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 25, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 26, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 35, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 36, Surveyed by Protraction, All, 640.00 acres;</p> <p>This Tract (612) contains 4,061.35 acres, more or less.</p>	12/1/2012	4061.35	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc. Brix Royalty, LLC Big Bug LLC Honey Hole Royalties, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Xavier Resources LLC Reed LIGC, LLC Sumo, LLC Arete Enterprises, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>0.50000% 0.25% 1.00000% 1.58333% 1.84374% 0.12500% 0.12500% 0.06250% 0.06250% 0.12500% 0.03125% 0.07813% 0.03125% 0.05469% 0.58594%</p>
22	State of Alaska 100%	ADL 392046	<p>Tract 611</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 21, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 22, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 27, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 28, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 33, Surveyed by Protraction, All, 640.00 acres;</p> <p>Section 34, Surveyed by Protraction, All, 640.00 acres;</p> <p>This Tract (611) contains 3,840.00 acres, more or less.</p>	12/1/2012	3840.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	<p>Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC</p>	<p>3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%</p>

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
23	State of Alaska 100%	ADL 392045	<p>Tract 610</p> <p>T. 008N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 19, Surveyed by Protraction, All, including the bed of the Colville River, 586.00 acres;</p> <p>Section 20, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 29, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 30, Surveyed by Protraction, All, including the bed of the Colville River, 589.00 acres;</p> <p>Section 31, Surveyed by Protraction, All, including the bed of the Colville River, 592.00 acres;</p> <p>Section 32, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (610) contains 3,687.00 acres, more or less.</p>	12/1/2012	3687.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%
24	State of Alaska 100%	ADL 392042	<p>Tract 607</p> <p>T. 008N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 23, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 522.75 acres;</p> <p>Section 24, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 25, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 26, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 636.21 acres;</p> <p>Section 27, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 38.60 acres;</p> <p>Section 34, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 341.50 acres;</p> <p>Section 35, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>Section 36, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres;</p> <p>This Tract (607) contains 4,099.06 acres, more or less.</p>	12/1/2012	4099.06	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
25	Bureau of Land Management 100%	AA 093127	T. 8 N. R. 2 E., Umiat Meridian, Alaska Sections 19-22, 28-33, and Portion of sections 23, 26, 27, 34 containing 7,270 acres, more or less.	3/1/2012	7270.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
26	State of Alaska 100%	ADL 392052	Tract 615C T. 008N., R. 004E., Umiat Meridian, Alaska. Section 29, Surveyed by Protraction, SW1/4, 160.00 acres; Section 30, Surveyed by Protraction, S1/2, 294.78 acres; Section 31, Surveyed by Protraction, All, including the bed of the unnamed lake, 591.57 acres; Section 32, Surveyed by Protraction, W1/2, 320.00 acres; This Tract (615C) contains 1,366.35 acres, more or less.	12/1/2012	1366.35	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
27	State of Alaska 100%	ADL 392053	Tract 615D T. 008N., R. 004E., Umiat Meridian, Alaska. Section 28, Surveyed by Protraction, S1/2, 320.00 acres; Section 29, Surveyed by Protraction, SE1/4, 160.00 acres; Section 32, Surveyed by Protraction, E1/2, 320.00 acres; Section 33, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres; This Tract (615D) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
28	State of Alaska 100%	ADL 392056	Tract 616C T. 008N., R. 004E., Umiat Meridian, Alaska. Section 26, Surveyed by Protraction, SW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Surveyed by Protraction, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 34, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres; Section 35, Surveyed by Protraction, W1/2, including the bed of the unnamed lake, 320.00 acres; This Tract (616C) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
29	State of Alaska 100%	ADL 392057	Tract 616D T. 008N., R. 004E., Umiat Meridian, Alaska. Section 25, Surveyed by Protraction, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Surveyed by Protraction, SE1/4, 160.00 acres; Section 35, Surveyed by Protraction, E1/2, 320.00 acres; Section 36, Surveyed by Protraction, All, 640.00 acres; This Tract (616D) contains 1,440.00 acres, more or less.	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
30	State of Alaska 100%	ADL 392010	Tract 526B T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska. Section 1, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 11, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres; This Tract (526B) contains 1,440.00 acres, more or less. Note: Township surveyed by protraction under State Selection Survey Group No. 203.	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
31	State of Alaska 100%	ADL 392009	<p>Tract 526A</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 2, Unsurveyed, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 3, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 10, Unsurveyed, N1/2, 320.00 acres; Section 11, Unsurveyed, NW1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>This Tract (526A) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
32	State of Alaska 100%	ADL 392014	<p>Tract 527B</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 4, Unsurveyed, All, including the beds of the unnamed lakes and creeks, 638.38 acres; Section 5, Unsurveyed, E1/2, including the beds of the unnamed lakes and creeks, 320.00 acres; Section 8, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 9, Unsurveyed, N1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>T. 007N., R. 004E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 4, Unsurveyed, All, 1.62 acres;</p> <p>This Tract (527B) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
33	State of Alaska 100%	ADL 392013	<p>Tract 527A</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 5, Unsurveyed, W1/2, including the bed of the unnamed creek, 320.00 acres;</p> <p>Section 6, Unsurveyed, All, including the beds of the unnamed lake and creek, 575.49 acres;</p> <p>Section 7, Unsurveyed, N1/2, including the bed of the unnamed creek, 298.50 acres;</p> <p>Section 8, Unsurveyed, NW1/4, including the bed of the unnamed creek, 160.00 acres;</p> <p>T. 007N., R. 004E., Tract C, Umiat Meridian, Alaska.</p> <p>Section 6, Unsurveyed, All, 18.51 acres;</p> <p>This Tract (527A) contains 1,372.50 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1372.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
34	State of Alaska 100%	ADL 392005	<p>Tract 522B ADL 392005</p> <p>T. 007N., R. 003E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, 28.92 acres;</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, including the beds of the unnamed lakes, 611.04 acres;</p> <p>Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 319.98 acres;</p> <p>Section 11, Unsurveyed, NE1/4, 160.00 acres;</p> <p>Section 12, Unsurveyed, N1/2, 320.00 acres;</p> <p>This Tract (522B) contains 1,439.94 acres, more or less.</p>	12/1/2012	1439.94	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
35	State of Alaska 100%	ADL 392004	<p>Tract 522A ADL 392004</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 2, Unsurveyed, W1/2, including the bed of the unnamed lake, 319.98 acres; Section 3, Unsurveyed, All, including the bed of the unnamed lake, 637.52 acres; Section 10, Unsurveyed, N1/2, including the bed of the unnamed lake, 308.78 acres;</p> <p>Section 11, Unsurveyed, NW1/4, 160.00 acres;</p> <p>T. 007N., R. 003E., Tract C, Umiat Meridian, Alaska.</p> <p>Section 3, Unsurveyed, All, 2.84 acres; Section 10, Unsurveyed, All, 11.30 acres;</p> <p>This Tract (522A) contains 1,440.42 acres, more or less.</p>	12/1/2012	1440.42	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781% 0.0375% 0.0375% 0.0750% 0.0750% 0.0750% 0.04687% 0.01876% 0.01875% 0.03281% 0.62500%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
36	State of Alaska 100%	ADL 392008	<p>Tract 523 ADL 392008</p> <p>T. 007N., R. 003E., Umiat Meridian, Alaska.</p> <p>Section 4, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 5, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 640.00 acres;</p> <p>Section 6, Surveyed by Protraction, All, including the bed of the Colville River, 594.00 acres;</p> <p>Section 7, Surveyed by Protraction, All, including the bed of the Colville River, 597.00 acres;</p> <p>Section 8, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 9, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres;</p> <p>Section 16, Surveyed by Protraction, All, including the beds of the unnamed lakes, 640.00 acres;</p> <p>Section 17, Surveyed by Protraction, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 18, Surveyed by Protraction, All, including the beds of the Colville River and the unnamed lake, 599.00 acres;</p> <p>This Tract (523) contains 5,630.00 acres, more or less.</p>	12/1/2012	5630.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
37	State of Alaska 100%	ADL 392003	<p>Tract 520 ADL 392003</p> <p>T. 007N., R. 002E., Umiat Meridian, Alaska.</p> <p>Section 1, Surveyed by Protraction, All, 640.00 acres; Section 2, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 3, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 544.71 acres; Section 4, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 27.33 acres; Section 9, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 193.83 acres; Section 10, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 11, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 12, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 13, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 14, Surveyed by Protraction, All, including the bed of the Colville River, 640.00 acres; Section 15, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 411.53 acres; Section 16, Surveyed by Protraction, All, including the bed of the Colville River and excluding the NPR-A, 7.74 acres;</p> <p>This Tract (520) contains 5,665.14 acres, more or less.</p>	12/1/2012	5665.14	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	3.28008% 0.08437% 0.08437% 0.16875% 0.16875% 0.16875% 0.10547% 0.04219% 0.04219% 0.07383% 1.40625%

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
38	Bureau of Land Management 100%	AA 093124	T. 7 N. R. 2 E., Umiat Meridian, Alaska Portion of sections 3, 4, 9, 15; Sections 5-8, 16-18 containing 5,732 acres, more or less.	3/1/2012	5732.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Brix Royalty, LLC Kerr Family, LLC Kerr Family 2016 GST Trust Big Bug LLC Honey Hole Royalties, LLC Xavier Resources LLC Sumo, LLC Arete Enterprises, LLC Reed LIGC, LLC Smida Royalty LLC GMT North Slope Royalty Company II, LLC	1.45781104% 0.037499955% 0.037499955% 0.07499993% 0.07499993% 0.07499993% 0.04687495% 0.01874998% 0.01874998% 0.03281247% 0.62499938%
39	State of Alaska 100%	ADL 392006	Tract 522C ADL 392006 T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska. Section 10, Unsurveyed, S1/2, including the bed of the unnamed lake, 320.12 acres; Section 11, Unsurveyed, SW1/4, 160.00 acres; Section 14, Unsurveyed, W1/2, including the bed of the unnamed lake, 320.00 acres; Section 15, Unsurveyed, All, including the beds of the unnamed lakes, 640.48 acres; This Tract (522C) contains 1,440.60 acres, more or less.	12/1/2012	1440.60	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
40	State of Alaska 100%	ADL 392007	<p>Tract 522D ADL 392007</p> <p>T. 007N., R. 003E., Tract B, Umiat Meridian, Alaska.</p> <p>Section 11, Unsurveyed, SE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, S1/2, including the bed of the unnamed lake, 320.00 acres; Section 13, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 14, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres;</p> <p>This Tract (522D) contains 1,440.00 acres, more or less.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
41	State of Alaska 100%	ADL 392015	<p>Tract 527C</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 7, Unsurveyed, S1/2, including the bed of the unnamed lake, 298.50 acres; Section 8, Unsurveyed, SW1/4, including the bed of the unnamed lake, 160.00 acres; Section 17, Unsurveyed, W1/2, including the beds of the unnamed lake and creek, 320.00 acres; Section 18, Unsurveyed, All, including the bed of the unnamed lake, 599.00 acres;</p> <p>This Tract (527C) contains 1,377.50 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1377.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

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Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
42	State of Alaska 100%	ADL 392016	<p>Tract 527D</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 8, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres;</p> <p>Section 9, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>Section 16, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>Section 17, Unsurveyed, E1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>This Tract (527D) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	12/1/2012	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
43	State of Alaska 100%	ADL 392011	<p>Tract 526C</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 10, Unsurveyed, S1/2, 320.00 acres;</p> <p>Section 11, Unsurveyed, SW1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>Section 14, Unsurveyed, W1/2, 320.00 acres;</p> <p>Section 15, Unsurveyed, All, 640.00 acres;</p> <p>This Tract (526C) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
44	State of Alaska 100%	ADL 392012	<p>Tract 526D</p> <p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 11, Unsurveyed, SE1/4, including the beds of the unnamed lake and creek, 160.00 acres; Section 12, Unsurveyed, S1/2, 320.00 acres; Section 13, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 14, Unsurveyed, E1/2, including the bed of the unnamed creek, 320.00 acres;</p> <p>This Tract (526D) contains 1,440.00 acres, more or less.</p> <p>Note: Township surveyed by protraction under State Selection Survey Group No. 203.</p>	8/1/2013	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	Stephen M. Hosmer Donald H. Hosmer Abdel-Rahman Family Trust Royale Energy, Inc.	0.50% 0.25% 1.00% 1.58333%
45	State of Alaska 100%	ADL 393553	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 23, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 24, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres; Section 25, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres; Section 26, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres;</p> <p>This Tract (NS0529B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
46	State of Alaska 100%	ADL 393552	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 22, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 23, Unsurveyed, W1/2, 320.00 acres; Section 26, Unsurveyed, NW1/4, including the bed of the unnamed lake, 160.00 acres; Section 27, Unsurveyed, N1/2, including the beds of the unnamed lake, 320.00 acres;</p> <p>This Tract (NS0529A) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
47	State of Alaska 100%	ADL 393549	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 20, Unsurveyed, E1/2, 320.00 acres; Section 21, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 28, Unsurveyed, N1/2, including the bed of the unnamed lake, 317.56 acres; Section 29, Unsurveyed, NE1/4, 160.00 acres;</p> <p>T. 007N., R. 004E., Tract D, Umiat Meridian, Alaska.</p> <p>Section 28, Unsurveyed, All, 2.44 acres;</p> <p>This Tract (NS0528B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
48	State of Alaska 100%	ADL 393548	T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska. Section 19, Unsurveyed, All, including the bed of the unnamed lake, 602.00 acres; Section 20, Unsurveyed, W1/2, 320.00 acres; Section 29, Unsurveyed, NW1/4, 160.00 acres; Section 30, Unsurveyed, N1/2, 302.50 acres; This Tract (NS0528A) contains 1,384.50 acres, more or less. According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.	7/1/2017	1384.50	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
49	Bureau of Land Management 100%	AA 094396	T. 7 N. R. 2 E., Umiat Meridian, Alaska Sections 19-22, 27-35 containing 7,167 acres, more or less.	4/1/2017	7167.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE

EXHIBIT A

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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
50	State of Alaska 100%	ADL 393555	<p>T. 007N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 25, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres; Section 26, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres; Section 35, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 36, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres;</p> <p>This Tract (NS0529D) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	16.66667%	NONE	NONE
51	State of Alaska 100%	ADL 393529	<p>T. 006N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 1, Unsurveyed, All, including the bed of the unnamed lake, 640.00 acres; Section 2, Unsurveyed, E1/2, including the bed of the unnamed lake, 320.00 acres; Section 11, Unsurveyed, NE1/4, including the bed of the unnamed lake, 160.00 acres; Section 12, Unsurveyed, N1/2, including the bed of the unnamed lake, 320.00 acres;</p> <p>This Tract (NS0442B) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed on January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	NONE	NONE

EXHIBIT A

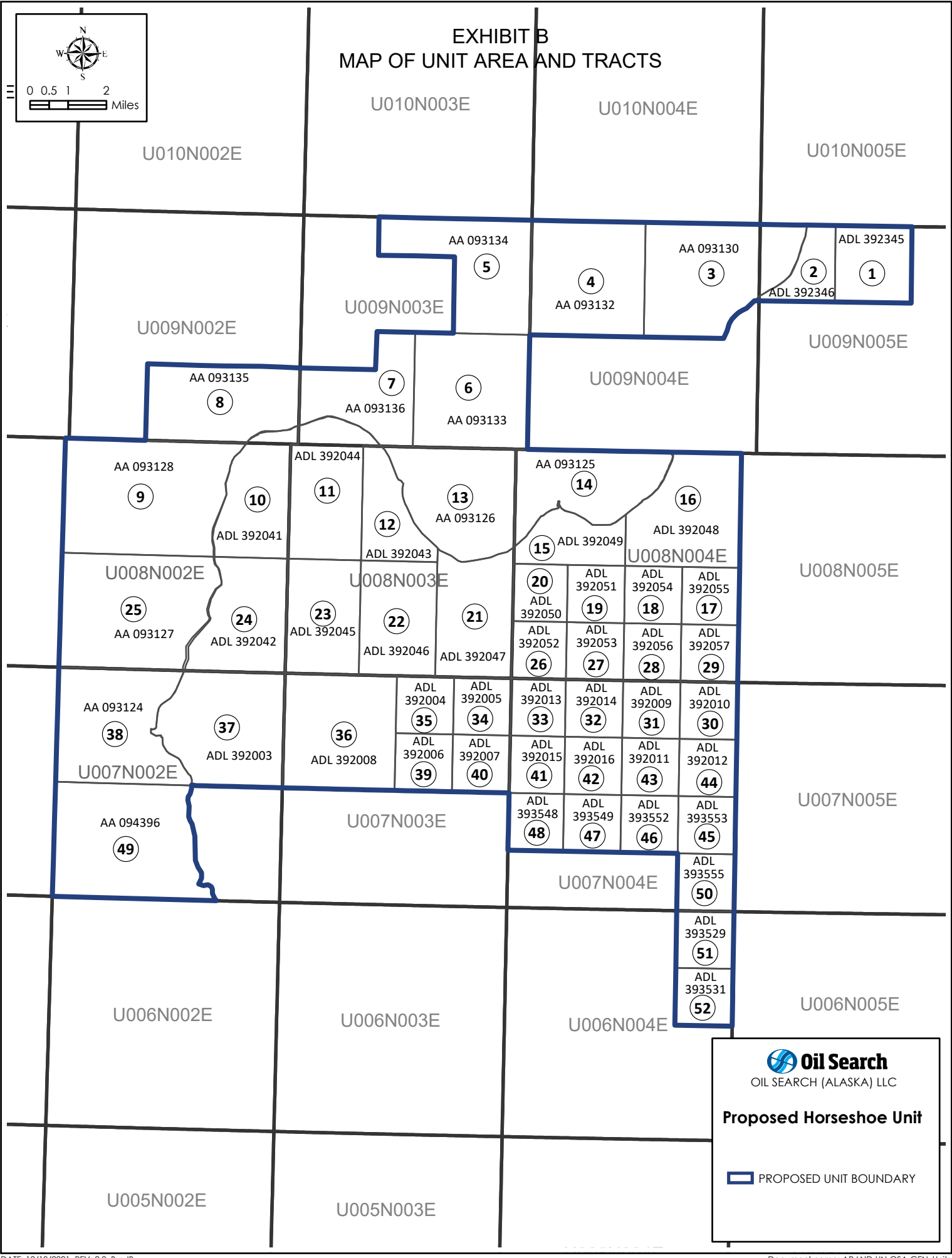
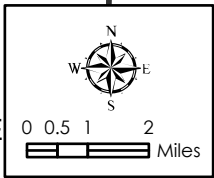
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HORSESHOE LEASES

Unit Tract Number	Lessor & Ownership %	Lease Number	Description	Lease Effective Date	Acres	Working Interest Owner	Working Interest	Lessor Royalty	Over-Riding Royalty Interest Owner	ORR Interest
52	State of Alaska 100%	ADL 393531	<p>T. 006N., R. 004E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 11, Unsurveyed, SE1/4, including the beds of the unnamed lakes, 160.00 acres;</p> <p>Section 12, Unsurveyed, S1/2, including the beds of the unnamed lakes, 320.00 acres;</p> <p>Section 13, Unsurveyed, All, including the beds of the unnamed lakes, 640.00 acres;</p> <p>Section 14, Unsurveyed, E1/2, 320.00 acres;</p> <p>This Tract (NS0442D) contains 1,440.00 acres, more or less.</p> <p>According to the survey plat officially filed on January 17, 2007 by the United States Department of the Interior, Bureau of Land Management in Anchorage, AK.</p>	7/1/2017	1440.00	Oil Search (Alaska), LLC Repsol E&P USA LLC	51.00000% 49.00000%	12.50000%	NONE	NONE

TOTAL: 156,202.01

EXHIBIT B MAP OF UNIT AREA AND TRACTS



Oil Search
OIL SEARCH (ALASKA) LLC

Proposed Horseshoe Unit

PROPOSED UNIT BOUNDARY

EXHIBIT E
HORSESHOE UNIT AGREEMENT

UNIT PLAN OF EXPLORATION

Proposed Activities for Initial Horseshoe Unit Plan of Exploration

1. Seismic work plans:
 - a. Interpretation: Final TeraMerge 3D stacks arrived early-Q1 2021.
 - i. Perform new well-tie analysis, verify local phase
 - ii. Perform new interpretations – horizons, faults
 - iii. Integrate new interpretation maps (amplitude, structure, interval) with modeling studies (e.g., wedge, fluid substitution) to better understand reservoir distribution and quality
 - iv. Support update to geomodels with new container definitions that drive the static and dynamic models.
 - b. Inversion: Final TeraMerge 3D gathers arrived early-Q1 2021.
 - i. Original *fast-track* inversion based on MegaMerge 3D 8 *angle* stacks (5-40 by 5)
 - ii. New inversion to be based on 30-fold TeraMerge 3D *offset* gathers
 - iii. Perform interpretation of inversions attributes using cross plotting, projection line approach, and other techniques (PDF, Bayesian classification) as defined/guided by rock physics studies
 - c. Processing:
 - i. Oversee integration of TeraMerge 3D with Southern Merge 3D to form the OSA acreage encompassing SuperMerge 3D.
2. Static and Dynamic Modeling of known Horseshoe reservoirs:
 - a. Evaluate re-mapping all prospective Jurassic-Cretaceous horizons in unit in depth using SuperMerge 3D (TeraMerge + SouthernMerge) (NTn3-NT3 Nanushuk, Torok, Alpine C, and others as identified)
 - b. Build static model encompassing Horseshoe NT2 & NT3 reservoirs covering northern Horseshoe Unit leases and Stony Hill acreage to the extent possible; create dynamic model and run simulations.
 - c. Refine Stirrup reservoir static model if needed; create dynamic model and run simulations.

EXHIBIT E
HORSESHOE UNIT AGREEMENT

3. Pore Scale Solutions Petrography Study, Phase 2:
 - a. Identify, sample, and conduct quantitative compositional and textural analyses on additional regional Nanushuk penetrations to better understand and predict spatial and temporal variation in reservoir quality.
4. Summer field studies in support of ice road and drilling activities, 3Q 2022 or later:
 - a. lake bathymetry and fish surveys
 - b. cultural resource surveys
 - c. route reconnaissance and ice road alignment surveys
 - d. snow fencing, thermistors, staking, etc.
5. Appraisal or Exploration drilling:
 - a. Drill one appraisal or exploration well in the unit no earlier than 1Q 2023. Location to be determined from results of items 1-4 above, and/or informed by third-party exploration results on adjacent leases.