



**Alaska Department of Natural Resources
Division of Oil and Gas
Public Notice of Application to Form the Greater Point Thomson Unit**

The Department of Natural Resources gives notice under 11 AAC 83.311 of an application to form the Greater Point Thomson Unit (GOU) area. The proposed Greater Point Thomson Unit is located offshore the North Slope, along the Staines River and the ANWR border. Donkel Oil & Gas, LLC, the GOU Operator, filed an initial Application on behalf of itself with the Division of Oil and Gas on November 9, 2022. The Application was deemed complete on December 21, 2022. Donkel Oil & Gas LLC's address is 1030 Weathered Wood Circle, Winter Springs, FL 32708.

Approval of the unit formation would not limit or diminish access to public lands or public or navigable waters beyond any limitations already contained in the individual oil and gas leases proposed to be included in the unit. Exploration and development of the proposed unit area would occur in accordance with an approved unit plan of exploration and development.

The proposed Greater Point Thomson Unit will encompass approximately 52,632.86 acres of State land and includes all or portions of the following:

T. 09 N., R. 24 E, U.M.
T. 09 N., R. 25 E, U.M.
T. 09 N., R. 26 E, U.M.
T. 10 N., R. 21 E, U.M.
T. 10 N., R. 22 E, U.M.
T. 10 N., R. 23 E, U.M.
T. 10 N., R. 24 E, U.M.
T. 10 N., R. 25 E, U.M.
T. 11 N., R. 21 E, U.M.
T. 11 N., R. 22 E, U.M.
T. 11 N., R. 23 E, U.M.

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 Saturday, January 28th at 4:30 p.m., Alaska Time, 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>.

PUB: 12/29/2022

AO23UN-10-038



Donkel Oil & Gas LLC
1030 Weathered Wood Circle
Winter Springs, FL 32708

VIA ELECTRONIC MAIL

November 9, 2022

Derek W. Nottingham, Director
Division of Oil & Gas, Alaska Department of Natural Resources
550 W. 7th Avenue, Suite 1100
Anchorage, Alaska 99501

Re: Application for Approval to Establish the Greater Point
Thomson Unit

Dear Director Nottingham:

In accordance with 11 AAC 83.306, Daniel K. Donkel and Samuel H. Cade (collectively referred to herein as the "Applicants"), in their individual capacity, as owners of one hundred percent (100%) of the working interest allocable to the Donkel/Cade State of Alaska oil and gas leases subject to this application and Donkel Oil & Gas LLC, as unit operator, hereby submit this Application for Approval to Establish the Greater Point Thomson Unit (herein after referred to as the "Application") to the Alaska Department of Natural Resources, Division of Oil & Gas ("Division"). Donkel Oil & Gas LLC (Alaska Entity 124181) is qualified to serve as a unit operator under 11 AAC 83.331, accepts that responsibility, and is designated operator of the unit.

The proposed Greater Point Thomson Unit Agreement (Unit Agreement) is attached hereto as Exhibit A. In accordance with 11 AAC 83.341 and Section 8.1 of the Unit Agreement, the proposed initial 5-Year Unit Plan of Exploration for the Greater Point Thomson Unit (Plan of Exploration) is attached as Exhibit "G" to the Unit Agreement. The Plan of Exploration covers the period from January 1, 2023 to December 31, 2027. The Plan of Exploration is attached also hereto as Exhibit B

A map of the proposed unit area and a list of the leases subject to the Application are

attached hereto as Exhibit C. Five of the tracts proposed for inclusion in the unit are unleased, and one lease is owned by third party owners that have been invited to join the unit.

In addition, Tracts 79 and 80 are impacted by the state-federal title dispute involving the acreage along the Staines River and the ANWR border which is to our knowledge still unresolved. We have chosen to include Tracts 79 and 80 in the unit without reference to the title dispute. Because the dispute has not been resolved, we have not notified the federal government of the unit application or asked it to join in the unit.

In a phone call on October 17, 2022, Mr. Kevin Pike of the Division's Units Section instructed us to submit the application in digital format only. We therefore have not provided 5 hard copies (one original and four copies) of the non-- confidential portions of this Application as required by 11 AAC 83, but would be happy to do so upon request. The confidential portions of the Application (hereinafter referred to as the "Geological, Geophysical and Engineering Report") for which we are requesting confidential treatment have only been submitted electronically pursuant to the instructions of Mr. Pike and direction from the Division's Resource Evaluation Section staff. The Applicants hereby request that the Geological, Geophysical and Engineering Report be maintained as confidential in accordance with AS 38.05.035(a)(8)(C).

I. Application Contents

- A. Background and description of the area proposed to be unitized.
- B. A discussion of why the Application satisfies the criteria set out in 11 AAC 83.303 to approve a unit agreement as those criteria relate to the proposed Greater Point Thomson Unit leases, including pertinent confidential geological, geophysical, engineering, and well data, and interpretations of that data, (attached as Exhibit D- Geologic, Geophysical and Engineering Report) directly supporting the Application as required by 11 AAC 83.306(4).
- C. A summary and request for written findings and approval of the proposed Greater Point Thomson Unit Agreement pursuant to 11 AAC 83.303.
- D. A unit agreement ("Greater Point Thomson Unit Agreement") based upon the standard State of Alaska unit agreement form. Pursuant to 11 AAC 83.306, included with the Unit Agreement are a map of the proposed Greater Point Thomson Unit (Exhibit B), legal descriptions of the lands included in the Application (Exhibit A) and a proposed initial Plan of Exploration (Exhibit G).
- E. Pursuant to 11 AAC 83.351, the Applicants defer the establishment of the Participating Areas for the Greater Point Thomson Unit. Once appraisal wells have been

completed and testing or production information is obtained, Donkel/Cade will make appropriate Participating Areas designations.

F. As the owner of one hundred percent (100%) of the working owner interest of the subject Donkel/Cade leases, the Applicants also request deferral of the submission of a Unit Operating Agreement until commercial arrangements with a partner(s), including the third-party owners of the lease not owned by Donkel/Cade, to share the exploration risks and costs associated with the Plan of Exploration are finalized.

G. As required by 11 AAC 83.306(1), a Plan of Exploration for the Greater Point Thomson Unit that complies with the criteria set out in 11 AAC 83.341 (Exhibit G to the proposed Unit Agreement).

H. Payment in the amount of \$10,000 as the Application fee for a new unit.

I. An explanation of the one proposed change to the model State of Alaska unit agreement form.

J. Proof of mailing to third-party working interest owners and overriding royalty interest owners.

II. Background and Description of the Area Proposed to be Unitized

Daniel K. Donkel and Samuel H. Cade have advanced the development of Alaska's oil patch while stimulating the State's economy over the last several decades. Their efforts have resulted in well drilling, production, and royalty payments to the State and investors, and contributed to the body of knowledge about the Cook Inlet and the North Slope regions of Alaska. The Applicants' rigorous science-based approach to de-risking the current geologic prospects come with a unique set of challenges due to their prospects' remote arctic location. The logistics set a high bar, financially, and a large discovery will be needed to offset the required investment.

The findings of the Applicants team indicate that multiple pay zones on the subject leases are likely to contain hydrocarbons in amounts that would justify the cost of delineation and development. The 16,156-foot, Stinson No. 1 exploratory well was certified as capable of producing oil and gas in paying quantities in February 1997, but was not developed because ARCO and its predecessors said a standalone Stinson development was not economic at the time.

Through the years, other wells – now on Donkel/Cade leases or in the vicinity – have encountered hydrocarbons but were not developed. Today, the prospects lie much closer to pipelines and other infrastructure, and technology and knowledge of the geology of the

region have advanced. The adjacent Point Thomson Unit is partially developed and producing hydrocarbons.

Currently, Donkel and Cade are making a business case for and actively marketing approximately 60,000 acres of Alaska North Slope and Beaufort Sea leases, including the Stinson prospect and the adjacent area east of the Point Thomson unit. The incorporation of the leases into a unit will provide synergies to remove barriers to investment.

The Applicants are approaching the multi-million-dollar investment required for development of the project on a sequential basis, leveraging historic data and initiating fresh and new scientific analysis. As evidenced by the Application, based on evidence gathered thus far, the Applicants have determined that the project is worthy of continued investment. Unitization will protect the value of both past and additional investment and allow the Applicants to further invest in and develop the unitized leases.

Further exploration is currently being planned, including drilling of new wells and acquisition of seismic data. The Applicants have a long and successful track record in Alaska. Notably the Applicants sold 200,000 acres to Apache in 2010 allowing Apache to conduct an extensive 3D seismic program in Cook Inlet and exploratory drilling.

The Applicants also helped place the Redoubt Unit into production following a sale to Forcenergy and Forest Oil in 1997. Redoubt has produced for more than 20 years. In 2009 Donkel was instrumental in saving the Group 1 assets of Pacific Energy Resources. With the approval of the Delaware Bankruptcy Court and Miller Energy / Cook Inlet Energy the Redoubt Oil and Gas Field and W. McArthur Oil Fields and other assets were saved from abandonments.

In the mid-1990's Donkel's company, Danco Inc. identified an opportunity in Sterling on the Kenai Peninsula and with joint venture partner Marathon, was successful in bringing the Sterling Gas Field into production.

In 1996, Donkel transferred an offshore Cook Inlet working interest to Unocal to form the North Middle Ground Shoal Unit. Under the unit's initial plan of development, Unocal drilled an exploratory well from its Baker Platform to determine whether the Shallow Tyonek Formation gas reserve extended into Donkel's lease, which would indicate it might contribute – along with adjacent Unocal acreage – to gas production in paying quantities.

Donkel has been active in Alaska since the mid-1980s; when his company Danco Inc. sold to Amoco, Arco and Unocal around 100,000 acres in Cook Inlet, which then was the largest such transfer in State history.

The Applicants are seasoned participants in Alaska's oil and gas industry, with a record of attracting qualified investment to Alaska resulting in significant benefits to both the state and its citizens.

The Applicants currently own 24 leases in the GPTU area acquired at a cost of over \$1.2 million in bonus bids. Annual rental payments for the leases are approximately \$362,000 combined.

The Applicants Greater Point Thomson leases were acquired because the prospectivity of the leases was recognized in the reservoirs and potential hydrocarbon accumulations present on and adjacent to the leases as demonstrated in the Geological, Geophysical and Engineering report submitted with the Application. The technical risk associated with the Greater Point Thomson prospects is offset by the known discoveries on and adjacent to the GPTU leases.

Over the past decade, the Applicants have built a large seismic and well database. To support the Greater Point Thomson effort, their company purchased 2-D seismic data in the area. Wells have been drilled on and adjacent to the Greater Point Thomson leases that inform the Applicants' interpretation. These wells provide excellent geologic control regarding the reservoir, source, and seal characteristics of the rocks they penetrated.

The Applicants work at Greater Point Thomson started with the creation of a robust regional geological model. This initial work, together with the ongoing discoveries, revealed attractive leads on the Greater Point Thomson acreage and has justified more comprehensive multi-disciplinary analyses of the area. Detailed geological, petrophysical, and geophysical work included the integration of well data and discoveries into a stratigraphically based, and geophysically supported holistic interpretation that have led to designation of the Applicants prospects.

The Application proposes a single unit area covering multiple known oil and gas reservoirs and multiple potential hydrocarbon accumulations. Because the actual extent of these accumulations is unknown in part, a large block of contiguous acreage is required to allow "room to run" and to attract investment to this area. Given the large investment need to explore, delineate and develop the GPTU leases, lease-by-lease exploration is not economically feasible. The proposed unit area will provide the lease owners with the "economy of scale" needed to progress the project.

III. Discussion of 11 AAC 83.303 Criteria

A. Proposed Unit Area

The proposed unit area is depicted in the map and described in the list attached hereto as Exhibit C. A unit is defined as "a group of leases covering all or part of one or more

potential hydrocarbon accumulations, or all or part of one or more adjacent or vertically separate oil or gas reservoirs, which are subject to a unit agreement[.]" 11 AAC 83.395(7). A key requirement for unitization of separate oil and gas leases is that the leases that are the subject of the application cover all or part of a reservoir or all or part of a potential hydrocarbon accumulation.

A "reservoir" is an "oil or gas accumulation which has been discovered by drilling and evaluated by testing and which is separate from any other accumulation of oil and gas." 11 AAC 83.395(b). A "potential hydrocarbon accumulation" is "any structural or stratigraphic entrapping mechanism which has been reasonably defined and delineated through geophysical, geological, or other means and which contains one or more intervals, zones, strata, or formations having the necessary physical characteristics to accumulate and prevent the escape of oil and gas." 11 AAC 83.385(7). DNR regulations further provide that a unit must encompass the minimum area required to include all or part of one or more oil or gas reservoirs, or all or part of one or more potential hydrocarbon accumulations. 11 AAC 83.356. The proposed unit area satisfies each of these requirements.

B. Unit Exploration Acreage

A map of the proposed unit area and a listing of the leases are attached hereto with the unit application as Exhibit C.

C. Approval Criteria

(i) Promote conservation of all natural resources, including all or part of an oil or gas poll field or like area (11AAC 83.303(a)(1))

The Applicants ability to coordinate their continuing appraisal activities through unitization promotes conservation by reducing environmental impacts. Unitization will also allow for coordinated use of infrastructure and the completion of additional required appraisal work in an orderly and rational manner over a wide geographic area, instead of focusing on lease-by-lease activities and making investment decisions based simply on lease preservation. Moreover, the data obtained from new wells is necessary to optimize the location of drilling future development wells. Coordinated appraisal and development operations will therefore conserve resources and facilitate the greatest ultimate recovery of those resources.

(ii) Promote the Prevention of Economic and Physical Waste (11 AAC 83.303(a)(2))

Unitization of the leases in the proposed Greater Point Thomson Unit Area will promote the prevention of economic and physical waste by maximizing the recovery of oil and gas. Unitization will allow exploration and development wells to be drilled in the best possible location to maximize drainage. Unitization will also allow for implementation of

economic reservoir pressure maintenance efforts as early as first production in each individual reservoir and enables numerous relatively small accumulations to share facilities and infrastructure to achieve synergies required to justify economic/commercial development and maximize production.

(iii) *Provide for the Protection of All Parties of Interest, Including the State (11 AAC 83.303(a)(3))*

Unitization of the leases in the proposed Greater Point Thomson Unit Area will provide for the protection of all parties of interest by allowing production from each individual reservoir to be allocated back to each tract contributing to production in paying quantities based on the interpretation of all the geological, geophysical, engineering, and well data available.

To date, the Applicants have made a significant investment in acquiring and maintaining the Greater Point Thomson leases, and acquiring and evaluating all relevant geologic, geophysical and well data. The information obtained from this effort has led to the further delineation of reservoirs and the identification of several potential hydrocarbon accumulations and prospects inside the proposed Greater Point Thomson Unit Area. The Applicants are currently identifying prospective partners and plans to continue its appraisal activities as described in the proposed Plan of Exploration.

Unitization will advance the economic interests of both the State and the Applicants by improving the economics of the project and advances the interests of the parties involved. DNR has long understood that an operator "would not produce marginal economic reserves on a lease by lease basis, but would produce them through unitized operations because facility consolidation saves capital and promotes better reservoir management". See Pioneer Unit Agreement, Decision and Findings of the Commissioner (March 31, 1998) at 11. Indeed, the high cost and high risk of exploring and developing the potential hydrocarbon accumulations require numerous prospects being explored and developed as a program, which will generate economic synergies and improves the probability of continuing economic development. The pace of exploration and development is tied in part to the ability of an operator to accumulate an acreage position that offers sufficient access, and control of enough prospects to offer said synergies and improved probability of an economic development.

Moreover, unitization will allow any Applicant to secure corporate support for funding for additional exploration, delineation, and development activities by providing certainty that exploration and development will occur in a prudent and coordinated manner that minimizes waste and maximizes recovery.

(iv) *Environmental Costs and Benefits of Formation of the Greater Point Thomson Unit (11 AAC 83.303(b)(1))*

Exploration and development activities at the Greater Point Thomson Unit will be conducted consistent with the well-established prudent, efficient and environmentally sound industry practices related to nearshore North Slope operations. This can only happen through unitized development. The environmental impacts of exploration and development would be significantly greater if the reservoirs were developed on a lease-by-lease or well-by-well basis in order to preserve leases, rather than on an integrated unitized basis.

(v) *Geological and Engineering Characteristics of the Greater Point Thomson Unit Reservoirs (11 AAC 83.303(b)(2)).*

The confidential Geological, Geophysical, and Engineering Report (Exhibit E) included as a part of this Application describes the characteristics of the known reservoirs and potential hydrocarbon accumulations and exploration prospects in the unit area.

Dr. Beverly Burns and Mr. Larry Smith are the primary authors of the report. Dr. Robert Blodgett and Mr. Steve Sutherlin have also contributed to the submittal.

The Alaska Oil and Gas Conservation Commission (AOGCC) pool rules for the Point Thomson oil pool (See Conservation Order 719) and the area injection order for that oil pool (See AIO 38) include detailed descriptions of the Point Thomson reservoir including the unit area adjacent to Donkel/Cade tracts 79 and 80. The conservation order and injection order application materials and approvals are available on the AOGCC web site.

(vi) *Prior Exploration Activities in the Proposed Greater Point Thomson Unit Area (11 AAC 83.303(b)(3))*

Hydrocarbons were first discovered adjacent to the proposed Greater Point Thomson Unit area in 1975 when Exxon drilled Alaska State A-1 and tested 25 API oil @ 2507 BOPD along with 2.2 MMSCFG/D from Paleocene turbidites (Flaxman sand) between 12,565' to 12,635' MD. In 1977, a second discovery well, the Exxon Point Thomson Unit No. 1 well tested flowable hydrocarbons (API range 18 to 45, 170 BPD condensate, up to 13.3 MMSCFG/D) from several horizons in the lower Cretaceous Point Thomson sand.

Over the following years at least eleven additional wells were drilled to prove up the productivity of the Paleocene sands, the Point Thomson sand and the pre-Mississippian "basement". The wells in and around the proposed Greater Point Thomson Unit include Red Dog #1, North Staines River #1, Staines River #1, Sourdough #2, Sourdough #3, Stinson #1, Challenge Island #1 (TD in GPTU), Alaska Island #1 (TD in LU), Alaska State F-1, Alaska State D-1, and Alaska State G-2.

North of the proposed Greater Point Thomson Unit, in federal waters, several wells were drilled in the late 1980s to early 1990s. These wells include Shell Hammerhead #1 and #2, Shell Corona #1, ARCO Kuvlum #1, #2 and #3, and ARCO Wild Weasel #1. None

of the wells were targeting stratigraphic horizons deeper than the Eocene. Shell Hammerhead #1 (TD 9/24/85) and #2 (TD 10/11/86) encountered flowable gas and oil in an Oligocene up thrown fault block; reserves have been estimated up to 200-250 MMBO.

Drilling at the Kuvlum prospect also focused on the Oligocene and encountered flowable reserves on a faulted nose off the greater Camden anticlinorium. The ARCO Kuvlum #1 (TD 1014/92) well flowed 34 API oil at a rate of 3400 BOPD. Recoverable reserve estimates for Kuvlum range from 300 up to 400 MMBO. The ARCO Wild Weasel #1 (TD 11/9/93) encountered excellent Oligocene reservoir rock but hydrocarbon shows were very disappointing.

Shell/Amoco Corona #1 (TD 9/18/86) did not encounter economic reserves but did reveal a thick section of hydrocarbon charged non-reservoir strata.

ARCO Alaska, Inc. drilled the Stinson #1 on State of Alaska Oil and Gas lease ADL 371024 in the winter of 1989 to a total depth of 16,156 feet. The primary objective was a Paleocene stratigraphic play typified on seismic data by a thickened section displaying bi-directional downlap. Lower Cretaceous age sections of the Pt. Thomson interval were considered a secondary target. Both objectives proved unsuccessful from a reservoir perspective. The Paleocene section was silt/shale prone and the Lower Cretaceous interval was absent due to non-deposition.

The ARCO Stinson #1 well successfully proved up the potential of two play concepts unique to the North Slope. The well did encounter a significant zone of hydrocarbon shows and flow that commenced in the Eocene at 12,500' and appeared to continue to TD in the Proterozoic basement. Test #1, which was an open hole test, 14,863-15,194', achieved a flow of 430 BOPD, 7.1 MMCFGD and 520 BWD from a section that included the pre-Tertiary unconformity and the immediately underlying Proterozoic quartzite. Additional drill stem tests behind casing (#2 - #4) were subsequently conducted in both the Proterozoic quartzite and deeper metadolomites, but in all cases either failed or no significant flow was detected. The flow of hydrocarbon from the open hole most likely resulted from the movement of fluids through an intensely fractured basement and/or along the pre-Tertiary unconformity. Perforated interval in the succeeding test probably penetrated dense, well-lithified basement rocks and hence resulted in little fluid flow. Core data indicated the Proterozoic quartzites have an average porosity of 2% and permeability of 0.1 md. Similarly, the metadolomites have an average porosity of 2% and permeability of 0.2 md. In all, 5 cores were recovered from the well; one from the basal portion of the lower Eocene sandstones (core #1, 12,716'-12,732.9'), one from the basal Paleocene section (core #2, 14,890'-14,945') and three from the Proterozoic basement (core #3, 14,945'-14,946'; core #4 14,946'-14,954'; core #5, 16,092'-16,106').

Drill stem test #5 - #7 were conducted in the Tertiary section. Test #5 (14,150'-14,350') was conducted in thinly laminated, very fine-grained sandstone, siltstone and shale of the Paleocene; no significant flow was detected. Test #6 (12,590'-12,610'; 12,680'-12,720') was conducted in Eocene marine sandstone and also showed no significant flow. Due to severe hole wash outs, the test should be considered a failed test. Conventional core (core #1) from this interval had porosities ranging from 11-15%, average permeability of 1.7 md., and calculated water saturations of 20% to 35%. The core data were obtained from thin-bedded, fine-grained sandstones at the base of a thickening and coarsening upward section. If properly tested, the interval would probably flow oil. Test #7 (12,142'-12,332') was attempted through two casing strings in Eocene sandstone and conglomerate above the geopressure zone beginning at 12,500'; no significant flow was detected. After completing the test program, ARCO plugged and abandoned the well on August 20, 1990.

On February 28, 1997 the well was certified as being capable of producing hydrocarbons in paying quantities from the Proterozoic quartzite. The well data was held confidential until April, 2008 when ConocoPhillips relinquished the oil and gas lease to the State of Alaska. The well is no longer certified as being capable of producing hydrocarbons in paying quantities.

In 2009 ExxonMobil drilled the PTU-15 and PTU-16, as part of initial development project for the Point Thomson field. ExxonMobil constructed the Point Thomson production facilities from 2012 to 2016. The facilities were designed to extract condensate out of the gas and reinject the produced gas back into the reservoir. The liquids are transported through the Point Thomson Export Pipeline (PTEP) for delivery to the Trans-Alaska Pipeline System. The pipeline connection to the Badami Unit has a capacity 70,000 barrel per day. The PTU Phase One facilities were only designed to produce 10,000 barrels per day of liquids. The Phase Two facilities, when built, will be designed for much higher rates.

The fact that certain Point Thomson Unit wells adjacent to the GPTU area remain confidential has hampered our efforts to complete a full geologic assessment of the area, but the Division has access to these data and is aware of the well results.

Dr. Robert Blodgett and Mr. Steve Sutherlin prepared work for the Applicants including the preparation of two detailed PowerPoint presentations (one 53 pp, the other 70+ pp in length) on the "Six Sisters Trend", including the Stinson #1 well and going as far west as Challenge Island. The presentations were intended for people interested in the project, and have been sent to interested parties both in the U.S. and abroad. The Applicants have received strong indications of interest and positive feedback from investors in Qatar, UAE,

and Nepal). In putting this together, Dr. Blodgett photographed numerous core intervals and megafossil-bearing rocks from the well cores in the Greater Point Thomson Unit Area. This research delimited that the age of the basement complex (the pre-Mississippian) was actually Neoproterozoic-Cambrian in age, and not Devonian as some early workers thought (e.g., Paul Decker, formerly with Alaska DOG). Another shorter Power Point presentation was prepared regarding “The Thomson Sand (Lower Cretaceous) Petroleum Play” which is situated just south of the Six Sisters Trend.

The work on the Six Sisters Trend resulted in three publications in the geologic literature:

1. Stinson Well Could Be Key to Alaska’s ANWR. AAPG Explorer 3/9/2018, pp. 12 and 14, authored by Heather Saucier in consultation with R.B. Blodgett.
2. Blodgett, R.B., and Sutherlin, S.C., 2018, The Six Sisters Well Trend: Gateway into the Development and Understanding of the Petroleum Systems along the Northwest Margin of ANWR. Alaska Geology – Newsletter of the Alaska Geological Society, v. 48, no. 6 (February, 2018), p. 4-10.
3. Bailey, Alan, 2018, An overlooked play? Petroleum News, v. 23, no. 32, August 12, 2018, pp. 1 and 11. (written in consultation with Blodgett and Sutherlin).

Following the above work, Dr. Blodgett has continued research into the paleontology (biostratigraphy) and paleoenvironmental setting of the “hot zones” in the Six Sisters Trend, including bringing to light additional data on the *Azola*, the magic powerhouse fern which appears to be source of much of the oil found in the high-Arctic regions during the Paleocene/Eocene transition (so-called Paleocene-Eocene Thermal Maximum (or PETM around 56 Mya) [see Wikipedia article on this interval, which included photos of modern *Azola*]. This fern is extremely abundant in the reservoir zones of the Canning Formation in this interval in the eastern Six Sisters wells.

The seismic information used to map the Greater Point Thomson Unit area consisted of approximately 50 public domain seismic lines of varying vintages from the late 1970’s. Most dip lines are short and make an incomplete grid for mapping purposes. The quality of seismic data interpreted ranged from poor to good with most being less than average quality. Donkel Oil & Gas LLC licensed nine of the public domain lines from SEI, along with one line from WesternGeco, to obtain field tapes for seismic reprocessing and AVO analysis testing in the eastern portion of the proposed GPTU. Analysis of the data is continuing. In terms of what further seismic data is available for licensing, WesternGeco has reprocessed a number of the public domain 2-D lines in the area. Although these lines are available for licensing, they would not provide an improved grid for mapping. WesternGeco also has a late 1990 vintage spec 3-D OBC survey in the central GPTU area

available for licensing but the quality of this data has not been determined at this time. The Hilcorp/Exxon Point Thomson group has a large quantity of 3D seismic data over the central and western portions of the proposed GPTU but they are not offering any of it to Donkel Oil & Gas LLC for licensing at this time.

Contributors and Early Reports

Mr. Don Brizzolara and Mr. Jerry Hodgden did the early work on evaluating the GPTU area prospectivity for the Applicants. Mr. R. Morse and Mr. R. Krantz conducted follow up work on evaluating the GPTU area prospectivity. Mr. Monte Maybry contributed to the geophysical understanding and interpretation of the area. And lastly, Petrotechnical Resources Alaska's (PRA) Mr. Tom Morahan did the bulk of the early 2-D seismic interpretation, mapping and evaluation. Their reports all helped form the basis for this application.

(vii) *Plan for Exploration and Development of the Proposed Greater Point Thomson Unit Area (11 AAC 83.303(b)(4))*

Exhibit G to the proposed Greater Point Thomson Unit Agreement outlines and provides full details for the Greater Point Thomson Unit 5-Year Plan of Exploration ("POE").

Over the previous nine-years plus, the Applicants have worked diligently to assemble a large, contiguous and prospective exploration/delineation block of eastern North Slope onshore and offshore acreage. The goal has always been to build the necessary geological and geophysical database and interpretations to bring in another company or companies to acquire an interest in the GPTU leases, assume the role of Unit Operator and share the exploration risk and cost associated with advancing the understanding of the resource potential of the GPTU leases. The Applicants made solid significant progress toward that objective prior to the COVID-19 pandemic and the resulting collapse in oil prices. Oil prices have now rebounded and oil and gas projects on the North Slope remain attractive from the standpoint of geologic potential and oil and gas price projections. The fiscal assumptions that are expected to prevail in the coming decade are encouraging, but the political and social challenges facing the oil and gas industry in the Arctic, and the challenges posed by the continuing international economic uncertainty have impacted the Applicants' ability in the short term to bring another company to this project in a number of ways: (1) COVID-19 continues to makes marketing the project more challenging as most if not all meetings and negotiations have to be held virtually, (2) the timing of execution of the project is uncertain due to logistical and seasonal restrictions on operations; and, (3) until very recently, low oil prices suppressed cash flow available to prospective investors for new projects and dampened management's appetite for new North Slope exploration/delineation projects.

In addition, many major lending institutions have stated that they are no longer financing

arctic oil and gas projects. This has further complicated the ability to find investor partners and risk capital for this project.

The Applicants therefore request that the proposed Unit Plan of Exploration be approved for 5 years to allow it the time necessary to identify another company to acquire an interest in the GPTU leases. The 5-year plan will allow time for the new partner(s) to assume the role of Unit Operator, develop additional in-house information regarding the hydrocarbon potential of the GPTU leases, evaluate the economic issues around any future development, and prepare a comprehensive Plan of Development based on the additional required geologic and engineering information that will be generated from the evaluation, drilling and testing described in the Plan of Exploration.

Annual progress reports will be submitted to the Division.

Several known oil and gas discoveries have been made on the unit leases (Stinson and Challenge Island) as well as immediately adjacent to the unit leases (Flaxman Island (Alaska A-1), Point Thomson sands and Sourdough). Additional potential hydrocarbon accumulations have been identified on the unit leases (see Exhibit D, Geological, Geophysical and Engineering Report). The known promising delineation targets on the unit leases (Stinson, Point Thomson, Challenge Island, and Flaxman Island) that extend from known discoveries adjacent to the unit leases into the unit leases anchor the proposed exploration/delineation program. The large contiguous block of leases and the 5-year exploration plan are necessary to attract investors and allow for a flexible delineation and exploration program.

The proposal by Qilak LNG Inc. to export LNG by sea from the Point Thomson Unit has renewed interest in the eastern North Slope area in the hopes of finding additional gas supply sources for that project. In addition, the recent announcements by the Alaska Gas Development Corporation (AGDC) have been encouraging concerning the development and sale of North Slope gas reserves.

The studies and data acquisitions described in the Plan of Exploration will provide the basis for additional drilling in the unit area.

(viii) *Economic Costs and Benefits to the State (11 AAC 83.303(b)(5))*

A primary goal of unitization is the protection of the parties in interest in one or more hydrocarbon accumulations. The formation of the proposed Greater Point Thomson Unit extends these benefits and protections to leases capable of contributing to production. The State's economic interests are protected by maximizing the physical recovery of hydrocarbons from the Greater Point Thomson Unit reservoirs and by allowing the Applicants the opportunity to further evaluate potential hydrocarbon accumulations and potentially place these resources into production. Maximizing hydrocarbon recovery

assures that the production-based royalty and tax revenue to the State is also maximized. In addition, the fact that the subject state leases consist almost entirely of submerged lands effectively precludes separate lease-by-lease development. Without unitization, it is unlikely that the State will ever receive the potential economic benefits of development of the hydrocarbons attributable to these leases.

Unitization will also encourage investment in exploration, which may lead to the development of new, currently undeveloped formations underlying the leased area. While the Application requests unitization under a single Working Interest Owner group, this may not be the status in future years. Unitization will ensure that the interests of the Applicants and the State of Alaska are fully aligned.

Unitization will foster new production sources, which will stem the decline in Alaska production, generate jobs for Alaskans, provide long-term tax revenue to the North Slope Borough and the State of Alaska, and increase the longevity of the Trans-Alaskan Pipeline infrastructure. The State's economic interests will clearly be advanced by the proposed unitized development.

(viii) Other Relevant Factors (11 AAC 83.303(b)(6))

Interest by explorers and developers in new Beaufort Sea state oil and gas leases has been waning in recent years. The high cost of exploring offshore and the social stigma attached to oil and gas in the Arctic have diverted risk capital to other places in the world. In addition, the recent federal lease sale in ANWR was disappointing with most tracts not receiving bids and many of those tracts that were bid on being subsequently relinquished. The GPTU block of acreage represents a promising development area and unitization of this area will allow exploration and development work to proceed in a timely fashion.

D. Unit Term.

Consistent with 11 AAC 83.336, the Applicants requests that the term of the proposed Greater Point Thomson Unit and Plan of Exploration be established to run through December 31, 2027, subject to the terms and conditions of the proposed Unit Agreement.

IV. Approval of Unit Plan of Exploration

In accordance with 11 AAC 83.343 and Section 8.1 of the proposed Greater Point Thomson Unit Agreement, the Applicants, as the only working interest owners of the Donkel/Cade leases in the proposed Greater Point Thomson Unit, and Donkel Oil & Gas LLC as operator, hereby request that DNR approve the 5-Year Unit Plan of Exploration for the Greater Point Thomson Unit, which is submitted herewith as Exhibit G to the Unit Agreement.

V. Changes to the Model State Unit Agreement Form

The Applicants propose one change to the State of Alaska model unit agreement form. That change is to the definition of Royalty Interest in section 2.9 of the agreement. We believe the definition in the model form is inconsistent with accepted oil and gas practice and inconsistent with the recent Alaska Supreme Court decision—see Supreme Court No. S-17500, Opinion No. 7514.

The definition we propose is consistent with accepted oil and gas practice, the lease form, and the definition approved by the Division in the Horseshoe Unit agreement.


VI. Proof of Mailing

Third-party working interest owners have been notified of the Application and invited to join the unit (see Exhibit G-Letter to Third-Party WIO's). The overriding royalty interest owners have also been notified of the Application (see Exhibit H-Letter to ORRI Holders). Proof of mailing to third-party WIO'S and ORRI holders is enclosed as Exhibit I.

Please feel free to contact us if you have any questions regarding the Application.

Sincerely,


Daniel K. Donkel
donkeloil@gmail.com
407-375-8500


Samuel H. Cade
samuel.h.cade@att.net

Mailing Notice To:

Donkel Oil & Gas LLC
1030 Weathered Wood Circle
Winter Springs, FL 32708

CC: Ken Diemer, Division of Oil and Gas

Greater Point Thomson Unit
Cover Letter
November 9, 2022

Enclosures: Exhibit A - Unit Agreement
Exhibit B - Proposed 5-Year Unit Plan of Exploration
Exhibit C - Map of Proposed Unit and List of Unit Leases
Exhibit D - Geological, Geophysical, and Engineering Report
CONFIDENTIAL—Submitted Separately
Exhibit E - Operator Form
Exhibit F - Certificate of Compliance
Exhibit G - Letter to Third-Party Working Interest Owners
Exhibit H - Letter to Overriding Royalty Interest Owners
Exhibit I - Proof of Mailing

GREATER POINT THOMSON UNIT AGREEMENT

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RECITALS

This document is the proposed Greater Point Thomson Unit Agreement (“Agreement”), executed by Daniel K. Donkel and Samuel Cade, (Donkel/Cade) who, as individuals, are the Working Interest Owners of the Donkel/Cade leases proposed to be included in the unit (“Parties”).

The Working Interest Owners of Tract 75BF (ADL 393574) have been invited to join the unit.

Donkel/Cade submitted an application to the Alaska Department of Natural Resources (“DNR”) for approval of formation of the Greater Point Thomson Unit (“Unit”) containing state oil and gas leases.

DNR may approve unitization of state oil and gas leases when it is necessary or advisable in the public interest.

DNR’s decision on whether to approve formation of the Unit will be set forth in a separate appealable DNR decision.

ARTICLE 1: Purpose and Scope of Agreement

- 1.1. In consideration of the mutual promises in this Agreement, the Parties commit their respective interests in the Unit Area defined in Exhibit A and depicted in Exhibit B to this Agreement, subject to (1) all state statutes and regulations currently in effect or enacted or promulgated after the effective date of this Agreement; (2) the terms of this Agreement; and (3) DNR’s authority to manage state oil and gas resources and to resolve disputes by administrative decision and appeal.
- 1.2. The purpose of this Agreement is to conserve natural resources by maximizing the efficient and timely production of oil and gas resources from the leases and working interests committed to the Unit and minimizing the adverse impacts to the surface estate and other resources from development.
- 1.3. This Agreement is effective as of the Effective Date and automatically expires five years from the Effective Date as provided in 11 AAC 83.336, unless otherwise extended pursuant to 11 AAC 83.336(a)(1) or 11 AAC 83.336 (a)(2).
- 1.4. The Parties acknowledge that DNR is not a Party to this agreement but is instead the agency authorized by Alaska law to approve formation of a unit including state oil and gas leases when it is necessary and advisable in the public interest to explore, develop, and produce state oil and gas resources.

ARTICLE 2: Definitions

- 2.1. **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, Alaska Statute 31.05.
- 2.2. **Commissioner** means the Commissioner of the Department of Natural Resources, State of Alaska, or the Commissioner's authorized representative, including but not limited to the Director.
- 2.3. **Director** means the Director of the Department of Natural Resources, Division of Oil and Gas or the Director’s authorized representative.
- 2.4. **Effective Date** means 12:01 a.m. on the date identified as the effective date in the Director’s approval of the unit, and if no date is specified, the date of the unit approval decision.
- 2.5. **Lease or Leases** means one or more oil and gas leases subject to this Agreement.
- 2.6. **Operations** means physical activities in or on an oil and gas lease that a lessee or unit operator may not conduct without an approved plan of operations under 11 AAC 83.158 or 11 AAC 83.346; activities conducted in support of, in anticipation of, or in conjunction with physical activities in or on an oil and gas lease (including but not limited to analyses, review, negotiations, or other work more accurately described as administrative, technical, or commercial activity) do not constitute Operations.
- 2.7. **Participating Area** means all Unit Tracts and parts of Unit Tracts established under the provisions of Article 10 of this Agreement to allocate Unitized Substances produced from a reservoir.
- 2.8. **Participating Area Expense** means all costs, expenses, or indebtedness incurred by the Unit Operator under this Agreement for or on account of production from or Operations in a Participating Area and allocated solely to the Unit Tracts in that Participating Area.
- 2.9. **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.
- 2.10. **State** means the State of Alaska.
- 2.11. **Sustained Unit Production** means continuing production of Unitized Substances from a Unit Well in the Unit Area into production facilities and transportation from the unit Area to market, excluding temporary production for initial testing, evaluation, or pilot production purposes.
- 2.12. **Unit Area** means the lands subject to this Agreement, described in Exhibit A and shown in Exhibit B to this Agreement.

- 2.13. **Unit Expense** means all costs, expenses, or indebtedness incurred by the Unit Operator under this Agreement for or on account of production from or Operations in the Unit.
- 2.14. **Unit Operating Agreement** means any and all agreements entered into by the Unit Operator and the Working Interest Owners, as described in Article 8 of this Agreement.
- 2.15. **Unit Operations** means all Operations conducted under this Agreement in accordance with a Unit plan of operations.
- 2.16. **Unit Operator** means the party designated by the Working Interest Owners and approved by the Director to conduct Unit Operations.
- 2.17. **Unit Plan** means a unit plan of exploration, plan of operations or plan of development as described in Article 9 of this Agreement.
- 2.18. **Unit Tract** means each separate parcel of land that is described in Exhibit A and given a Unit Tract number.
- 2.19. **Tract Participation** means the percentage of Unitized Substances and costs allocated to a Unit Tract in a Participating Area.
- 2.20. **Unit Well** means a well drilled within the Unit Area after the effective date of this Agreement unless specifically authorized by the Director.
- 2.21. **Unitized Substances** means all oil, gas, and associated substances produced from the Unit Area.
- 2.22. **Working Interest** means the interest held in lands by virtue of a Lease under which the owner of the interest is vested with the right to explore for, develop, and produce minerals under the terms of the lease. The right delegated to a Unit Operator by a Unit Agreement is not a working interest.

ARTICLE 3: Exhibits and copies of the agreement

- 3.1. The Unit Operator will provide the following exhibits to the Director:
 - 3.1.1. Exhibits A, B, and G as part of the Unit Agreement when the unit formation application is filed and whenever there is a change to the Unit Area or in interests committed to the unit.
 - 3.1.2. Exhibit F as part of the Unit Agreement if the Unit Area includes or is proposed to include one or more net profit share leases.
 - 3.1.3. Exhibits C, D, E, and F when a Participating Area application is submitted for approval, and upon approval of the Participating Area, they become part of this Agreement.

- 3.1.4. Revised Exhibits within 30 days of the information in an Exhibit no longer being accurate, a DNR decision affecting the information in an Exhibit, or a request from DNR for revised Exhibits. Events requiring revised Exhibits include, but are not limited to, expansion or contraction of the Unit Area, expansion or contraction of a Participating Area, changes to Tract Participation, and changes to working interest in Leases.
- 3.2. Exhibit A is a table that identifies and describes each Unit Tract, and displays the Unit Tract numbers, legal descriptions, lease numbers, Working Interest ownership, Royalty Interest ownership, and the applicable royalty and net profit share rates applicable to each Unit Tract.
- 3.3. Exhibit B is a map that shows the boundary lines of the Unit Area and of each Unit Tract, identified by Unit Tract number and lease number.
- 3.4. Exhibit C is comprised of a table for each Participating Area that displays the Unit Tract numbers, legal descriptions, lease numbers, Working Interest ownership, Royalty Interest ownership, and the percentage of Unitized Substances allocated to each (“Tract Participation”). Exhibit C must include a separate table for each Participating Area. Exhibit C and any revisions to Exhibit C are not effective until approved by the Director.
- 3.5. Exhibit D is comprised of a map for each Participating Area. Each Exhibit D map must show the boundary lines of the Unit Area, the Participating Area, and the Unit Tracts in that Participating Area identified by Unit Tract number and lease number.
- 3.6. Exhibit E is comprised of a table for each Participating Area that displays the allocation of Participating Area Expense to each Unit Tract in the Participating Area, identified by Unit Tract number and Lease number. Exhibits must include a separate table for each Participating Area in the Unit Area.
- 3.7. Exhibit F is a table that displays the allocation of Unit Expense to each Unit Tract in the Unit Area, identified by Unit Tract number and lease number. Exhibit F and any revisions to Exhibit F are not effective until approved by the Director.
- 3.8. Exhibit G is a Unit Plan for the Unit. Subsequent Unit Plans are part of this Agreement, but do not need to be labelled as a revised Exhibit G.
- 3.9. At least one copy of this Agreement will be filed with DNR, Division of Oil and Gas in Anchorage, Alaska and one copy will be filed with the AOGCC.

ARTICLE 4: Creation and Effect of Unit

- 4.1. All working interests in and to the lands described in Exhibit A and shown in Exhibit B are subject to this Agreement.

- 4.2. The provisions of a Lease committed to this Agreement and of any other agreement regarding that Lease are modified to conform to the provisions of this Agreement and to statutes and regulations regarding oil and gas leases and units existing on the Effective Date of this Agreement or enacted thereafter.
- 4.3. This Agreement does not transfer title to any Lease.
- 4.4. All data, information, and interpretations determined by the Director to be necessary for the administration of the Unit or for the performance of DNR responsibilities under Alaska law will be submitted to the Director by the Unit Operator or Working Interest Owners, or both, upon DNR written request. Upon request, DNR will keep records confidential to the extent allowed under applicable law.
- 4.5. When the Commissioner or Director makes a decision related to the administration of the Unit or Unit Leases in reliance on confidential information, and there is an appeal or request for reconsideration of that decision in which the confidential information is materially relevant to the issues on appeal, the Working Interest Owners agree to enter reasonable confidentiality agreement(s), as necessary, to provide parties to the appeal or reconsideration with access to the relevant confidential information.

ARTICLE 5: Designation of Unit Operator

- 5.1. Donkel Oil & Gas LLC is designated as the Unit Operator until such time, if any, that a successor unit operator is designated and approved by the Director. Donkel Oil & Gas LLC accepts the rights, duties, and obligations of the Unit Operator including to diligently conduct Unit Operations and to explore, develop, and produce the Unit Area.
- 5.2. Except as otherwise provided in this Agreement, and subject to the terms and conditions of an approved Unit Plan, the rights and obligations of the Working Interest Owners to conduct Operations to explore for, develop, and produce the Unit Area are delegated to and will be exercised by the Unit Operator. This delegation does not relieve a Working Interest Owner of the obligation to comply with all Lease terms. The Unit Operator will comply with all notification requirements of the Leases, this Agreement, the Unit Operating Agreement, and applicable statutes or regulations.
- 5.3. The Unit Operator will minimize and consolidate surface facilities to minimize surface impacts.
- 5.4. With the approval of the Director and the AOGCC, any Working Interest Owner is entitled to drill and operate a well on its Lease when the Unit Operator declines to drill that well. The Working Interest Owner must comply with all applicable statutory, regulatory, and contractual obligations for drilling or operating a well.

- 5.5. A Working Interest Owner who assigns a working interest in a Lease that is subject to this Agreement is responsible for notifying the Unit Operator of Director approval of the assignment within 15 days of the approval.

ARTICLE 6: Resignation or Removal of Unit Operator

- 6.1. The Unit Operator may resign at any time, but the resignation is not effective until the Director approves a successor Unit Operator.
- 6.2. The Unit Operator may be removed by DNR for failure to perform the required duties and obligations set forth in the Agreement. The removal will not be effective until the Director gives the Unit Operator notice and an opportunity to be heard and DNR approves a successor Unit Operator.
- 6.3. Unless specified otherwise in the Unit Operating Agreement, the Unit Operator may be removed by an affirmative vote of the Working Interest owners owning a majority interest in the Unit. The removal is not effective until the Working Interest owners give the Director, the Unit Operator, and all Parties written notice of the removal and the Director approves a successor Unit Operator.
- 6.4. The resignation or removal of the Unit Operator will not release it from liability for any failure to meet obligations that accrued before the effective date of the resignation or removal.
- 6.5. When the resignation or removal of the Unit Operator becomes effective, the Unit Operator will relinquish 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, to the successor Unit Operator.
- 6.6. If the Unit Operator has a Working Interest in one or more leases committed to the unit, its obligations as a Working Interest Owner continue notwithstanding resignation or removal as Unit Operator.

ARTICLE 7: Successor Unit Operator

- 7.1. A proposed successor Unit Operator will accept all rights, duties, and obligations of a Unit Operator in writing before it will be considered for approval by the Director.
- 7.2. If a successor Unit Operator that is satisfactory to the Director has not been proposed within 30 days of notice of the resignation or removal of a Unit Operator, the Director may declare this Agreement terminated.

ARTICLE 8: Unit Operating Agreement

- 8.1. The Unit Operating Agreement is an agreement between the unit Working Interest Owners regarding voting mechanisms, operational details, and non-Participating Area unit cost allocations for implementation of the Unit Agreement. It is not binding on DNR. The Unit Agreement, lease terms, statutes, and regulations control in the event of a conflict with the Unit Operating Agreement.
- 8.2. The unit applicant will file an executed copy of the Unit Operating Agreement with the Director as part of the application to form a unit. Amendments to the Unit Operating Agreement, and all other agreements between the Working Interest Owners that affect the rights, duties, and obligations of some or all of the Parties to this Agreement, must also be filed with the Director within 30 days of execution.

ARTICLE 9: Plans of Exploration, Development, and Operations; Bonding

- 9.1. A Unit Plan must comply with 11 AAC 83.341, 11 AAC 83.343 or 11 AAC 83.346 depending on whether it is a plan of exploration, plan of development or plan of operations.
- 9.2. A proposed Unit Plan is not effective until approved by the Director and will remain in effect until the date specified by the Director in the approval.
- 9.3. Approved Unit Plans, including any updates or amendments, are part of this Agreement.
- 9.4. The Unit Operator will maintain an approved Unit Plan at all times. Failure to do so is cause for default.
- 9.5. The Director, 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 Director, which are adequate in the determination of the Director to protect the Unit Area and the State's interest.
- 9.6. 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.
- 9.7. The Unit Plan may, in the Director's sole discretion, include a commitment to drill a well unless the Unit Operator: (a) begins within five years from the effective date of this Unit Agreement either Sustained Unit Production or Unit Operations to install permanent infrastructure; or (b) demonstrates to the Director's satisfaction that the Unit Operator has drilled a well capable of producing in paying quantities, and a prudent operator would not continue drilling additional wells.

- 9.8. Before beginning Operations on or in the Unit Area, the Unit Operator must obtain approval of its Unit Plan and any other required state, federal, or local permits and approvals. A plan of operations must 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. 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.
- 9.9. The Unit Operator will give the Director written notice before beginning testing, evaluation, or pilot production from a well in the Unit Area.
- 9.10. If production from a Participating Area, but not the Unit as a whole, ceases and is not resumed within 90 days, then within 120 days of ceasing production from that Participating Area, the 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.
- 9.11. Sustained Unit Production will be maintained. If production should cease, the Operator will progress diligent Operations to restore Sustained Unit Production with lapses of no more than 90 days. The lapse may be longer if a suspension of Operations or production has been ordered or approved by the Director. An unapproved lapse in Sustained Unit Production of more than 90 days is cause for default.
- 9.12. After giving written notice to the Unit Operator and an opportunity to be heard, the Director may require the Unit Operator to modify from time-to-time, the rate of prospecting and development and the quantity and rate of production.

ARTICLE 10: Participating Areas and allocation of production

- 10.1. The Unit Operator will submit a request for approval of a proposed Participating Area to the Director for approval 90 days before the commencement of Sustained Unit Production from the proposed Participating Area.
- 10.2. A proposed Participating Area must be supported by an approved Unit Plan committing to Sustained Unit Production.
- 10.3. Unless another date is established by the Director, the effective date of a Participating Area will be no later than the date of first Sustained Unit Production.
- 10.4. Unitized Substance produced from one unit Participating Area (“originating Participating Area”) may be injected into another unit Participating Area (“receiving Participating Area”) for repressuring, recycling, storage, enhanced recovery, or other purposes only if the Director has approved the operation. The State will be paid royalty upon production from the originating Participating Area unless the Director approves payment of royalties

when the Unitized Substances injected are produced and sold from the receiving Participating Area under the following conditions:

- 10.4.1. The first Unitized Substances produced and sold from the receiving Participating Area will be considered to have been the injected Unitized Substances until a volume of Unitized Substances equal to the volume of injected Unitized Substances is produced and sold from the receiving Participating Area.
 - 10.4.2. All Unitized Substances produced and sold from the receiving Participating Area that is considered to have been injected will be allocated back to the originating Participating Area.
 - 10.4.3. The Unit Operator will provide monthly reports to the Director of the volumes transferred during the preceding month; and
 - 10.4.4. The Working Interest Owners will pay royalties on injected substances produced and sold from a receiving Participating Area as if those injected substances were produced and sold from the originating Participating Area when they were produced from the receiving Participating Area.
- 10.5. The Commissioner's approval must be obtained for the proposed recovery rate and commencement date for recovery before any substance is injected within the Unit Area.
 - 10.6. Production and costs will be allocated under 11 AAC 83.371 and any successor regulation. The Unit Operator will submit a proposed allocation plan, with supporting data, with the application to form a Participating Area. The allocation plan must be revised whenever a Participating Area is expanded or contracted.
 - 10.7. The Working Interest Owners will pay royalties for each Unit Tract in proportion to each Working Interest Owner's ownership in that Unit Tract. The amount of Unitized Substances allocated to each Unit Tract will be deemed to have been produced from that Unit Tract.
 - 10.8. If the Working Interest Owners allocate Unitized Substances, Participating Area Expense, or Unit Expense differently than described in Exhibits C, E, and F, that allocation will not be binding on the State or effective for determining royalty or net profit share payments. The Unit Operator will submit any allocation that is different than the allocations required in Exhibits C, E, or F to the Director under 11 AAC 83.371(b) for the State's information within 10 days of its effective date with a statement explaining the reason for the different allocation.
 - 10.9. Royalties will not be due or payable to the State for the portion of Unitized Substances unavoidably lost or used in the Unit Area for development and production in accordance with prudent industry practices. Gas that is flared for any reason other than safety purposes as allowed by the AOGCC will not be deemed to be unavoidably lost and the Working Interest Owners will pay royalties for such flared gas as if it had been produced.

This exemption does not apply to Unitized Substances that are sold, traded, or assigned, including sales, transactions, or assignments among the Working Interest Owners.

ARTICLE 11: Offset Wells

- 11.1. Whenever there is a risk of drainage from production Operations on property outside the Unit Area, the Unit Operator shall drill wells to protect the State from loss by reason of drainage. If oil or gas is produced in Paying Quantities, as defined in 11 AAC 83.105, for 30 consecutive days from a gas well within 1,500 feet of the Unit or an oil well within 500 feet of the Unit, the Director may issue a written demand to drill. The Unit Operator will have an opportunity to be heard on the demand. If the Director then finds that production from a well outside the Unit is draining the Unit Area, the Unit Operator will begin drilling Operations for an offset well in the Unit Area within 30 days. In lieu of drilling a well required by this paragraph, the Working Interest Owners may compensate the State in full each month for the estimated loss of royalty through drainage in the amount determined by the Director.

ARTICLE 12: Leases, Rentals, and Royalty Payments

- 12.1. The Working Interest Owners will pay rent, royalty, and net profit share payments due under the Leases. Payments to the State must be made under 11 AAC 04.010 *et seq.*, 11 AAC 83.110, and 11 AAC 83.201 *et seq.* and any successor regulations or statutes.
- 12.2. The royalty value, royalty in value, and royalty in kind provisions of state Leases committed to this agreement are amended to conform to the royalty value, royalty in value, and royalty in kind provisions of the lease attached to the state areawide lease sale best interest finding for the region that includes the Unit Area that is most recent as of the effective date of this Agreement.
- 12.3. If a state Lease committed to this Agreement provides for a discovery royalty rate reduction for the first discovery of oil or gas, that lease is amended to state that this Lease provision will not apply to a well spudded after the Effective Date.
- 12.4. Each month, the Unit Operator will furnish a schedule to the Director specifying for the previous month the amount of Unitized and Non Unitized Substances: 1) produced; 2) consumed in development and production Operations or unavoidably lost; 3) allocated to each unit tract; 4) allocated to each unit tract and delivered in-kind as royalty to the State; and 5) allocated to each Unit Tract for which royalty must be paid. The Unit Operator and Working Interest Owners will file all royalty and net profit share reports per 11 AAC 04.010 *et seq.* If any of the leases subject to this Agreement require net profit share payments, the operator will also provide an updated schedule of development costs and file net profit share reports in accordance with 11 AAC 83.201 *et seq.*

- 12.5. Each Working Interest Owner will pay royalties and net profit share payments to the State as provided in the Lease and based on the production allocated to the Unit Tract and in accordance with 11 AAC 04.010 *et seq.* and 11 AAC 83.201 *et seq.*
- 12.6. Royalties, whether paid in-kind or in-value, must be free and clear of all Lease expenses, unit expenses, and Participating Area Expenses including, but not limited to, separating, cleaning, dehydration, saltwater removal, processing, compression, pumping, manufacturing, preparing production for transportation off the Unit Area, and gathering and transportation costs incurred before the Unitized Substances are delivered to a common carrier. No lien for any expenses will attach to rent or royalty or net profit share payments due on produced Unitized Substances. But royalty and net profit share will bear a proportionate part of any gas shrinkage that occurs during gas processing and blending.
- 12.7. Parties acknowledge that sales information, including but not limited to confidential sales pricing terms, of the Parties for the production and sale of hydrocarbons from the Unit may be used by the DNR to administer the Unit, and other leases or Units in the area, including valuation for royalty purposes and 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. DNR also reserves the right to utilize information filed by the Parties with the Department of Revenue in the administration, collection, and/or audit of royalties and net profit share payments.
- 12.8. Notwithstanding any contrary Lease term or regulation, all royalty deductions for transportation, including, but not limited to, marine, truck, and pipeline transportation, from the Unit Area to the point of sale are limited to the actual and reasonable costs incurred by the Working Interest Owners. Transportation deductions are only allowed for sales quality oil and after the oil has passed through a custody transfer meter approved by the AOGCC. The State reserves the right to audit these transportation deductions. These transportation costs must be determined by taking into account all tax benefits applicable to the transportation.
- 12.9. If the Unit Operator or Working Interest Owners commingle production from the Unit with production from other sources for processing, the Unit Operator and Working Interest Owners will provide the Director with a monthly statement that identifies the quality and volume of oil or gas produced from the Unit.
- 12.10. Any unpaid, underpaid, or overpaid royalty or net profit share payment from state Leases committed to this Agreement will accrue interest as provided in AS 38.05.135(d)-(e).
- 12.11. For each Participating Area, the Unit Operator will give the Director notice of the anticipated date for commencement of production at least ninety (90) days before the commencement of Sustained Unit Production. Each month after the commencement of Sustained Unit Production, the Unit Operator will provide the Director a written estimate of unit production for the following ninety (90) days. DNR may take the State's royalty share of unit production in-kind. The Director 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 unit production in-kind. After taking has commenced, the Director may increase or decrease the amount of its royalty share taken in-kind.

- 12.11.1. The Director may elect to specify the Unit Tracts from which the State's royalty share of Unitized Substances taken in-kind are to be allocated. If the Director does not specify any Unit Tracts in the written notice to the Unit Operator, the Unitized Substances taken in-kind will be allocated to all Unit Tracts in accordance with the Tract Participation shown on Exhibit C to this Agreement.
 - 12.11.2. The Unit Operator will deliver the State's in-kind royalty to the custody transfer meter at a common carrier pipeline capable of carrying those substances, or at any other mutually agreeable place. The Director may designate any individual, firm, or corporation to accept delivery.
 - 12.11.3. The State's share of Unitized Substances taken in-kind will be delivered to the point of sale in sales and common carrier pipeline quality condition. If a Working Interest Owner processes its share of the Unitized Substances to separate, extract, or remove liquids, the Director 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 cost to the State. The State, or its buyer, will only pay tariffed transportation costs and shrinkage of the volume of gas resulting from processing.
 - 12.11.4. Each Working Interest Owner will furnish storage in or near the Unit Area for the State's royalty share of Unitized Substances to the same extent that the Working Interest Owner provides storage for its own share of Unitized Substances.
- 12.12. If a purchaser of the State's royalty taken in-kind does not take delivery, the Director may elect, without penalty, to underlift for up to six months following the failed delivery. The State may underlift all or a portion of its royalty share. The State's right to underlift is limited to the portion of its royalty share taken in-kind that the purchaser did not take delivery of or what is necessary to meet an emergency condition. The Director will give the unit operator written notice 30 days before the first day of the month in which the State will accept the underlifted royalty share of Unitized Substances. The State may correct an underlift of its royalty share at a daily rate not exceeding 25 percent of its royalty share of daily production, unless otherwise agreed.
- 12.13. The Unit Operator will maintain records, and will keep and have in its possession, books and records including expense records, of all exploration, development, production, and disposition of all Unitized Substances and substances from outside the Unit Area that are injected into the unit, Unitized Substances that are injected outside the unit, and substances injected into a Participating Area that were produced outside the Participating Area. Each Working Interest Owner will maintain records of the disposition of its portion

of the Unitized Substances, substances produced from outside the unit that are injected into the Unit Area, and substances produced from outside a participating area that were injected into the Participating Area including sales prices, volumes, and purchasers. The Unit Operator or Working Interest Owner must provide the Director with copies of the records upon request. The books and records may be provided in a mutually agreeable electronic format. The books and records must employ methods and techniques that will ensure the most accurate figures reasonably available. The Unit Operator and the Working Interest Owners will use generally accepted and internally consistent accounting procedures, except when it would be inconsistent with net profit share lease regulations.

- 12.14. The Working Interest Owners acknowledge that when they provide records for DNR, either directly to DNR or indirectly through another State agency, DNR may disclose those records in an official investigation or proceeding, including an audit to which the records are relevant, in accordance with AS 38.05.036.
- 12.15. If a Lease requires payment of minimum royalty, the Lease is amended to delete that minimum royalty obligation.

ARTICLE 13: Unit Expansion and Contraction

- 13.1. Upon its own election or at the direction of the Director, the Unit Operator may apply to expand the Unit Area to include additional lands that include all or part of a reservoir or potential hydrocarbon accumulation or that facilitates production.
- 13.2. A Unit expansion is not effective until approved by the Director.
- 13.3. The Director will contract the Unit as provided in 11 AAC 83.356.
- 13.4. Within 30 days after approval by DNR of any expansion or contraction of the Unit Area, the Unit Operator will submit revised Exhibits A and B to the Director.

ARTICLE 14: Unit and Lease Termination

- 14.1. A Lease or portion of a Lease contracted out of the Unit Area may be maintained only in accordance with state law, the Lease, and this Agreement.
- 14.2. This Agreement may be terminated by an affirmative vote of the Working Interest Owners, subject to Director approval.
- 14.3. This agreement automatically expires and ceases to exist five years from the Effective Date of this Agreement as provided in 11 AAC 83.336. The Effective Date is not subject to change, regardless of any change to the Unit Area or amendment to this Agreement.
- 14.4. Each Lease committed to this Agreement is extended as provided in the Lease.

- 14.5. Each Lease committed to this Agreement on the day that this Agreement expires or terminates, will remain in force for an extension period of 90 days, or any longer period approved by the Director, and for so long thereafter as the Working Interest Owners are actively drilling or re-drilling or producing from the Lease in paying quantities.
- 14.6. Upon the expiration or termination of state Leases committed to this Agreement, the Working Interest Owners will continue to have rights as set forth in the Lease, including rights to access the Lease area for purposes of well abandonment and dismantlement, removal, and restoration. Notwithstanding any contrary Lease terms, within 120 days after expiration or termination of this Agreement, the Working Interest Owners will provide DNR with a proposed rehabilitation plan for any Unit Area Leases that are no longer in force, including (a) the location of all improvements; (b) plans for dismantling and removing each improvement and rehabilitating the area of the improvement; and (c) any requests to leave an improvement in place. To ensure that the Working Interest Owners return the land in good condition, DNR will approve or disapprove the rehabilitation plan and determine which, if any, improvements, such as roads, pads, and wells, may be left intact and the Working Interest Owners relieved of further responsibility for its maintenance, repair, abandonment, and rehabilitation. Returning the land in good condition includes, but is not limited to, compliance with an approved rehabilitation plan. The Working Interest Owners, or the Unit Operator on behalf of the Working Interest Owners, may at any time within a period of one year after the termination of Unit Area Leases, or any extension of that period as may be granted by DNR, remove from the Unit Area all machinery, equipment, tools, and materials. Upon the expiration of that period and at the option of DNR, any machinery, equipment, tools, materials, and improvements that the Unit Operator or Working Interest Owners have not removed from the Unit Area may, at the election of the State, become the property of the State, or be removed by the State at the expense of the Working Interest Owners, or DNR may issue an order requiring the Working Interest Owners to remove any machinery, equipment, tools, materials, and improvements within 90 days.

ARTICLE 15: Counterparts

- 15.1. The signing of counterparts of this Agreement will have the same effect as if all parties had signed a single original of this Agreement.

ARTICLE 16: Laws and Regulations

- 16.1. This Agreement and all state Leases subject to this Agreement are subject to all applicable state and federal statutes and regulations in effect on the Effective Date of this Agreement, and to all statutes and regulations or amendments to statutes and regulations placed in effect after the Effective Date of this Agreement, without regard to whether this Agreement references a particular statute or regulation. A reference to a statute or regulation in this Agreement includes any change in that statute or regulation whether by

amendment, repeal and replacement, or other means. This Agreement does not limit the power of the State of Alaska or the United States of America to enact and enforce legislation or to promulgate and enforce regulations affecting, directly or indirectly, the activities of the parties to this Agreement or the value of interests held under this Agreement. In case of conflicting provisions, statutes and regulations take precedence over this Agreement.

ARTICLE 17: Appearances and Notices

- 17.1. If the State gives the Unit Operator a notice or order relating to this Agreement, it will be deemed given to all Working Interest Owners. All notices required by this Agreement will be given in writing and delivered electronically, personally, or by United States mail to the Unit Operator at the address listed below. All notices actually received will also be deemed properly given. The Unit Operator will give 30 days' written notice to the State and the other Working Interest Owners of any change in its notice address. The State will give 30 days' written notice to the Unit Operator of any change in its notice address.

Address of the Unit Operator:

Donkel Oil & Gas LLC
1030 Weathered Wood Circle
Winter Springs FL 32708

Address of the State:

Director, Division of Oil and Gas
550 West Seventh Avenue, Suite 1100
Anchorage, Alaska 99501-3560

ARTICLE 18: Default

- 18.1. Failure to comply with any term of this Agreement, including Unit Plans or applicable statutes and regulations, is a default of this Agreement, without regard to any specific references to default in this Agreement.
- 18.2. The failure to comply with a Unit Plan or other aspect of this Agreement because of force majeure, as defined in 11 AAC 83.395, is not a default, so long as the Unit Operator is working diligently to overcome the force majeure condition. Failure to obtain a permit or other approval from a state, federal, or local agency or a landowner is not force majeure.

- 18.3. A seasonal restriction on Operations or production or other condition required in the Lease is not a suspension of Operations or production required by law or force majeure.

ARTICLE 19: Preservation of Rights

- 19.1. Nothing in this Agreement shall diminish a Party's right to appeal a decision of the Director, in accordance with 11 AAC 02.

[signature pages follow]

By: Samuel H. Cade Date: 11/08/2022

Samuel H. Cade
individual

(Company Name, signatory's printed name and title)

STATE OF TEXAS)
)ss.
COUNTY of DENTON)

This certifies that on the 8th of November, 2022, before me, a notary public in and for the State of Texas, duly commissioned and sworn, personally appeared Samuel H. Cade, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

[Signature]
NOTARY PUBLIC in and for Texas

My Commission Expires: 10/28/2023

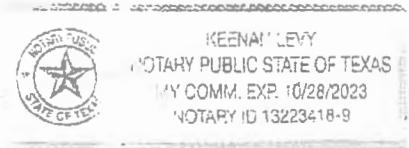


Exhibit A

UNIT TRACT TABLE

See Separate Enclosed Table

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
73	392115	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,576.03	<p>Tract 73 T. 009N., R. 026E., Umiat Meridian, Alaska. Section 19, Protracted, All, 633.00 acres; Section 20, Protracted, All, 640.00 acres; Section 29, Protracted, All, 640.00 acres;</p> <p>Section 30, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 541.80 acres;</p> <p>Section 31, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 12.59 acres;</p> <p>Section 32, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 108.64 acres;</p> <p>This Tract (73) contains 2,576.03 acres, more or less.</p>
74	392116	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,963.43	<p>Tract 74 T. 009N., R. 026E., Umiat Meridian, Alaska.</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									<p>Section 5, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 46.98 acres;</p> <p>Section 6, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No.84 Original, 505.68 acres;</p> <p>Section 7, Protracted, All, 628.00 acres;</p> <p>Section 8, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No.84 Original, 511.77 acres;</p> <p>Section 17, Protracted, All, 640.00 acres;</p> <p>Section 18, Protracted, All, 631.00 acres;</p> <p>This Tract (74) contains 2,963.43 acres, more or less.</p>
75 D/C	392117	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	1,950.22	<p>Tract 75 donkel cade T. 009N., R. 025E., Umiat Meridian, Alaska.</p> <p>Section 13, Protracted, All, 640.00 acres;</p> <p>Section 14, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 562.05 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									Section 23, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 82.50 acres;
									Section 24, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 571.08 acres;
									Section 25, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 94.59 acres;
									This Tract (75) contains 1,950.22 acres, more or less.
76	392118	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	1,519.21	Tract 76 T. 010N., R. 025E., Umiat Meridian, Alaska. Section 25, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 7.34 acres; Section 26, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 356.05 acres; Section 35, Protracted, All, 640.00 acres;

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									<p>Section 36, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 477.01 acres; T. 010N., R. 026E., Umiat Meridian, Alaska.</p> <p>Section 31, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 38.81 acres;</p> <p>This Tract (76) contains 1,519.21 acres, more or less.</p>
77	392119	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	5,395.77	<p>Tract 77 T. 009N., R. 025E., Umiat Meridian, Alaska. Section 3, Protracted, All, 640.00 acres; Section 4, Protracted, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 633.64 acres; Section 9, Protracted, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 166.78 acres; Section 10, Protracted, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 600.01 acres; Section 15, Protracted, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 86.86 acres; T. 010N., R. 025E., Umiat Meridian, Alaska.</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									Section 16, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 1.82 acres;
									Section 21, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 530.29 acres;
									Section 22, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 177.77 acres;
									Section 27, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 638.60 acres;
									Section 28, Protracted, All, 640.00 acres;
									Section 33, Protracted, All, 640.00 acres;
									Section 34, Protracted, All, 640.00 acres;
									This Tract (77) contains 5,395.77 acres, more or less.
78	392120	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	4,900.70	Tract 78 T. 009N., R. 025E., Umiat Meridian, Alaska.

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									<p>Section 5, Unsurveyed, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 367.02 acres; Section 6, Unsurveyed, All tide and submerged lands excluding the Arctic National Wildlife Refuge (PLO 2214), 97.42 acres; T. 010N., R. 025E., Umiat Meridian, Alaska.</p> <p>Section 7, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 8.44 acres;</p> <p>Section 17, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 141.02 acres;</p> <p>Section 18, Protracted, All tide and submerged lands shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 506.80 acres; Section 19, Protracted, All, 617.00 acres; Section 20, Protracted, All, 640.00 acres; Section 29, Protracted, All, 640.00 acres; Section 30, Protracted, All, 620.00 acres; Section 31, Protracted, All, 623.00 acres; Section 32, Protracted, All, 640.00 acres;</p> <p>This Tract (78) contains 4,900.70 acres, more or less.</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
79	392121	12/1/2014	11/30/2024	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	3,016.20	<p>Tract 79</p> <p>T. 009N., R. 024E., Umiat Meridian, Alaska.</p> <p>Section 1, Protracted, All tide and submerged lands excluding State of Alaska Oil and Gas Lease ADL 390310, 624.20 acres;</p> <p>Section 11, Unsurveyed, All tide and submerged lands, 603.00 acres;</p> <p>Section 12, Unsurveyed, All tide and submerged lands, 563.00 acres;</p> <p>Section 13, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 404.00 acres;</p> <p>Section 14, Unsurveyed, All tide and submerged lands, 109.00 acres;</p> <p>Section 23, Unsurveyed, All tide and submerged lands, 20.00 acres;</p> <p>Section 24, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 106.00 acres;</p> <p>T. 009N., R. 025E., Umiat Meridian, Alaska.</p> <p>Section 7, Unsurveyed, All tide and submerged lands excluding PLO 2214, 486.00 acres;</p> <p>Section 18, Unsurveyed, All tide and submerged lands PLO 2214, 101.00 acres;</p> <p>This Tract (79) contains 3,016.20 acres, more or less.</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
80	392122	12/1/2014	11/30/2024	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	160	Tract 80 T. 009N., R. 024E., Umiat Meridian, Alaska. Section 10, Protracted, All tide and submerged lands within the SE 1/4, 160.00 acres; This Tract (80) contains 160.00 acres, more or less.
85	392123	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,625.06	Tract 85 T. 010N., R. 024E., Umiat Meridian, Alaska. Section 3, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 106.05 acres; Section 4, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 239.01 acres; Section 9, Protracted, All, 640.00 acres; Section 10, Protracted, All, 640.00 acres; This Tract (85) contains 1,625.06 acres, more or less.

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
72	393573	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	4,390.52	<p>Tract 72 T. 009N, R. 026E, Umiat Meridian, Alaska.</p> <p>Section 9, Protracted, All tide and submerged lands lying shoreward of the line fixed by the coordinates in Exhibit A of the Final Decree in U.S. v. Alaska, No. 84 Original, 42.15 acres; Section 15, Protracted, All tide and submerged lands lying shoreward of the line fixed by the coordinates in Exhibit A of the Final Decree in U.S. v. Alaska, No. 84 Original, 373.45 acres; Section 16, Protracted, All tide and submerged lands lying shoreward of the line fixed by the coordinates in Exhibit A of the Final Decree in U.S. v. Alaska, No. 84 Original, 567.47 acres; Section 21, Protracted, All, 640.00 acres; Section 22, Protracted, All, 640.00 acres; Section 27, Protracted, All, 640.00 acres; Section 28, Protracted, All, 640.00 acres;</p> <p>Section 33, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 255.11 acres;</p> <p>Section 34, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 592.34 acres;</p> <p>This Tract (BS0072) contains 4,390.52 acres, more or less</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
87	393575	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,920.00	<p>Tract 87 T. 010N, R. 024E, Umiat Meridian, Alaska.</p> <p>Section 13, Protracted, All, 640.00 acres; Section 14, Protracted, All, 640.00 acres; Section 23, Protracted, N1/2, 320.00 acres; Section 24, Protracted, N1/2, 320.00 acres;</p> <p>This Tract (BS0087) contains 1,920.00 acres, more or less</p>
88	393576	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	911.6	<p>Tract 88 T. 010N, R. 024E, Umiat Meridian, Alaska.</p> <p>Section 15, Protracted, N1/2, S1/2 excluding oil and gas lease ADL 312866, 452.75 acres; Section 16, Protracted, N1/2, S1/2 excluding oil and gas lease ADL 312866, 408.92 acres;</p> <p>Section 22, Protracted, E1/2E1/2 excluding oil and gas leases ADL 312866 and ADL 343109, 49.93 acres;</p> <p>This Tract (BS0088) contains 911.60 acres, more or less</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
86	393889	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,150.16	<p>Tract 86 T. 010N., R. 024E., Umiat Meridian, Alaska.</p> <p>Section 5, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 411.29 acres;</p> <p>Section 6, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 486.87 acres;</p> <p>Section 7, Protracted, All tide and submerged lands, 612.00 acres;</p> <p>Section 8, Protracted, All tide and submerged lands, 640.00 acres;</p> <p>This Tract (BS0086) contains 2,150.16 acres, more or less.</p>
89	393890	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	773.63	<p>Tract 89 T. 010N., R. 024E., Umiat Meridian, Alaska.</p> <p>Section 17, Protracted, All tide and submerged lands excluding oil and gas lease ADL 312866, 399.23 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									Section 18, Protracted, All tide and submerged lands excluding oil and gas lease ADL 312866, 374.40 acres; This Tract (BS0089) contains 773.63 acres, more or less.
104	393891	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,321.26	Tract 104 T. 010N., R. 022E., Umiat Meridian, Alaska. Section 1, Protracted, All tide and submerged lands, 640.00 acres; Section 2, Protracted, All tide and submerged lands, 640.00 acres; T. 010N., R. 022E., Tract A, Umiat Meridian, Alaska. Section 11, Protracted, N1/2N1/2 excluding oil and gas leases ADL 312862 and ADL 377017, 17.78 acres; Section 12, Protracted, N1/2N1/2 excluding oil and gas lease ADL 312862, 23.48 acres; This Tract (BS0104) contains 1,321.26 acres, more or less.

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
105	393892	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,300.29	<p>Tract 105 T. 010N., R. 022E., Umiat Meridian, Alaska.</p> <p>Section 3, Protracted, All tide and submerged lands, 640.00 acres; Section 4, Protracted, All tide and submerged lands, 640.00 acres;</p> <p>T. 010N., R. 022E., Tract A, Umiat Meridian, Alaska.</p> <p>Section 9, Unsurveyed, N1/2N1/2 excluding oil and gas lease ADL 377017, 7.75 acres; Section 10, Unsurveyed, N1/2N1/2 excluding oil and gas lease ADL 377017, 12.54 acres;</p> <p>This Tract (BS0105) contains 1,300.29 acres, more or less.</p>
117	393893	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,413.10	<p>Tract 117 T. 010N., R. 021E., Umiat Meridian, Alaska.</p> <p>Section 1, Protracted, All tide and submerged lands, excluding oil and gas leases ADL 377016 and ADL 389728, 636.21 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									<p>Section 2, Protracted, All tide and submerged lands, excluding oil and gas lease ADL 389728, 634.96 acres;</p> <p>Section 11, Protracted, All tide and submerged lands, excluding oil and gas lease ADL 389728, 141.93 acres;</p> <p>This Tract (BS0117) contains 1,413.10 acres, more or less.</p>
129	393894	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,527.84	<p>Tract 129 T. 011N., R. 021E., Umiat Meridian, Alaska.</p> <p>Section 23, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 70.12 acres;</p> <p>Section 24, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 2.35 acres;</p> <p>Section 25, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 581.89 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									<p>Section 26, Protracted, All tide and submerged land shoreward of the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 593.48 acres; Section 35, Protracted, All, 640.00 acres; Section 36, Protracted, All, 640.00 acres;</p> <p>This Tract (BS0129) contains 2,527.84 acres, more or less.</p>
102	392127	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,431.02	<p>Tract 102 T. 011N., R. 023E., Umiat Meridian, Alaska.</p> <p>Section 27, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 3.90 acres;</p> <p>Section 28, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 162.94 acres; Section 33, Protracted, All, 640.00 acres;</p> <p>Section 34, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 520.10 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
103	392128	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,047.61	<p>Section 35, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 104.08 acres; This Tract (102) contains 1,431.02 acres, more or less.</p> <p>Tract 103 T. 011N., R. 023E., Umiat Meridian, Alaska.</p> <p>Section 29, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 364.22 acres;</p> <p>Section 30, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 436.39 acres; Section 31, Protracted, All, 607.00 acres; Section 32, Protracted, All, 640.00 acres; This Tract (103) contains 2,047.61 acres, more or less.</p>
113	392132	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,151.93	<p>Tract 113 T. 011N., R. 022E., Umiat Meridian, Alaska.</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
114	392133	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,378.83	<p>Section 25, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 452.95 acres;</p> <p>Section 26, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 418.98 acres;</p> <p>Section 35, Protracted, All, 640.00 acres;</p> <p>Section 36, Protracted, All, 640.00 acres;</p> <p>This Tract (113) contains 2,151.93 acres, more or less.</p> <p>Tract 114 T. 011N., R. 022E., Umiat Meridian, Alaska.</p> <p>Section 27, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 522.46 acres;</p> <p>Section 28, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 576.37 acres;</p> <p>Section 33, Protracted, All, 640.00 acres;</p> <p>Section 34, Protracted, All, 640.00 acres;</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
115	392134	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,556.45	<p>This Tract (114) contains 2,378.83 acres, more or less.</p> <p>Tract 115 T. 011N., R. 022E., Umiat Meridian, Alaska.</p> <p>Section 19, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 43.64 acres;</p> <p>Section 20, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 21.92 acres;</p> <p>Section 29, Protracted, All tide and submerged land shoreward of or located within the line fixed by coordinates found in Exhibit A of the final decree in U.S. v. Alaska, No. 84 Original, 639.89 acres;</p> <p>Section 30, Protracted, All, 604.00 acres;</p> <p>Section 31, Protracted, All, 607.00 acres;</p> <p>Section 32, Protracted, All, 640.00 acres;</p> <p>This Tract (115) contains 2,556.45 acres, more or less.</p>
106	393577	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,252.00	Tract 106

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									T. 010N, R. 022E, Umiat Meridian, Alaska. Section 5, Protracted, All, 640.00 acres; Section 6, Protracted, N1/2, S1/2 excluding oil and gas lease ADL 377016, 608.36 acres; Section 7, Protracted, N1/2N1/2 excluding oil and gas lease 377016, 0.24 acres; Section 8, Protracted, N1/2N1/2 excluding oil and gas leases ADL 377016 and ADL 377017, 3.40 acres; This Tract (BS0106) contains 1,252.00 acres, more or less
84	Open							745.62	Tract BS2006-084 T. 10 N., R. 24 E., Umiat Meridian, Alaska. Section 11, Protracted, All tide and submerged lands shoreward of the line fixed by coordinates found in Exhibit A of the Final Decree in U.S. v. Alaska, No. 84 Original, 522.77 acres; Section 12, Protracted, All tide and submerged lands shoreward of the line fixed by coordinates found in Exhibit A of the Final Decree in U.S. v. Alaska, No. 84 Original, 222.85 acres; This Tract (BS2006-084) contains 745.62 acres, more or less.
93	Open							165.44	TRACT BS2002-093 T. 10 N., R. 23 E., UMIAT MERIDIAN, ALASKA SECTION 2, UNSURVEYED, ALL, EXCLUDING STATE OF ALASKA OIL AND GAS

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
94	Open							1373.25	<p>LEASE ADL 388427, 165.44 ACRES; THIS TRACT CONTAINS 165.44 ACRES, MORE OR LESS.</p> <p>Tract 94 T. 010N., R. 023E., Umiat Meridian, Alaska. Section 3, Protracted, All, 640.00 acres; Section 4, Protracted, All, 640.00 acres; Section 9, Protracted, N1/2N1/2 excluding oil and gas lease ADL 389730, 42.92 acres; Section 10, Protracted, N1/2N1/2 excluding oil and gas lease ADL 389730, 50.33 acres;</p> <p>This Tract (94) contains 1,373.25 acres, more or less.</p>
95	Open							1313.02	<p>Tract 95 T. 010N., R. 023E., Umiat Meridian, Alaska. Section 5, Protracted, All, 640.00 acres; Section 6, Protracted, All, 609.00 acres; Section 7, Protracted, N1/2N1/2 excluding oil and gas lease ADL 312862, 28.12 acres;</p> <p>Section 8, Protracted, N1/2N1/2 excluding oil and gas leases ADL 312862 and ADL 389730, 35.90 acres;</p> <p>This Tract (95) contains 1,313.02 acres, more or less.</p>
96	Open							2560	<p>Tract 96 Meridian: U Township: 010N Range: 023E Section: 13 Section Acres: 640 Meridian: U Township: 010N Range: 023E Section: 14 Section Acres: 640</p>

Tract Number	ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage	Legal Description
									Meridian: U Township: 010N Range: 023E Section: 23 Section Acres: 640
									Meridian: U Township: 010N Range: 023E Section: 24 Section Acres: 640

Donkel/Cade	Sub Total Acres	52,632.86
Open Acreage	Sub Total Acres	6157.33
	Total Acres	58,790.19

Exhibit B

UNIT MAP

Exhibit B: Proposed Greater Point Thomson Unit

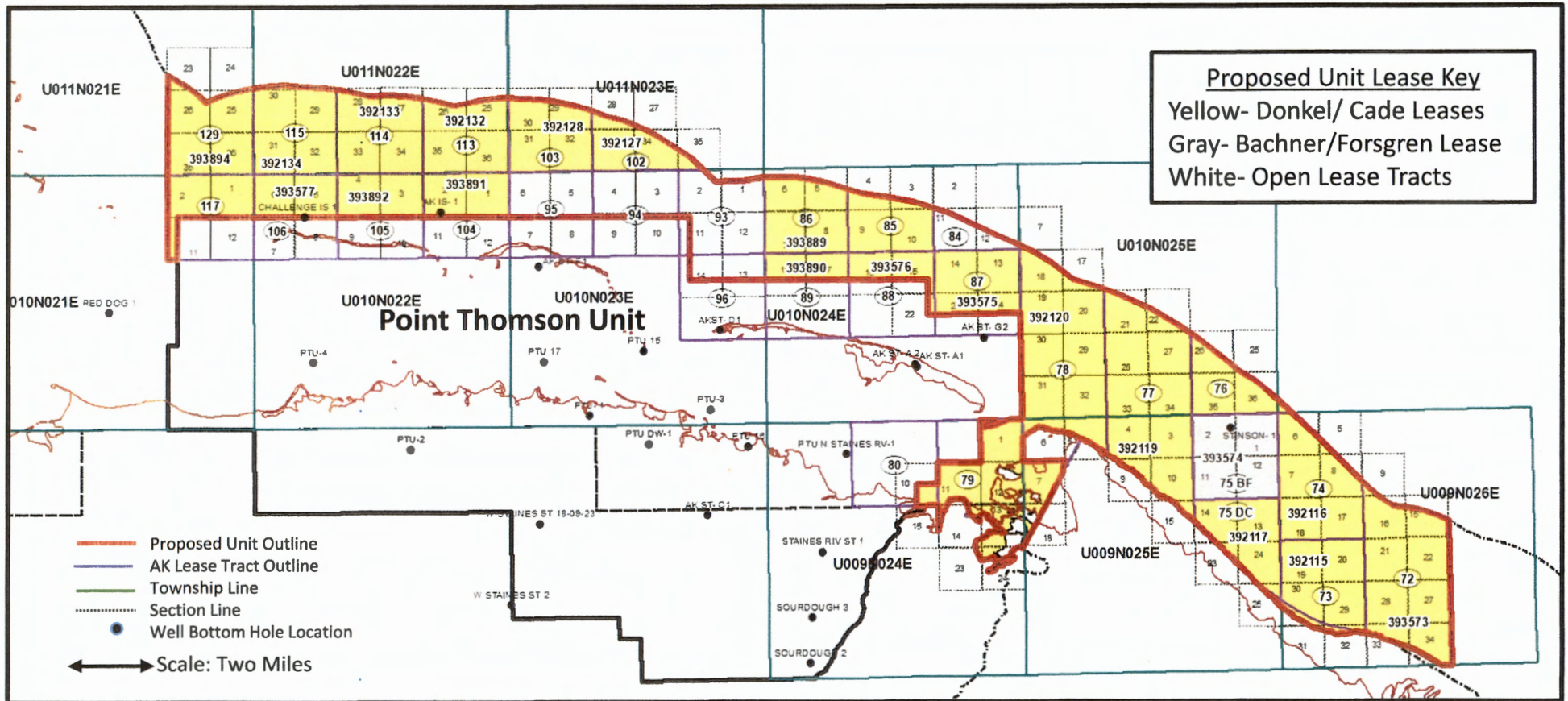


Exhibit C

TABLE OF PARTICIPATING AREAS

Deferred

Exhibit D
PARTICIPATING AREA MAP

Deferred

Exhibit E

ALLOCATION OF PARTICIPATING AREA EXPENSES

Unit Tract Number	ADL	Participating Area Expense Percentage
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Deferred

Exhibit F

ALLOCATION OF UNIT EXPENSES

Unit Tract Number	ADL	Unit Expense Percentage
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Deferred

Exhibit G

GPTU 5-YEAR PLAN OF EXPLORATION

Greater Point Thomson Unit 5-Year Plan of Exploration

Over the previous nine-plus years, working interest owners Daniel K. Donkel and Samuel H. Cade (Donkel/Cade) have worked diligently to assemble a large, contiguous and prospective exploration/delineation block of eastern North Slope onshore and offshore acreage. The goal has always been to build the necessary geological and geophysical database and interpretations to bring in another company or companies to acquire an interest in the Greater Point Thomson Unit (GPTU) leases, assume the role of Unit Operator and share the exploration risk and cost associated with advancing the understanding of the resource potential of the GPTU leases. Donkel/Cade had made solid progress toward that objective prior to the onset of the COVID-19 pandemic in early 2020 and the resulting collapse in oil prices. Oil prices have rebounded and oil and gas projects on the North Slope remain attractive from the standpoint of geologic potential and oil and gas price projections. The fiscal assumptions that are expected to prevail in the coming decade are encouraging. However, the political and social challenges facing the oil and gas industry in the Arctic, and the challenges posed by the continuing international economic uncertainty have impacted Donkel/Cade's ability to bring another company to this project in a number of ways: (1) COVID-19 still makes marketing the project more challenging as most, if not all, meetings and negotiations have to be held virtually, (2) the timing of execution of the project is uncertain due to logistical and seasonal restrictions to operations, and, (3) until very recently, the low oil price suppressed the cash flow available to prospective investors for new projects and dampened management's appetite for new North Slope exploration/delineation projects.

In addition, many major lending institutions have stated that they are no longer financing arctic oil and gas projects. This has further complicated the ability to find investor partners and risk capital for this project.

Donkel/Cade therefore request that the Greater Point Thomson Unit initial Unit Plan of Exploration (POE) be approved for 5 years to allow them the time necessary to identify another company to acquire an interest in the GPTU leases. The 5-year plan will allow time for the new partner(s) to assume the role of Unit Operator, develop additional in-house information regarding the hydrocarbon potential of the GPTU leases, evaluate the economic issues impacting any future development, and prepare a comprehensive Plan of Development based on the additional

Greater Point Thomson Unit 5-Year Plan of Exploration

required geologic and engineering information that will be generated from the evaluation, drilling and testing described in this POE.

Annual progress reports will be submitted to the Division.

Several known oil and gas discoveries have been made on the unit leases (Stinson and Challenge Island) as well as immediately adjacent to the unit leases (Flaxman Island (Alaska A-1), Point Thomson sands and Sourdough). Additional potential hydrocarbon accumulations have been identified on the unit leases (See Geological, Geophysical and Engineering Report submitted confidentially with this Application). The known promising delineation targets on the unit leases (Stinson, Point Thomson, Challenge Island, and Flaxman Island) that extend from known discoveries adjacent to the unit leases into the unit leases anchor the proposed exploration/delineation program. The large contiguous block of leases and the 5-year plan are necessary to attract investors and allow for a flexible delineation and exploration program.

The fact that certain Point Thomson Unit wells adjacent to the unit area remain confidential has hampered our efforts to complete a full geologic assessment of that area. However, the Division has access to this data and is therefore aware of the well results.

The proposal by Qilak LNG Inc. to export LNG by sea from the Point Thomson Unit has renewed interest in the eastern North Slope area in the hopes of finding additional gas supply sources for that project. In addition, recent announcements by the Alaska Gas Development Corporation (AGDC) have been encouraging concerning development and sale of North Slope gas reserves.

Donkel Oil and Gas LLC (Donkel Oil) is appointed as unit operator and will manage the activities for the Greater Point Thomson Unit described below.

Donkel/Cade have adopted a three-prong approach to developing the GPTU leases: (1) Sell 100% of the working interest to a competent qualified buyer who will in turn take over operations, (2) bring in partners and jointly develop the leases, or, (3) develop the leases on their own. Time will tell which approach is successful.

**Greater Point Thomson Unit
5-Year Plan of Exploration**

**Greater Point Thomson Unit 5-Year Plan of Exploration
Yearly Milestones**

1. During calendar year 2023, the Unit Operator will initiate the following operations:

- Donkel Oil proposes to identify outstanding data needs or issues of particular relevance to state and federal regulatory agencies and establish a schedule and project plan for addressing topic(s). And, develop a schedule and project plan for completing outstanding data requirements.
- Initiate a Data Gap and Alternatives Analysis to determine what additional studies are required to advance exploration activities at the proposed Unit. Assemble a comprehensive inventory of recently completed and relevant studies; summarize preliminary project planning and engineering of alternatives including identification of available drilling rigs and offshore drilling structures, and identify outstanding datasets to satisfy exploration drilling permitting requirements.
- Engage partners and, when successful, begin to negotiate commercial arrangements with a partner(s) to share the exploration risks and costs associated with the POE.
- Identify a new Unit Operator and, when successful, initiate the Department of Natural Resources regulatory review process required for approval of a new Unit Operator.

**Greater Point Thomson Unit
5-Year Plan of Exploration**

- **Biostratigraphic/Palynological Study of Key Wells:** Donkel Oil is currently in the process of seeking proposals for a biostratigraphy and palynological study of key wells in the proposed Greater Point Thomson Unit. The study, when finalized, will focus on the intervals within the Tertiary section where pay sands has been tested in Alaska State A-1 and Stinson-1 wells to better date this interval to assist in a seismic stratigraphic/ sequence stratigraphy study in the proposed unit to identify other potential pay zones.
- **Petrophysical Evaluation of Key Wells:** Donkel Oil is currently seeking bids for petrophysical evaluation of seven key wells in the immediate area of the proposed Greater Point Thomson Unit. Key wells to be evaluated are: PTU-15 or 17, PTU-1, Stinson-1, AK State A-1, Alaska Island-1, Alaska State F-1, and Alaska State D-1. Along with the evaluation of the pay zones, volumetric fraction analysis will also be completed to assist with AVO and rock properties modeling.
- **2D Seismic Reprocessing and AVO Inversion:** Donkel Oil is currently reprocessing 51-line miles from seven vintage 2D lines in the Eastern drilling area of the proposed Greater Point Thomson Unit. Post stack as well as pre-stack time processing is nearly completed. AVO rock properties modeling will also be completed for Alaska State A-1 and Stinson-1 and tied to the seismic lines. A pre-stack inversion test will be completed on line HW83-35 to try and predict lithologies away from the well control.
- **Evaluation of Further Seismic Data for Licensing:** Donkel Oil is currently evaluating what other seismic data is available for licensing in the immediate vicinity of the proposed Greater Point Thomson unit. WesternGeco has a large amount of vintage 2D data and one 3D survey in the area available for licensing. Vintage lines with field tapes would be of particular interest since most of the 1970's data will require reprocessing with modern processing technology to be interpretable.
- Another potential source of seismic data is the Hilcorp/ Exxon group in the Point Thomson Unit. Hilcorp has expressed interest in licensing some 2D lines within the PTU, but not 3D data. Donkel Oil will continue to negotiate with the PTU data owners to access this data.

**Greater Point Thomson Unit
5-Year Plan of Exploration**

- Work with potential drilling contractors and service providers to scope out possible drilling options.
- Work with Qilak LNG Inc. and AGDC to understand their needs for additional gas supplies for the projects.

2. During calendar year 2024, the Unit Operator will initiate the following operations:

- Initiate exploration phase project scoping with the State and establish roles and responsibilities for co-managing the exploration and delineation drilling phase permitting process.
- Update the Greater Point Thomson exploration and development schedule and develop a capital budget estimate in line with the outcomes of the Data Gap & Alternatives analysis.
- Work with drilling contractor(s) to finalize drilling rig options and design subsurface well design and layout to optimize the drilling program.
- Continue to work with Qilak LNG Inc. and AGDC to understand their project gas needs.
- **Preliminary 3D Survey Planning and Design:** Donkel Oil is in the preliminary stages of designing and planning a proprietary 3-D survey over the proposed Greater Point Thomson Unit. The tentative design is for a 200 square mile transition zone survey that would be acquired during the open-water summer season using node technology. Permitting for such a survey is estimated to take a year minimum to complete. Acquisition and processing of a survey of this size would take at least another year to complete. Detailed survey planning would only commence once Donkel Oil has secured a funding/operating partner.

**Greater Point Thomson Unit
5-Year Plan of Exploration**

- **Step-Out Drilling Planning:** Donkel Oil is in the preliminary stages of planning for drilling step out wells to the Challenge Island-1, Alaska Island-1, Stinson-1 and Alaska State A-1 wells discoveries. Detailed planning for any drilling would only commence once Donkel Oil has secured a funding/operating partner. Initial focus will be on the Tract79 and Tract 80 area to secure production from the oil rim of the Point Thomson reservoir.
- **Economic Analysis:** Donkel Oil will initiate an economic analysis of delineation/development options for the east Point Thomson prospect (Tracts 79 and 80) as well as the Stinson prospect. Facility sharing options with the Point Thomson unit facilities will be fully explored.
- Integrate new interpretations (amplitude, structure, interval) with modeling studies to better understand reservoir distribution and quality

3. During calendar year 2025, the Unit Operator will initiate the following operations:

- Commence initial exploration phase drilling planning and permitting for the 2025 -26 drilling season. Initial focus will be on the Tract79 and Tract 80 area to secure production from the oil rim of the Point Thomson reservoir.
- Plan to complete exploration well #1 prior to year-end 2026 and, assuming the success of that exploration well and seasonal/environmental/funding constraints, a sidetrack well.

4. During calendar year 2026, the Unit Operator will initiate the following operations:

- Commence initial exploration phase drilling planning and permitting for the 2026-27 drilling season.
- Plan to complete exploration well #2 prior to year-end 2027 and, assuming the success of that exploration well and seasonal/environmental/funding constraints, a sidetrack well.

**Greater Point Thomson Unit
5-Year Plan of Exploration**

- If the first exploration well is successful and it confirms economic oil reserves on Tract 79 and 80, then immediately proceed to implement plans to drill additional wells, install production facilities and pipelines and produce oil as soon as possible.

5. By year-end calendar year 2027, the Unit Operator will initiate the following operations:

- After evaluating the results of the well(s) completed during the 2025, 2026 and 2027 drilling seasons, the Unit Operator will submit either a further Plan of Exploration for the Greater Point Thomson Unit, or a Plan of Development for the Unit, or both. Such Plan(s) will be submitted no later than October 30, 2027.

11/8/2022

END