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November 6, 2024

VIA ELECTRONIC MAIL

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

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

Director Nottingham:

Pursuant to the decision of Commissioner John Boyle issued June 25, 2024 and in accordance with 11 AAC 83.306, Daniel K. Donkel and Samuel H. Cade (collectively referred to herein as the "Applicants"), as the working interest owners of the Donkel/Cade State of Alaska oil and gas leases subject to this application (the "Donkel/Cade Leases"), and Donkel Oil & Gas, LLC as unit operator hereby submit this revised Application for Approval to Establish the Greater Point Thomson Unit ("GPTU") (the "Revised Application" or "Application") to the Alaska Department of Natural Resources, Division of Oil & Gas ("Division").[1]

The proposed Greater Point Thomson Unit Agreement ("Unit Agreement") is submitted herewith as **Attachment 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" or "POE") is attached as **Attachment B** and included as Exhibit G to the Unit Agreement. The updated Plan of Exploration covers a five-year term to begin upon the date the Unit is approved by the Division.

A map of the proposed unit area and a list of the leases subject to the Application are attached as **Attachment C**. Five of the tracts proposed for inclusion in the GPTU are unleased, and one lease is owned by third-party owners that have been invited to join the unit and have confirmed their support

[1] The original revised application was due July 25, 2024. However, the Division granted a 90-day extension to allow the Applicants to conduct further studies with the new well data, making the revised application due October 23, 2024.

of the Application and formation of the GPTU. Tracts 79 and 80 are impacted by the pending state-federal title dispute involving the acreage along the Staines River and the ANWR border. 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.

A Joint Operating Agreement for the GPTU signed by the working interest owners and Donkel Oil & Gas, LLC (Alaska Entity 124181) as unit operator is attached as **Attachment D**.[2]

Finally, an index of the reports, figures, and tables based on the studies completed and well data reviewed since the Original Application was submitted in 2022 (the "Original Application") is attached as **Attachment E**.

We were previously informed by the Division that submitting five hard copies of the non-confidential portions of the Application as required by 11 AAC 83 was not necessary, but we are happy to do so upon request. A confidential Geological, Geophysical and Engineering Report ("GG&E Report") was submitted electronically concurrently with the Original Application to the Resource Evaluation Section with a request for confidential treatment in accordance with AS 38.05.035(a)(8)(C). The Applicants subsequently submitted a request to supplement the Application with previously confidential well data after the data was released. The conclusions drawn from the GG&E Report and the discussion below have been revised to address the additional well data obtained by the Applicants after the Application was originally submitted and additional technical work that the Applicants have performed. Citations to the new studies are provided throughout the Application.

I. Application Contents

The Application contains the following components:

A. **Background and Description of Unit Area:** A discussion of the Applicants' below.

B. **Description of the Area Proposed for Unitization:** A description of the area proposed for unitization is provided in Section III below.

C. **Background on Confidential Well Data Release:** A discussion of the recently released well data, which was formerly confidential, and the impact of this well data on the Revised Application.

D. **Description of New Studies and Activities:** A description of the additional studies, analyses, and activities completed by the Applicants since the Original Application was submitted.

E. **Discussion of Unit Approval Criteria:** A discussion of why the Application satisfies the 11 AAC 83.303(a) and (b) criteria and request for written findings

[2] Donkel Oil & Gas, LLC is qualified to serve as unit operator under 11 AAC 83.331, accepts that responsibility, and is designated operator of the unit.

and approval of the proposed GPTU Unit Agreement pursuant to 11 AAC 83.303 is provided in Section IV below.

F. **GG&E Report and Supplemental GG&E Reports:** All pertinent confidential geological, geophysical, engineering, and well data, and interpretation of that data that was submitted concurrently with the Original Application, as required by 11 AAC 83.306(4), was included in the confidential GG&E Report. The Applicants ask that the Division consider the confidential GG&E Report in support of this Application. The studies and reports that have been prepared since the Original Application listed on **Attachment E** are submitted concurrently with this Revised Application and referred to herein as the "Supplemental GG&E Reports."

G. **Unit Agreement & Plan of Exploration:** As required by 11 AAC 83.306(1), a proposed unit agreement for the GPTU that is based on the State of Alaska model unit agreement and complies with the criteria set out in 11 AAC 83.341 is included as **Attachment A**. A proposed 5-year Plan of Exploration is included as **Attachment B** and Exhibit G to the proposed Unit Agreement.

H. **Unit Operating Agreement:** A Joint Operating Agreement signed by the working interest owners and Donkel Oil & Gas, LLC is attached as **Attachment D**.

I. **Request to Defer Establishment of PA:** Pursuant to 11 AAC 83.351, the Applicants request deferral of the establishment of the Participating Areas for the GPTU. Once appraisal wells have been completed and testing or production information is obtained, the Applicants will make appropriate Participating Areas designations.

J. **Application Fee & Proof of Mailing:** The Applicants submitted the $10,000 application filing payment and proof of mailing the Application to third-party working interest owners and overriding royalty interest owners with the Original Application. The third-party working interest owners submitted comments in support of the Application, which are included in **Attachment F**.

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

The Applicants have advanced the development of hydrocarbons in Alaska while stimulating the State's economy over the last several decades. Their efforts have resulted in drilling, production, and royalty payments to the State, and have contributed to the body of knowledge about the Cook Inlet and North Slope regions of Alaska. However, the Applicants' rigorous science-based approach to de-risking the GPTU geologic prospects in Alaska comes with a unique set of challenges due to their remote arctic location. The logistics of developing the GPTU leases will require a significant financial investment, and unitized development is essential to securing that investment.

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. Mr. Donkel has been active in Alaska since the mid-1980s when his company (Danco Inc.) sold to Amoco, Arco, and Unocal approximately 100,000 acres in Cook Inlet, which at that time was the largest such transfer in state history. In the mid-1990s, 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, Mr. 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 Mr. Donkel's lease, which would indicate it along with adjacent Unocal acreage might contribute to gas production in paying quantities. In 1997, the Applicants also helped place the Redoubt Unit into production following a sale to Forcenergy and Forest Oil in 1997. Redoubt has been in production for more than 20 years. In 2009, Mr. 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 West McArthur Oil Fields and other assets were saved from abandonment. In 2010, the Applicants sold 200,000 acres to Apache, allowing Apache to conduct an extensive 3D seismic program and exploratory drilling in Cook Inlet.

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, and the Applicants have continued to make annual lease payments while this Application and its appeal of the Division's initial decision were pending. The Applicants' leases were acquired because of the prospectivity of the leases' reservoirs and potential hydrocarbon accumulations present on and adjacent to the leases, as demonstrated in the original GG&E Report and Supplement GG&E Reports submitted with this 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 GPTU effort, their company purchased 2-D seismic data in the area. Wells have been drilled on and adjacent to the GPTU leases that inform the Applicants' interpretation of this data. These wells provide excellent geologic control regarding the reservoir, source, and seal characteristics of the rocks they penetrated.

The Applicants' exploration 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, geophysically supported holistic interpretation that led to designation of the Applicants' prospects.

The findings of the Applicants' technical team indicate that multiple pay zones on the GPTU 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 that are now on or in the vicinity of the Applicants' leases have encountered hydrocarbons that 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.

The Applicants have continued to market the approximately 60,000 acres of Alaska North Slope and Beaufort Sea leases proposed to be included in the GPTU, including the Stinson prospect and the adjacent area east of the Point Thomson Unit. Incorporation of the leases into a unit will provide synergies and remove barriers to investment that is required to develop the leases.

The Applicants are approaching the multi-million-dollar investment that will be required for development of the GPTU on a sequential basis, leveraging historic data and initiating new scientific analysis. As indicated in the proposed POE, further exploration is currently being planned, including the drilling of new wells from either the existing onshore PTU 4 pad or the existing North Staines River onshore gravel pad, as well as acquisition of seismic data. Unitization of the leases will protect the value of both past and future investment and allow the Applicants to further invest in and develop the leases. This additional investment is essential to continued exploration and development of the leases.

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 support investment to this area. Given the large investment needed 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. Description of Area Proposed to be Unitized

A map of the proposed unit area and a list of the leases proposed to be included in the unit are attached hereto as Attachment 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[.]"[3] 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."[4] 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."[5] DNR regulations further provide that a unit must encompass the minimum

[3] 11 AAC 83.395(7).
[4] 11 AAC 83.395(b).
[5] 11 AAC 83.385(7).

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.[6] The proposed unit area satisfies each of these requirements.

IV. Background on Confidential Well Data Release

After the Original Application was submitted in November 2022, the Applicants obtained access to additional well data and have performed numerous additional analyses that strengthen this revised Application for the formation of the GPTU. On November 9, 2023, the Alaska Superior Court granted relief in Case No. 3AN-22-07820CI in the Applicants' favor, ordering the Division to release confidential well data for five exploration wells that are adjacent to the proposed GPTU leases.[7] On January 3, 2024, Applicants received notice that the Well Data was available on the Alaska Oil and Gas Conservation Commission ("AOGCC") website.

The release of the confidential exploration well data provided the Applicants with critical data to calibrate the interpretation of previous play concepts presented in the Original Application and significantly advanced the Applicants' understanding of the Point Thomson reservoir and its ultimate potential with respect to the Donkel/Cade Leases. The well data also delivered critical control points and allowed the Applicants to refine their geologic models and mapping, considerably improving the Applicants' understanding of the thickness and lateral extent of the Thomson sands across the Donkel/Cade Leases and proving vital control for their structure and isopach maps.

The new wells also allowed the Applicants to interpret reservoir quality and fluid types with improved accuracy. The Gas Oil Contact ("GOC") and Oil Water Contact ("OWC") were able to be extrapolated across the Donkel/Cade Leases with greater confidence. The bottomhole pressures, fluid compositions, and gas-oil and oil-water contact information in the recently released well data confirmed that the Thomson sand is continuous in the eastern portion of the PTU area and extends into the Tracts 79 and 80 of the proposed GPTU area. It also confirmed that a new deeper and separate/isolated Thomson sand reservoir is present in the G-2 well area.[8]

The new well data has had significant impact on all five of the play concepts proposed for the GPTU Application. It enhanced the Applicants' ability to predict volumes and estimate recoverable resources and identify the most optimal drilling locations. The full suite of well data was submitted as a supplement to the Original Application and is publicly available and on file with the Division. Applicants have provided several additional studies they have completed using the well data in this revised GPTU Application, as listed in the index in Attachment E.

V. Description of New Studies and Activities

Since the 2022 Unit Application, the Applicants have continued to pursue studies and conduct the necessary work to move development of the proposed unit forward. These efforts include:

[6] 11 AAC 83.356.
[7] The wells were: Alaska State G-2, North Staines River #1, Sourdough #2, Sourdough #3, and Staines River State #1.
[8] Attachment E, Table 1 shows some of the pertinent data from the recently released wells.

A. Updating the reports prepared by Dr. Robert Blodgett and Dirk Bodnar. Specifically, the Applicants conducted review and analysis of the recently released well data and publicly available legacy well data; prepared extensive reports detailing rock, drill stem test ("DST"), and fluid data from the wells; and tied well data to the Donkel/Cade Leases. *See* Attachment E, Reports 6, 7, and 11. The Applicants also prepared annotated well logs corresponding to new field cross sections. *See* Attachment E, Reports 8, 9 and 10.

B. Preparing a new report on PTU reservoir hydrocarbon fill history. *See* Attachment E, Report 12.

C. Preparing three new cross sections and reports running through the existing PTU area to the adjacent Donkel/Cade leases to include the recently released confidential well data. These cross sections include: (1) north of the field (see Attachment E, Figure 25 and corresponding Report 10); (2) midfield (see Attachment E, Figure 27 and corresponding Report 9); and (3) south of the field (see Attachment E, Figure 26 and corresponding Report 8).

D. Initiating discussions with the Alaska Industrial Development and Export Authority ("AIDEA") concerning joint operations to explore and delineate the prospective areas where the Donkel/Cade Leases and AIDEA leases are in close proximity.

E. Confirming that the recently released well data supports the Applicants' claim that the Tract 79/80 leases are covered by a potential hydrocarbon accumulation.

F. Confirming that the available well data supports the Applicants' claim that the Challenge Island leases are covered by a potential hydrocarbon accumulation.

G. Confirming that the G-2 well hydrocarbon accumulation supports the presence of a potential hydrocarbon accumulation to the north of the G-2 well.

H. Continuing to meet with potential investors and farm-in partners.

I. Completing a new geologic petrophysical study that analyzed nine wells and calibrated the log data and identified potential reservoir intervals for all of the play types. *See* Attachment E, Reports 1A, 1B, and associated data files. The average values of porosity and net pay were calculated and used to calibrate volumetric analysis. The new calibrated logs and calculated curves are shown in the new cross-section reports, Attachment E, Reports 8, 9, and 10. The goal of the study was to analyze nine key wells in and around the GPTU; analyze the confidential well data released by the State; perform quality control of well bore data and create standardized curve names; generate flags for bad data and carbonate intervals; estimate total porosity, total saturation, and clay volume for the Thomson sand interval; develop net pay cutoffs, calculate net pay, and

average porosity, saturation, and clay volume for the net pay in both the Thomson and Tertiary intervals; provide a LAS file of the acquired and calculated variable (log curves); provide log layout image files focusing on the reservoir interval. The Applicants engaged an experienced North Slope petrophysicist to conduct this work. The wells studied included: PTU-15; PTU-17; PTU-1; AK Island-1; AK State F-1; AK State A-1; Stinson-1; AK State C-1; AK State D-1; Challenge Island well (evaluated separately). The entire analysis is contained in Attachment E, Reports 1A, 1B, and associated data files. Attachment E, Figure 24 contains additional analysis of the Challenge Island well log data.

J. Finally, the Applicants undertook a 2D seismic reprocessing project. The purpose of the project was to gain insight into the seismic response of the Paleocene and Basement intervals in the immediate vicinity of AK State A-1 and the Stinson-1 wells. Crescent Geo was selected as the contractor to complete the work of the project, and post-stack and pre-stack reprocessing was completed in November 2022. The 2D pre-stack reprocessing was intended to feed a phase 2 AVO and well modeling project that will be completed upon approval of the GPTU. Line HW83-35 (leased from Halliburton/ GSI in 2018 by the Applicants) was the only reprocessed 2D line that had far offset traces suitable for a serious AVO study. A considerable improvement in imaging was achieved for all the other lines included in the project as compared to the data previously loaded in the seismic project. *See* Attachment E, Reports 2A, 2B and 2C and Reports 3 and 4. Attachment E, Files 2B and 2C contain the reprocessed pre-stack and post-stack seismic data.

Activities and studies planned over the next five years are contained in the POE. *See* Attachment B.

VI. Discussion of 11 AAC 83.303 Criteria

A unit may be formed to conserve the natural resources of all or a part of an oil or gas pool, field, or like area when determined to be necessary or advisable in the public interest.[9] Under 11 AAC 83.303(a), a new unit shall be approved upon a finding that the proposed unit will: (1) promote the conservation of all natural resources, (2) promote the prevention of both environmental and physical waste, and (3) provide for the protection of all parties of interest, including the State. In evaluating the 11 AAC 83.303(a) criteria, the Commissioner considers (1) the environmental costs and benefits of unitized exploration or development; (2) the geological and engineering characteristics of the potential hydrocarbon accumulation or reservoir proposed for unitization; (3) prior exploration activities in the proposed unit area; (4) the applicant**'**s plans for exploration or development of the unit area; (5) the economic costs and benefits to the state; and (6) any other relevant factors, including measures to mitigate impacts identified above, that the Commissioner determines necessary or advisable to protect the public interest, as set forth at 11 AAC 83.303(b).

[9] AS 38.05.180(p).

As described below, the GPTU satisfies the 11 AAC 83.303(a) criteria as considered pursuant to the 11 AAC 83.303(b) criteria, and formation of the GPTU is necessary and advisable in the public interest to enable development of the GPTU leases that will result in revenue to the State and its people.

(i) Promote Conservation of All Natural Resources, Including All or Part of an Oil or Gas Pool, Field, or Like Area (11AAC 83.303(a)(1))

The Applicants' ability to coordinate their continuing exploration and development activities of the GPTU leases through unitization promotes conservation by reducing surface impacts resulting in fewer environmental impacts. Unitization will also allow for coordinated use of infrastructure and the completion of additional required appraisal work in an orderly and efficient manner over a wide geographic area, instead of conducting lease-by-lease activities and making investment decisions based simply on lease preservation. Unitization will allow drilling in optimum locations and sharing of existing infrastructure. 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 GPTU 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 of all GPTU leases. 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 commercial development and maximize production.

(iii) Provide for the Protection of All Parties of Interest, Including the State (1 1 AAC 83.303(a)(3))

Unitization of the leases in the proposed GPTU 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 geological, geophysical, engineering, and well data available.

To date, the Applicants have made a significant investment in acquiring and maintaining the GPTU 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 GPTU Area. The Applicants are currently preparing to continue appraisal activities as described in the proposed POE.

More significantly, unitization will advance the economic interests of the State by enabling development of the GPTU leases that likely will not otherwise occur. 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."[10] 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 such synergies and improved probability of an economic development.

For example, the PTU contains approximately 93,211 acres covering 38 tracts. If the PTU were required to be developed lease-by-lease, then it would require 38 separate wells, one on each tract. The unit in fact contains one production well, two injection wells, and one disposal well. The PTU participating area ("PA") contains approximately 21,933 acres covering 12 tracts. The PTU PA contains one production well, two injection wells, and one disposal well. If the PTU PA were required to be developed lease-by-lease, it would require 12 separate wells, one on each lease. If the PA was developed using conventional 160 acre well spacing, it would require 137 separate wells on the 12 leases and 21,933 acres. Even if the PA were developed using 640-acre well spacing, it would require 34 separate wells on the 12 leases and 21,933 acres.

Lease-by-lease development is impractical on the North Slope and is not warranted in the GPTU area. Ultimately, unitization will allow the Applicants to secure 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, conserves natural resources, 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 GPTU 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 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 GG&E Report incorporated by reference in this Application describes the characteristics of the known reservoirs and potential hydrocarbon accumulations and exploration prospects in the unit area that support approval of the formation of the GPTU. Dr. Beverly Burns and Mr. Larry Smith are the primary authors of the GG&E Report. Dr. Robert Blodgett and Mr. Steve Sutherlin were the authors of the "Six Sisters" report filed with the Original Application. Dr. Robert Blodgett and Mr. Dirk Bodnar are the primary authors of several reports in the Supplemental GG&E Reports (Attachment E, Reports 6, 7, 8, 9, 10, 11 and 12) included with this submittal.

[10] Pioneer Unit Agreement, Decision and Findings of the Commissioner (Mar. 31, 1998) at 11.

As further discussed below, the data and information submitted with the original Application supplemented by the new information and analysis clearly show that potential hydrocarbon accumulations exist in the GPTU Area, and, as such, the GPTU Area qualifies as a valid unit area.[11]

Recently released data from the Alaska State G-2 well, the North Staines River well, Sourdough well, and the Staines River well all support the formation of the GPTU. Three cross sections of these wells with accompanying structure maps prepared in support of the Application and a core analysis display from the Challenge Island well are provided in Attachment E, Figures 24, 25, 26, 27, and Reports 6, 7, 8, 9 and 10. Attachment E, Table 1 provides a summary of the data from these three wells; Figure 25 provides the cross section for north of the field; Figure 26 provides the cross section for south of the field; Figure 27 provides the cross section for the midfield; and Figure 24 provides the Challenge Island 1 Core Plug Data and Core Description

An analysis of each well is provided below:

Staines River and North Staines River Wells

The new Staines River and North Staines River well data supports the prior mapping of the Thomson reservoir in the eastern portion of the PTU. The new data show that structurally the oil and gas bearing Thomson reservoir extends eastward into Tracts 79 and 80. The well data indicates that the Thomson sand is oil and gas bearing at depths mapped by the Applicants in their Application. The data confirms the mapping by the Applicants that shows that the highly productive Thomson pool extends into tracts 79 and 80 of the proposed GPTU area.

DNR agreed with this assessment in 2001/2002 when it approved Exxon's request for expansion of the unit in this area. The recently released well data shows that the oil-water contact in the Thomson oil pool is just below -13,000 feet TVD SS in the eastern part of the PTU. This is consistent with mapping across the entire oil pool. The Tract 79 and 80 leases are structurally well above the -13,000 feet TVD SS contour. The production test data from these wells demonstrates that the hydrocarbon column and pressure are consistent with the hydrocarbon column and pressure data reported from the rest of the field in the Thomson sand.

Alaska G-2 Well

The Alaska G-2 well is an extremely important well, as it proves a new Neocomian (Thomson) play concept. The well indicates that Thomson equivalent sands were deposited along the northern side of the Barrow arch. The sands appear to thicken into the basin and may have been deposited in areas of fault-related accommodation. This type of syndepositional growth can increase accommodation space along the northern side of the arch potentially resulting in the deposition of the thick sequences of shallow marine sandstones. The presence of this reservoir is a critical factor in confirming the existence of a second play concept for Neocomian age sand in this region. This type of play would be deposited in a setting similar to the sands deposited in Point McIntyre Field.

[11] See Attachment E, Figure 23 for lease overlay.

The G-2 well confirms that additional Neocomian prospects are present on the northern flank of the Barrow Arch and supports the Applicants' prospect mapping that a new separate and isolated Thomson oil and gas pool lies to the northeast of the main Point Thomson oil pool. Finally, the new data indicates that there are at least two separate oil pools that contain the Neocomian (Thomson) Sandstones, each of which very likely extends across the Donkel/Cade leases.

Sourdough Wells

The Sourdough wells support the Applicants' interpretation that significant Tertiary Brookian oil reservoirs are present in the area included in the proposed GPTU. Additional wells within the PTU also support this claim. These wells will improve the Applicants' knowledge of Tertiary Brookian reservoirs and provide important constraints on reservoir thickness, quality, and seismic signature.

The release of this data reduces the Applicants' assessment of geologic risk and helps to calibrate Tertiary turbidite plays. It will greatly progress our mapping of Tertiary shelf edges and further calibrate the paleo bathymetry of the basin.

Attachment E, Figures 5 through 13 are screen-shot excerpts from the cross sections and structure maps and well test information prepared in support of the Application. These show the presence of hydrocarbons in the referenced wells, the structural position of the Donkel/Cade leases, and that Neocomian Sandstones are highly likely to extend into leases included in the GPTU area.

The Challenge Island well and Alaska Island well information also supports inclusion of the leases in the GPTU area northwest of the PTU area based on the hydrocarbons identified in these wells and the structural position of the Applicants' leases in the same area. This well data was not covered by an extended confidentiality decision and was referenced in the original GPTU Application.

Report 12 illustrates one option for the hydrocarbon charge history of the GPTU area. The bottomhole pressures, fluid compositions, and the gas/oil and oil/water contact information in the recently released wells confirm that the Thomson sand is continuous in the eastern portion of the PTU area and likely extends into Tracts 79 and 80 of the GPTU area. It also confirms that a new and separate Neocomian reservoir is present in the G-2 well area.

Several leases in the proposed GPTU area were included in previous PTU expansion approvals.[12] The PTU expansion leases were found to overlie potential hydrocarbon accumulations. Although some expansion leases were later eliminated from the PTU area for failure to meet work commitments, they were not eliminated from the unit area for lack of potential hydrocarbon accumulations or other negative geological/geophysical considerations. The Division in 2001 and 2002 clearly found these

[12] *See* Division of Oil and Gas, Point Thomson Unit Expansion/Contraction Approval Decision (Aug. 29, 2001), available at: https://dog.dnr.alaska.gov/Document/Download/6CCBCA34135745CEBC008F8F20DBDC44/Unit%20Expansion-Contraction%20-%20Amended%20Approval.pdf; Division of Oil and Gas, Application for the Second Expansion and Third Contraction of the Unit Area for the Point Thomson Unit (May 24, 2002), available at: https://dog.dnr.alaska.gov/Document/Download/8D71DE1DF141474FA3F5EC83C96DAEE5/2nd%20Unit%20Expansion%20-%203rd%20Unit%20Contraction%20-%20Approved.pdf.

expansion areas to be underlain by potential hydrocarbon accumulations, and it has not retracted or withdrawn these findings.

Previous PTU expansion applications and approvals by the Division support the formation of the GPTU. In particular, the 2001 and 2002 PTU approved expansions clearly confirm the hydrocarbon accumulation potential of the Challenge Island and Tracts 79/80 areas. In the 2001 PTU unit expansion decision, new leases east and northwest of the then-current PTU area were added to the PTU.[13] These leases were found to contain potential hydrocarbon accumulations and are included in the proposed GPTU area. Attachment E, Figures 14 and 15 provide a map and an excerpt from the findings indicating the hydrocarbon potential.

In the 2002 PTU expansion decision, expansion areas 3 and 7 covered GPTU leases east of the PTU area and expansion areas 1 and 6 covered GPTU leases in the northwest of the PTU area.[14] These GPTU area leases were found to be underlain by potential hydrocarbon accumulations. Attachment E, Figures 16 through 19 provide excerpts of maps and findings from the Division and contain an overlay of GPTU leases on the 2002 expansion leases. Figure 17 shows the GPTU leases overlain on the 2002 expansion area. Figure 23 shows a Thomson sand structure map with the GPTU leases overlain.

Several leases in the GPTU area were included in these previous PTU expansion approvals, and the PTU expansion leases were found to overlie potential hydrocarbon accumulations. Some PTU expansion leases were later eliminated from the PTU area for failure to meet specified work commitments, but they were not eliminated from the PTU area for lack of potential hydrocarbon accumulations. Thus, in 2001 and 2002 the Division clearly found these expansion areas to be underlain by potential hydrocarbon accumulations. The geological, geophysical, and engineering basis for the 2001 and 2002 unit expansions still apply today and support the Application.

The existing 3D seismic data covering the Applicants' leases and owned by the PTU working interest owners is still not available for license by Applicants. The Applicants continue to pursue licensing of the PTU 3D data. But DNR does have access to this data and is aware that it supports formation of the GPTU, and the presence of a potential hydrocarbon accumulation does not have to be supported by 3D seismic data or well data on the leases proposed for unitization. The Applicants should not be penalized because they do not have access to 3D seismic data, particularly where the Division does have access to the information and can independently verify that it supports formation of the unit. In addition, the Applicants plan to conduct a 3D seismic program during the five-year POE term.

[13] *See* Division of Oil and Gas, Point Thomson Unit Expansion/Contraction Approval Decision (Aug. 29, 2001), available at: https://dog.dnr.alaska.gov/Document/Download/6CCBCA34135745CEBC008F8F20DBDC44/Unit%20Expansion-Contraction%20-%20Amended%20Approval.pdf.

[14] Division of Oil and Gas, Application for the Second Expansion and Third Contraction of the Unit Area for the Point Thomson Unit (May 24, 2002), available at: https://dog.dnr.alaska.gov/Document/Download/8D71DE1DF141474FA3F5EC83C96DAEE5/2nd%20Unit%20Expansion%20-%203rd%20Unit%20Contraction%20-%20Approved.pdf.

Finally, the PTU AOGCC Pool Rules application data (see CO 719) and the AOGCC Area Injection Order application data (see AIO 38) support a finding that hydrocarbons extend into the GPTU leases east and northwest of the exiting PTU area.

Both AOGCC orders—CO 719 and AIO 038—support the Applicants' claim that the Challenge Island and Tract 79/80 areas are included in potential hydrocarbon accumulations. The engineering, geologic, and geophysical information submitted by the PTU owners supporting the AOGCC orders clearly shows that the Point Thomson sand reservoir extends on to the Donkel/Cade leases.[15]

(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 GPTU area in 1975 when Exxon drilled Alaska State A-1 and tested 25 API oil at 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 GPTU 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 GPTU 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) 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 well on 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 down lap. Lower Cretaceous age sections of the Point Thomson interval were considered a secondary target. Both objectives proved unsuccessful from a

[15] Since both applications and approvals are public information and available to the Division, they are not included as attachments to this submittal, but are incorporated herein as if fully set forth.

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 discovered two new play concepts unique to the North Slope. The well encountered a significant zone of hydrocarbon shows that commenced in the Eocene at 12,500' and appeared to continue to TD in the Cambrian 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 Cambrian Sandstone. Additional drill stem tests behind casing (#2 - #4) were subsequently conducted in both the Cambrian Sandstone and deeper carbonates, but the tests either failed or no significant flow was detected. Reservoir quality is addressed in the discussion on the Cambrian Play, but porosity and permeability are dependent upon facies, fracturing, and diagenesis. Five 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 Cambrian Sandstone and Carbonates (core #3, 14,945'-14,946'; core #4 14,946'-14,954'; core #5, 16,092'-16,106').

Due to severe hole wash outs, drill stems tests in the Eocene were not successful and should be considered failed tests. Conventional core (core #1) taken at the base of the coarsening and thickening upward sequence had porosities ranging from 11-15%, average permeability of 1.7 md., and calculated water saturations of 20% to 35%. However, new petrophysical analysis indicates the Eocene reservoir has 121 feet of pay; with an average porosity of 17.4 % (within the pay interval), and average water saturation of 36 % (within the pay interval). This indicates that if the interval was properly tested it would flow oil. After completing the test program, ARCO plugged and abandoned the well on August 20, 1990.

On February 28, 1997, the Stinson #1 well was certified as being capable of producing hydrocarbons in paying quantities from the Cambrian Sandstone. 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, but no new data has been acquired to change the original assessment.

In 2009, ExxonMobil drilled the PTU-15 and PTU-16 wells as part of the initial development project for the PTU field. ExxonMobil constructed the PTU 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 of 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 critical PTU wells were held confidential obstructed our efforts to complete a full geologic assessment of the area. The Division had access to these data and was aware of the well results.

Significant third-party analysis has also been done on the proposed GPTU leases. 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 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.

Dr. Robert Blodgett and Mr. Steve Sutherlin prepared work for the Applicants including the preparation of two detailed PowerPoint presentations on the "Six Sisters Trend," including the Stinson #1 well and going as far west as Challenge Island. To prepare the reports, Dr. Blodgett photographed numerous core intervals and megafossil-bearing rocks from the well cores in the GPTU Area. This research delimited that the age of the pre-Mississippian interval was Neoproterozoic-Cambrian in age, and not Devonian as some early workers thought (e.g., Paul Decker, formerly with Alaska DOG). It is also important to note that the interval penetrated in the Stinson well is a sandstone not a quartzite. Another shorter PowerPoint 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:

A. Stinson Well Could Be Key to Alaska's ANWR. Heather Suacier in consultation with R.B. Blodgett, *AAPG Explorer* (Mar. 9, 2018) at 12 and 14.

B. Blodgett, R.B., and Sutherlin, S.C., *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 (Feb. 2018) at 4-10.

C. Bailey, Alan (written in consultation with Blodgett and Sutherlin), *An overlooked play?* Petroleum News, v. 23, no. 32 (Aug. 12, 2018) at 1 and 11. .

Following the above work, Dr. Blodgett has continued research on the biostratigraphy and paleoenvironmental setting of the Tertiary "hot zones" in the Six Sisters Trend. His studies have brought to light additional data on the *Azola*, the powerhouse fern that 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). An updated report prepared by Dr. Blodgett and Mr. Bodnar is submitted herewith as Attachment E, Report 11.

The quality of the available public domain seismic data ranges from poor to good with most being less than average quality. Donkel Oil & Gas LLC has licensed nine 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. WesternGeco has a late 1990 vintage spec 3-D OBC survey in the central GPTU area available for licensing but the quality of this data is still being evaluated. 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 have

been unwilling to make it available to Donkel Oil & Gas LLC for licensing. Although the Applicants are unable to access this data, the Division has this data and its analysis of the Application should necessarily reflect its awareness of this data.

(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 GPTU Agreement outlines and provides full details for the GPTU five-year POE, which is attached hereto as Attachment B.

The Applicants have worked diligently over the past ten years to assemble a large, contiguous 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 costs associated with the development of the GPTU leases. The Applicants made significant progress toward that objective prior to the COVID-19 pandemic and the resulting collapse in oil prices. Oil prices have since 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, including seasonal restrictions on operations that impact the timing of project execution; historical low oil prices, which suppressed cash flow available to prospective investors for new projects and dampened management's appetite for new North Slope exploration/delineation projects; and the decision by many major lending institutions to no longer finance Arctic oil and gas projects.

Approval of the proposed five-year POE will allow Applicants to continue exploration work while completing negotiations with third parties to acquire an interest in the GPTU leases. Applicants have engaged with potential investors in the U.S. and abroad and are targeting partners in the U.S. and Asia, including Japan, Taiwan, and Korea, high net worth individuals such as Elon Musk, and other U.S. oil and gas companies that have expressed interest in oil and gas development in high-impact areas like the North Slope of Alaska. The five-year POE will allow the Applicants to develop additional in-house information regarding the hydrocarbon potential of the GPTU leases, 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 POE, and transition new partner(s) into the unit operation.

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 East and the Sourdough wells). As addressed in the confidential GG&E Report and the Supplement GG&E Reports, additional potential hydrocarbon accumulations have been identified on the GPTU leases. The known delineation targets on the unit leases (Stinson, Point Thomson East, Challenge Island, and Flaxman Island) that extend from known discoveries adjacent to the GPTU into the unit leases anchor the proposed exploration/delineation program.

The proposal by Qilak LNG Inc. to export LNG by sea from the PTU 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 Gasline Development Corporation have been encouraging concerning the development and sale of North Slope gas reserves.

Local use of the gas resources is possible through development of facilities that produce methanol or generate electricity for bit coin or cloud server installations. The proposed POE will allow the Applicants to take advantage of this renewed interest to attract investment while continue exploration activities at the GPTU.

(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 GPTU 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 GPTU reservoirs and by allowing the Applicants to place these resources into production. As discussed above, without unitization, development of the GPTU leases will not be economic for any lessee. Unitization of the GPTU leases is therefore a necessary prerequisite to investing the significant resources required to develop the GPTU leases. In addition, the fact that the GPTU 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 and the resulting maximization of hydrocarbon recovery from the GPTU leases also assures that the production-based royalty and tax revenue to the State are maximized.

Unitization will also encourage investment in exploration, which may lead to the development of new, currently undeveloped formations underlying the leased area. Unitization of the GPTU leases will ensure that the interests of the Applicants and the State of Alaska are fully aligned.

Finally, 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 therefore clearly be advanced by the proposed unitization.

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

Interest by exploration and development companies in 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.

Tracts adjacent to the GPTU leases were included in the three prior Beaufort Sea areawide lease sales and none were bid on. The Applicants bid on and won tracts in the proposed unit area in the 2019

Beaufort Sea lease sale. The lack of interest by others in the GPTU leases further supports approval of the Application. By approving the Application to unitize the GPTU leases, the State is not foregoing any bonus bids or rental that would be paid by other lessees and would instead be harming the State and its people by preventing the development of, and foregoing any associated rental and royalty payments associated with, the GPTU leases. Unitization is therefore both necessary and advisable in the public interest.

VII. Approval of Unit Plan of Exploration

In accordance with 11 AAC 83.343 and Section 8.1 of the proposed GPTU Agreement, the Applicants as the only working interest owners of the Donkel/Cade leases in the proposed GPTU, and Donkel Oil & Gas LLC as operator, hereby request the Division approve the five-year Unit POE for the GPTU, which is submitted herewith as Attachment B and Exhibit G to the Unit Agreement.

VIII. 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 in *PLC, LLC and MH2, LLC v. State, Department of* Natural *Resources*.[16] The alternate definition proposed is consistent with accepted oil and gas practice, the lease form, and the definition approved by the Division in the Horseshoe Unit agreement.

IX. Application Payment and Required Mailings

The Applicants submitted the required $10,000 application fee with the Original Application on November 14, 2022.

Third-party working interest owners were notified of the Application and invited to join the unit. Those third-party WIOs stated their support for the GPTU in response to the initial public notice and comment period (see Attachment F - Public Notice and Comments Provided in Support of the GPTU). The overriding royalty interest owners were also notified of the Application. Proof of mailing to third-party WIOs and ORRI holders was enclosed with the initial Application as Exhibit I and is incorporated herein by reference.

We appreciate the Division's consideration of this revised Application and look forward to the technical meeting with the Division to discuss the Application and technical materials submitted with the Application. Please do not hesitate to contact us if you have any questions regarding the Application.

[16] 484 P.3d 572, 579-80 (Alaska 2021) (holding that a party holding an overriding royalty interest had standing to challenge DNR's unitization decision).

Sincerely,

Daniel K. Donkel
donkeloil@gmail.com
Samuel H. Cade
samuel.h.cade@att.net
407-375-8500

Mailing Notice To:

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

CC: Ken Diemer, Division of Oil and Gas
Mark Villarreal, Division of Oil and Gas

Enclosures:

Attachment A - Unit Agreement
Attachment B - Proposed 5-Year Unit Plan of Exploration
Attachment C - Map of Proposed Unit and List of Unit Leases
Attachment D – Joint Operating Agreement
Attachment E - Index of Reports, Figures & Tables Submitted with Application
Attachment F – Public Comments in Support of Application

ATTACHMENT A

UNIT AGREEMENT

REVISED APPLICATION FOR APPROVAL TO ESTABLISH THE GREATER POINT THOMSON UNIT

GREATER POINT THOMSON UNIT AGREEMENT

Table of Contents

Exhibits

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 comingle 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 redrilling 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]

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

Unit Operator

_____ Date:_____

By: Daniel K. Donkel

Donkel Oil & Gas, LLC.
Daniel K. Donkel, Managing Member

STATE OF FLORIDA)
)ss.
COUNTY OF SEMINOLE)

The foregoing instrument was sworn to and acknowledged before me this _____ day of November, 2022, by Daniel K. Donkel.

Daniel K. Donkel, is personally known to me ___, or has produced identification _____, and who 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.

_____

Signature of Notary
State of Florida

My Commission Expires: _____

WORKING INTEREST OWNER(S)

By: Daniel K. Donkel Date:_____

_____

_____

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

STATE OF FLORIDA)
)ss.
COUNTY OF SEMINOLE)

The foregoing instrument was sworn to and acknowledged before me this _____ day of November, 2022, by Daniel K. Donkel.

Daniel K. Donkel, is personally known to me ___, or has produced identification _____, and who 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.

_____

Signature of Notary
State of Florida

My Commission Expires: _____

By: Samuel H. Cade Date:_____

_____

_____

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

STATE OF TEXAS)
)ss.
COUNTY of DENTON)

This certifies that on the _____ of_____, 20___, before me, a notary public in and for the State of Texas, duly commissioned and sworn, personally appeared _____, 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.

..... _____

NOTARY PUBLIC in and for Texas

My Commission Expires:_____

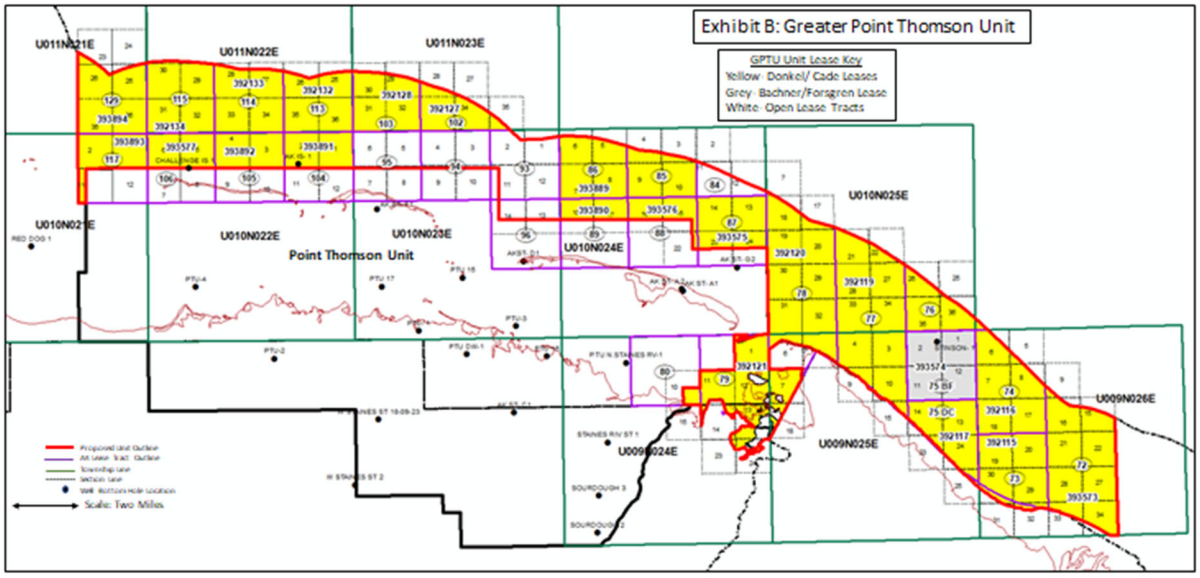
Exhibit A

UNIT TRACT TABLE

See Separate Enclosed Table

Exhibit B

UNIT MAP



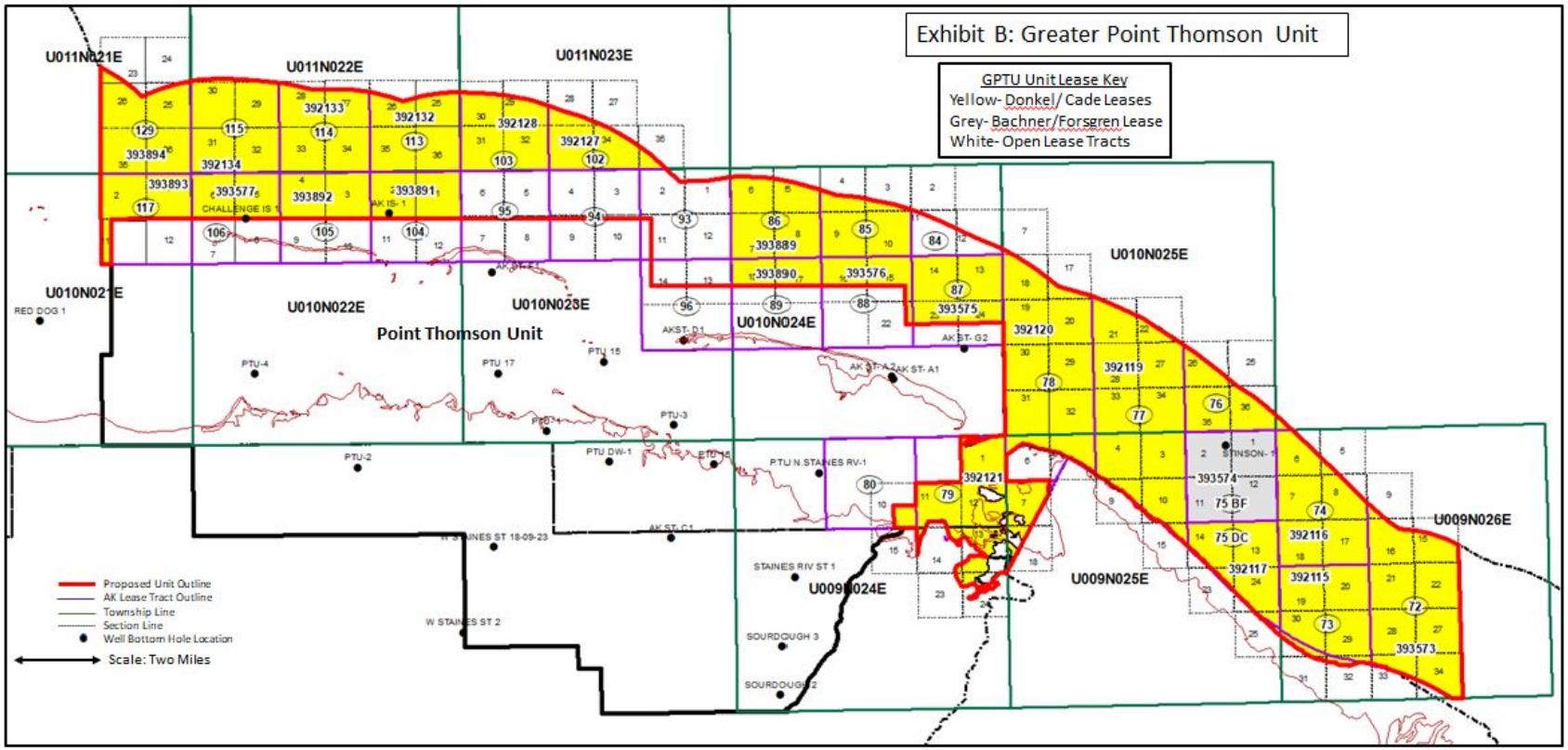


Exhibit B: Greater Point Thomson Unit
GPTU Unit Lease Key
Yellow- Donkel/ Cade Leases
Grey- Bachner/Forsgren Lease
White- Open Lease Tracts
U011N021E
U011N022E
U011N023E
U010N021E
U010N022E
U010N023E
U010N024E
U010N025E
U009N024E
U009N025E
U009N026E
Point Thomson Unit
RED DOG 1
CHALLENGE IS 1
AK IS- 1
AKST- D1
AK ST- G2
AK ST- A2
AK ST- A1
PTU-4
PTU 17
PTU 15
PTU-3
PTU-2
PTU DW-1
PTU N.STAINES RV-1
W STAINES ST 18-09-23
AK ST- C1
STAINES RIV ST 1
W STAINES ST 2
SOURDOUGH 3
SOURDOUGH 2
STINSON- 1
75 BF
75 DC
392133
392132
392128
392127
392134
393894
393893
393577
393892
393891
393889
393890
393576
393575
392120
392119
392121
393574
392116
392117
392115
393573
Proposed Unit Outline
AK Lease Tract Outline
Township Line
Section Line
Well Bottom Hole Location
Scale: Two Miles

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

Deferred

Exhibit F

ALLOCATION OF UNIT EXPENSES

Unit Tract Number	ADL	Unit Expense Percentage
Deferred		

Exhibit G

GPTU 5-YEAR PLAN OF EXPLORATION

Exhibit G – Unit Plan of Exploration

ATTACHMENT B

PROPOSED 5-YEAR UNIT PLAN OF EXPLORATION

REVISED APPLICATION FOR APPROVAL TO ESTABLISH THE GREATER POINT THOMSON UNIT

Greater Point Thomson Unit
5-Year Plan of Exploration

Summary of Proposed Activities

1. During the first year following approval of the GPTU, the Unit Operator proposes to:

- Continue to pursue licensing of existing PTU 3D seismic data and relevant 2D data in the GPTU area. Incorporate new data into seismic project and update relevant maps.
- Perform engineering and economic analysis of the Neocomian sand play to screen drilling locations and development scenarios.
- Continue to engage with AIDEA regarding development of its ANWR leases that are adjacent to the GPTU.
- Engage with Qilak LNG Inc. to understand its needs for additional gas supply for its project.
- Complete preliminary work on AVO rock properties modeling to predict lithologies away from the well control.
- Initiate feasibility study for drilling and testing three additional wells: Stinson Twin well, ANWR delineation well on AIDEA's leases, well on tracts 79/80 to delineate the Eastern Point Thomson Pool PTU PA.
- Initiate feasibility study for comprehensive 3D seismic shoot over GPTU and AIDEA leases.

2. During the second year following approval of the GPTU, the Unit Operator proposes to:

- Begin engineering and economic analysis of the Eocene and Cambrian sand reservoirs to screen drilling locations and development scenarios.
- Continue to coordinate with AIDEA on its ANWR leases adjacent to the GPTU.
- Continue to engage with Qilak LNG Inc. to understand its needs for additional gas supply for its project.
- Engage the PTU operator on facility sharing options for drilling activities and future production activities.
- Integrate new geophysical interpretations (amplitude, structure, interval) with modeling studies to better understand reservoir distribution and quality.

3. During the third year following approval of the GPTU, the Unit Operator proposes to:

- Prepare to drill first GPTU well (Challenge Island "Trump #1 Well") from an onshore pad through the Thomson Sands with anticipated bottom-hole location on ADL 393577 and anticipated depth to basement (13,490 feet) to delineate the PTU-17 well.
- Continue permitting and well planning activities for first delineation well.
- Continue working with the PTU operator on facility sharing options for drilling and production activities.
- Conduct Biostragraphic/Palynological study of key wells. This study will focus on the Tertiary section, where numerous pay sands have been identified in the GPTU area. This study will assist in creating a seismic stratigraphic/sequence stratigraphy zonation and will aid in the identification of new Tertiary prospects.

4. During the fourth year following approval of the GPTU, the Unit Operator proposes to:

- Update key horizons and start seismic attribute analysis.
- Continue well planning and permitting for the winter drilling season.
- Initiate proposed delineation well with anticipated drilling date in February at end of fourth year following approval or beginning of fifth year following unit approval depending on date of approval.

5. During the fifth year following approval of the GPTU, the Unit Operator proposes to:

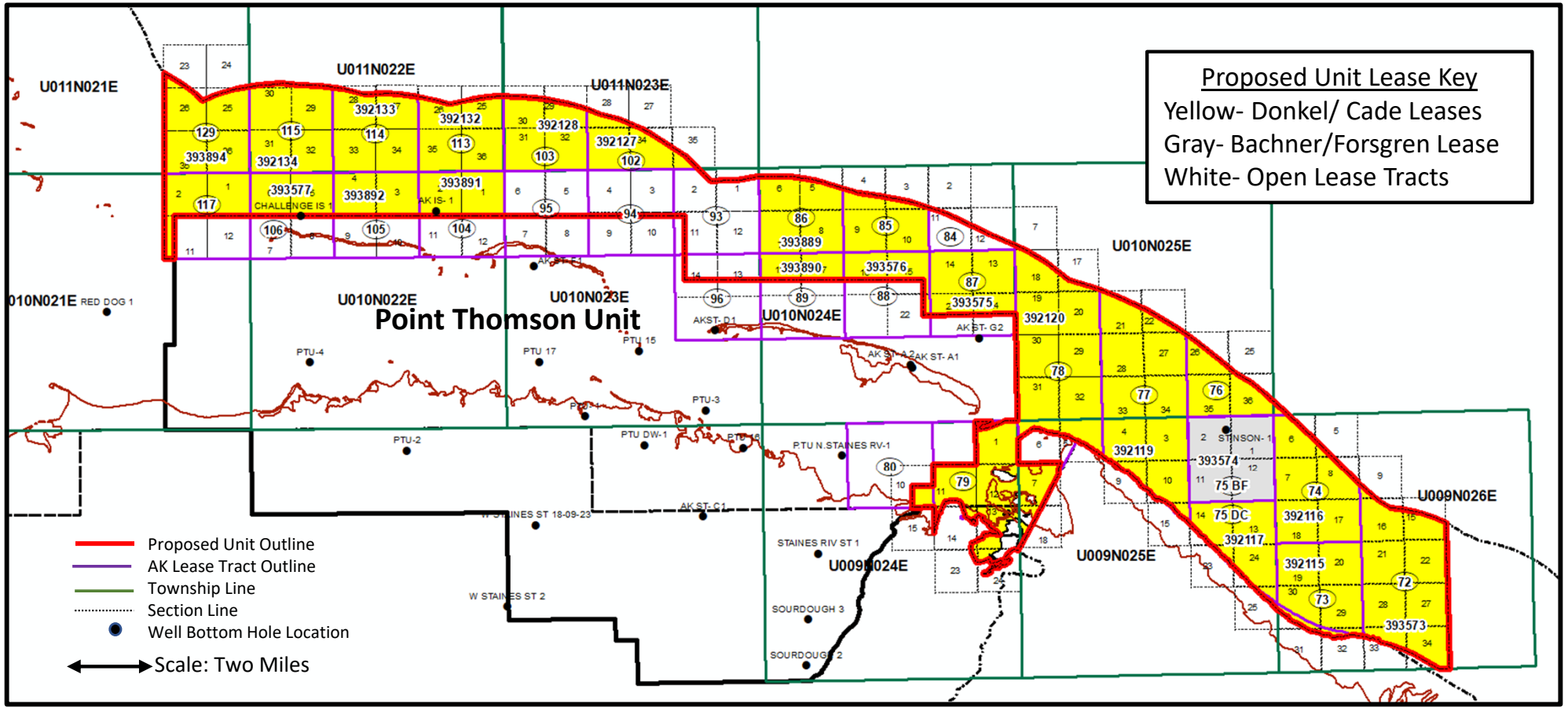
- Initiate activities to put delineation well into production.
- Update all mapped horizons and continue seismic attribute analysis.
- Collect and analyze data from delineation well, conduct economic analysis, and calculate resource assessment calibrated by well data.
- Construct 3D geologic model based on well results.

ATTACHMENT C

MAP OF PROPOSED UNIT AND LIST OF UNIT LEASES

REVISED APPLICATION FOR APPROVAL
TO ESTABLISH THE GREATER POINT THOMSON UNIT

Exhibit B: Proposed Greater Point Thomson Unit



Greater Point Thomson Unit Leases

ADL Lease No.	Effective Date	Expiration Date	Working Interest Owners	Existing ORRI	State of Alaska Royalty	Net Revenue Interest	Acreage
392115	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,576.03
392116	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,963.43
392117	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	1,950.22
392118	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	1,519.21
392119	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	5,395.77
392120	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	4,900.70
392121	12/1/2014	11/30/2024	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	3,016.20
392122	12/1/2014	11/30/2024	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	160
392123	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,625.06
393573	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	4,390.52
393574	5/1/2018	4/30/2026	Bachner 90% /Forsgren 10%		16.67%		2,560.00
393575	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,920.00
393576	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	911.6
393889	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,150.16
393890	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	773.63
393891	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,321.26

393892	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,300.29
393893	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,413.10
393894	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,527.84
392127	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,431.02
392128	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,047.61
392132	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,151.93
392133	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,378.83
392134	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,556.45
393577	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,252.00

Donkel/Cade	**Sub Total Acres**	**52,632.36**
Bachner 90% /Forsgren 10%	**Sub Total Acres**	**2,560.00**
A – Greater Point Thomson Unit	**Total Acres**	**55,192.86**

ATTACHMENT D

JOINT OPERATING AGREEMENT

REVISED APPLICATION FOR APPROVAL TO ESTABLISH THE GREATER POINT THOMSON UNIT

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Effective Date: November 1, 2022

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

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GREATER POINT THOMSON UNIT OPERATING AGREEMENT

This Greater Point Thomson Unit Operating Agreement ("Agreement") is made by and between Daniel K. Donkel, Samuel H. Cade and any Working Interest Owner ("WIO") who subsequently joins as a Party to this Agreement ("the Parties"), effective November 1, 2022 ("Effective Date").

RECITALS

A. The Parties are WIOs in the Greater Point Thomson Unit, an oil and gas unit formed pursuant to the Unit Agreement for the Development and Operation of the Greater Point Thomson Unit, State of Alaska, Second Judicial District, dated November , 2022, as amended, supplemented, expanded or modified ("Unit Agreement").

B. Section 7 of the Unit Agreement requires the WIOs to adopt a unit operating agreement which will govern unit operations.

AGREEMENT

1. DEFINITIONS; INTERPRETATION; EXHIBITS

1.1 Definitions. The following definitions apply to this Agreement:

"Accounting Procedure" means the rules, provisions, and conditions contained in Exhibit C. (To be Determined)

"AFE" means an authorization for expenditure.

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

"Agreed Interest Rate" means interest compounded on a monthly basis, at LIBOR plus two (2) percentage points, applicable on the first Business Day before the due date of payment and afterwards on the first Business Day of each succeeding Calendar Month. If the resulting rate is contrary to any applicable usury law, then the rate of interest to be charged shall be the maximum rate permitted by applicable law.

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

"Appraisal Operations" means operations and activities, outside of an existing Participating Area but within the Unit Area, including acquiring G&G Data, drilling Appraisal Wells, and conducting front-end engineering and design and

other engineering, infrastructure, and market studies, after a Discovery is made in order to evaluate the quantitative and qualitative parameters of such Discovery and assessing whether such Discovery is a Commercial Discovery.

"Appraisal Plan" means an overall plan and cost estimate for Appraisal Operations concerning a Discovery.

"Appraisal Well" means any well, outside of an existing Participating Area but within the Unit Area (other than an Exploration Well or a Development Well), whose purpose at the time drilling commences, is to evaluate the areal extent of an existing Discovery and/or the volume of Hydrocarbon reserves contained in an existing Discovery.

"Associated Agreements" means any agreement (or series of substantially identical agreements) other than this JOA entered into prior to or after the Effective Date by all of the Parties and, if applicable, one or more third parties, relating to the rights and obligations among the Parties with respect to Joint Operations.

"Backout" means the amount of Non-Consenting Parties' production that is, in effect, displaced by Consenting Parties' production from an Exclusive Operation and for which Consenting Parties must compensate Non-Consenting Parties pursuant to the terms of a Facility Sharing Agreement.

"Business Day" means a Day on which the banks in the State of Alaska are customarily open for business.

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

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

"Cash Call" means any request for the Parties to advance their respective Participating Interest shares of estimated cash requirements for the next Calendar Month's Joint Operations in accordance with an approved Work Program and Budget.

"Change in Control" means a direct or indirect change in Control of a Party (whether through merger, spin-off, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees, in which the market value of the Party's Participating Interest represents more than fifty (50) percent of the aggregate market value of the assets of the Party and its Affiliates that are subject to the change in Control. For this definition, market value will be determined

based upon the cash a willing buyer would pay a willing seller in an arm's length transaction.

"Commercial Discovery" means any Discovery of paying quantities of Hydrocarbons such that it entitles the Parties to apply for authorization from the Government to commence exploitation.

"Completion" means operations intended to complete a well through the Christmas tree as a producer of Hydrocarbons in one or more Zones, including the setting of production casing, perforating, stimulating the well and production testing conducted in such operation.

"Consenting Party" means a Party who agrees to participate in and pay its share of the cost of any Exclusive Operation conducted under the provisions of this Agreement.

"Consequential Loss" means any losses, damages, costs, or liabilities caused (directly or indirectly) by any of the following arising out of, relating to, or connected with this Agreement or the operations and/or activities carried out under this Agreement: (i) reservoir or formation damage; (ii) inability to produce, use or dispose of Hydrocarbons; (iii) loss or deferment of income; (iv) punitive damages; or (v) indirect damages or losses whether or not similar to the foregoing.

"Contract Area" means as of the Effective Date the area that is depicted in Exhibit A and described in Exhibit B of this Agreement.

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

"Crude Oil" means all crude oils, condensates, natural gas liquids and other Hydrocarbons in a liquid state at standard pressure that are covered by the Unit Agreement.

"Day" means a Gregorian Calendar day unless otherwise specifically provided.

"Decommissioning" means all work required for the abandonment of Joint Property in accordance with good oil field practice and applicable legal obligations, including, where required, plugging of wells, abandonment, disposal, demolition, removal and/or cleanup of facilities, and any necessary site remediation and restoration.

"Decommissioning Costs" means the costs of Decommissioning.

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

"Default Amount" means the amount of the Defaulting Party's share of Joint Account charges that the Defaulting Party has failed to pay when due under this Agreement.

"Default Interest Rate" means interest compounded on a monthly basis, at the Agreed Interest Rate plus four (4) percentage points, applicable on the first Business Day before the due date of payment and afterwards on the first Business Day of each succeeding Calendar Month. If the resulting rate is contrary to applicable usury law, then the rate of interest to be charged shall be the maximum rate permitted by such applicable law.

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

"Defaulting Party" shall have the meaning as described in Section 8.1.

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

"Delivery Point" means the point at which title and risk of loss of each Party's Entitlement passes to such Party.

"Development Operations" means operations or activities conducted under a Development Plan within an existing Participating Area, including acquiring G & G Data, Reworking, the drilling of new Development Wells, and the installation of related surface facilities expansions and modifications, conducted as either a Joint Operation or Exclusive Operation pursuant to this Agreement.

"Development Plan" means an overall plan and cost estimate prepared by the Operator and submitted to the Working Interest Owners for approval for the development of Hydrocarbons from a Commercial Discovery.

"Development Well" means any well drilled within an existing Participating Area whose purpose relates to the production of Hydrocarbons under a Development Plan.

"Discovery" means the discovery of an accumulation of Hydrocarbons, the existence of which until that moment was unproven by drilling.

"Dispute" means any dispute, controversy, or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out

of, relating to, or connected with this Agreement or the operations and activities carried out under this Agreement, including any dispute as to the construction, validity, interpretation, enforceability, breach, or termination of this Agreement.

"Effective Date" shall mean the date set forth in the preamble of this Agreement.

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

"Entitlement" means that quantity of Hydrocarbons (excluding all quantities used or lost in Joint Operations and Backout) which a Party has the right and obligation to own, take in kind, and dispose of under this Agreement and the Unit Agreement, as such right and obligation may be modified by any lifting, balancing, sales and other agreements entered into under Section 9, and meter imbalance adjustments (including operating balance adjustments with transporting pipelines).

"Environmental Loss" means any losses, damages, costs, or liabilities (other than Consequential Loss) caused by a discharge of Hydrocarbons, pollutants, or other contaminants into or onto any medium (including land, surface water, ground water and/or air) relating to this Agreement or the operations carried out under this Agreement, including: (i) injury or damage to, or destruction of, natural resources or real or personal property; (ii) cost of pollution control, cleanup and removal; (iii) cost of restoration of natural resources; and (iv) fines, penalties, or other assessments.

"Exclusive Appraisal Operations" means an Appraisal Operation by less than all of the Parties.

"Exclusive Development Operations" means a Development Operation by less than all of the Parties.

"Exclusive Exploration Operations" means an Exploration Operation by less than all of the Parties.

"Exclusive Operations" means each of Exclusive Development Operations, Exclusive Appraisal Operations, and Exclusive Exploration Operations, as applicable.

"Exploration Operations" means operations or activities, outside of any Discovery within the Unit Area or outside of the Unit Area but within the Contract Area, including acquiring G & G Data and drilling Exploration Wells, whose purpose is to explore for accumulations of Hydrocarbons, including Testing conducted in the bore of a well that makes a Discovery.

"Exploration Well" means any well, outside of any Discovery within the Unit Area or outside of the Unit Area but within the Contract Area , whose purpose at the time drilling commences, is to explore for an accumulation of Hydrocarbons, which accumulation was at that time unproven by drilling.

"Facility Sharing Agreement" has the meaning set forth in Section 7.2.

"Force Majeure" means any event that directly or indirectly renders a Party unable, wholly or in part, to perform or comply with any obligation, covenant or condition in this Agreement if the event, or the adverse effects of the event, is outside of the control of, and could not have been prevented by, the affected Party with reasonable foresight, at reasonable cost, and by the exercise of reasonable diligence in good faith, and is not attributable to the negligence or willful misconduct of the affected Party. Force Majeure Events include without limitation the following events (to the extent they otherwise satisfy the definition): (i) act of God, fire, lightning, landslide, earthquake, volcano activity, storm, hurricane, hurricane warning, flood, high water, washout, explosion, or well blowout; (ii) strike, lockout, or other industrial disturbance, act of the public enemy, war, military operation, blockade, insurrection, riot, epidemic, arrest or restraint by government of people, terrorist act, civil disturbance, or national emergency; (iii) the inability of the affected Party to acquire, or the delay on the part of the affected Party in acquiring materials, supplies, machinery, equipment, servitudes, right of way grants, pipeline shipping capacity, easements, permits or licenses, approvals, or authorizations by regulatory bodies or oil and gas lessors needed to enable the Party to perform; (iv) breakage of or accident to machinery, equipment, facilities, or lines of pipe, and the repair, maintenance, improvement, replacement, test, or alteration to the machinery, equipment, facilities, or lines of pipe, and the freezing of a well or line of pipe, well blowout, or the partial or entire failure of a Gas well; or (v) act, order, or requisition of any Government or acting governmental authority, or any Law.

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

"Government" means governmental bodies (including central, federal, state, municipal or provincial) in the United States of America, and any political subdivision, agency or instrumentality of such governmental bodies.

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

"HSE" means Health, Safety, and the Environment.

"Hydrocarbons" mean all substances that are covered by the Unit Agreement, including Crude Oil and Natural Gas.

"Initial Objective" shall have the meaning set forth in Section 7.9(A).

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

"Joint Operations" means the operations and activities within the scope of this Agreement (or whose purpose at the time undertaken was within the scope of this Agreement) conducted by Operator on behalf of all Parties, including Exploration Operations, Appraisal Operations, Development Operations, Production Operations, and operations and activities for the purposes of Decommissioning and any emergency, clean-up or other response operations to an emergency or any loss of containment of Hydrocarbons including all monitoring and reporting and the carrying out of any act pursuant to the direction of any Government, or any of its subdivisions, agencies or instrumentalities or any requirement of environmental Law.

"Joint Property" means, at any point in time, all wells, facilities, equipment, materials, information, data, funds, and property (other than Hydrocarbons) held for use in Joint Operations, whether intellectual, physical, digital or electronic in nature.

"Laws" mean those laws, statutes, rules, and regulations of the Government.

"Lessor" means the Government or private party holding the lessor interest in an oil and gas lease which is part of the Contract Area.

"LIBOR" means the interest rate per annum equal to the ICE Benchmark Administration London Interbank Offered Rate for one month U.S. dollar deposits, as published in London by the Financial Times or if not published, then by The Wall Street Journal.

"Minimum Work Obligations" mean those work and/or expenditure obligations specified in a plan of further development and operation pursuant to Section 10 of the Unit Agreement that must be performed in the then current period or phase of the Unit Agreement.

"Natural Gas" and "Gas" means all Hydrocarbons in a gaseous state at standard temperature and pressure (including wet gas, dry gas, and residue gas) that are covered by the Unit Agreement, but excluding Crude Oil.

"Non-Consenting Parties" means a Party who elects not to participate in a proposed Exclusive Operation.

"Non-Operator" means a Party to this Agreement other than the Operator.

"Operation" or "Unit Operations" means all operations of any kind conducted pursuant to this Agreement or the Unit Agreement

"Operator" means the Party designated in Section 4.1 and any successor thereto.

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

"Participating Area" means each participating area established pursuant to Section 11 of the Unit Agreement and described and designated as such in a schedule approved pursuant to Section 11 of the Unit Agreement from time to time. Prior to establishment of a Participating Area, or if no Participation Area is required, Production Operations may occur on a lease or unit tract basis in accordance with an approved Plan of Operations.

"Participating Interest" means each Party's undivided share of the production of Hydrocarbons, obligations, and liabilities (expressed as a percentage to six (6) decimal places of the total shares of all Parties) as provided in the Unit Agreement and this Agreement.

"Participation Notice" shall have the meaning set forth in Section 7.4(B).

"Party" means each of the persons and entities named in the preamble of this Agreement, including their respective successors and assignees, generically, and Parties means all of the persons and entities named in the preamble, including their respective successors and assignees, collectively.

"Plans of Operations" means Plans of Development , Development Plans, plans of Production Operations, and other plans of development, operation, and production submitted to the Government under Section 10 of the Unit Agreement and applicable Laws.

"Plans of Operation Period" means the period between the effective date and expiration date of a Plan of Operations, as set out in that Plan of Operation.

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

"Production Operations" means operations or activities intended to extract Hydrocarbons for commercial purposes, especially operations and activities concerning producing wells (including Recompleting and Reworking), and field separation, processing, storage, and handling of Hydrocarbons upstream of the Delivery Point, conducted to progress a Development Plan and/or a projected production schedule.

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

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

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

"Secondment" means the placement under Section 4.3 of an employee of a Non-Operator or its Affiliate in Operator's organization to provide services under a Secondment Agreement between Operator and such Non-Operator or its Affiliates.

"Security" means (i) an irrevocable standby letter of credit or irrevocable commercial bank guarantee issued by a bank; (ii) an on-demand bond issued by a surety corporation; (iii) an irrevocable guarantee issued by a corporation or government; (iv) any financial security required by the Unit Agreement or this Agreement; and (v) any financial security agreed from time to time by the Parties; provided that the bank, surety, corporation or government issuing the guarantee, standby letter of credit, bond, or other security (as applicable) has a net worth sufficient to pay its obligations in all reasonably foreseeable circumstances, or a long term debt rating of at least "AA-" by Standard & Poor's, or "Aa3" by Moody's Investors Service, or an equivalent rating by a successor entity to either agency.

"Senior Executive" means any individual who has authority to settle a Dispute for a Party.

"Senior Supervisory Personnel" means, with respect to a Party any individual who functions for such Party or one of its Affiliates at a management level equivalent or superior to any individual functioning as such Party's Alaska general manager, who is resident in Alaska and who is responsible for directing the performance of

all operations and activities of such Party in Alaska, but excluding all individuals functioning at a level below this position.

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

"Subsurface Estate" means the right to explore, develop and produce Hydrocarbons within the Contract Area by virtue of fee simple ownership of the mineral estate.

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

"Total Amount in Default" means the sum of: (i) the Amount in Default; (ii) third-party costs of obtaining and maintaining a Security held by the non-defaulting Parties, or the funds paid by the Parties to allow Operator to obtain or maintain Security; plus (iii) interest at the Default Interest Rate accrued on the amount calculated under (i) from the date this amount is due by the Defaulting Party until paid in full by the Defaulting Party and on the amount calculated under (ii) from the date this amount is incurred by the non-defaulting Parties until paid in full by the Defaulting Party.

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

"Tract" means each separate parcel of land which is depicted on Exhibit A and listed in Exhibit B and given a Tract number, which will be a unique combination of numbers and/or letters.

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

"Unit Agreement" has the meaning set forth in the recitals of this Agreement.

"Unit Area" means as of the Effective Date the area that is described in Exhibit A to the Unit Agreement, as such area may vary from time to time under the Unit Agreement.

"Unit Operating Agreement" has the meaning set forth in Recital A.

"Urgent Operational Matters" means decisions on matters involving the use of a drilling rig, vessel or other equipment (not normally maintained in the Contract Area) that is standing by in the Contract Area.

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

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

"WIO Representatives" has the meaning set forth under Section 5.

"Working Interest" means the GREATER POINT THOMSON ownership interest (expressed as a percentage to six (6) decimal places of the total ownership of all Parties) of the Parties which entitles the Parties to explore for, develop, and produce Hydrocarbons from the Contract Area, the ownership of all GREATER POINT THOMSON material, equipment, facilities and other property, and the allocation of costs and liabilities associated with such operations.

"Working Interest Owners" means the committee established under Section 8.2.

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

1.2 Principles of Construction. In this Agreement, unless the context otherwise requires:

(A) The Unit Agreement and this Agreement is the entire agreement between the Parties respecting the subject matter thereof.

(B) Headings and the rendering of text in bold and/or italics are for convenience only and do not affect the interpretation of this Agreement.

(C) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.

(D) The words "hereof", "herein", "hereunder," and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(E) A reference to a Section, paragraph, clause, Party, Exhibit, or Schedule is a reference to that Section, paragraph, or clause of, or that Party, Exhibit or Schedule to, this Agreement unless otherwise specified, and in the

event of a conflict, the provisions of the main body of this Agreement shall prevail over the provisions of any Exhibit or Schedule.

(F) A reference to this Agreement shall mean this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of this Agreement.

(G) A reference to a person includes that person's successors and permitted assigns.

(H) The term "including" means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided.

(I) References to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.

(J) Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and has had the opportunity to consult with legal counsel and any other advisors of its choice to its satisfaction regarding the terms and provisions of this Agreement and the results thereof. As a result, the rule of construction that an agreement be construed against the drafter will not be asserted or applied to this Agreement.

(K) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

(L) In the event of a conflict, a mathematical formula describing a concept or defining a term shall prevail over words describing a concept or defining a term.

(M) References to any amount of money shall mean a reference to the amount in US Dollars.

(N) The expression "and/or" when used as a conjunction shall connote "any or all of".

(O) Words, phrases or expressions which are not defined herein and which have a generally accepted meaning in the industry which is the subject of this Agreement shall have that meaning in this Agreement.

(P) A waiver by either Party of any breach of the covenants and conditions to be performed under this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

(Q) A capitalized derivative or other variation of a defined term will have a corresponding meaning and be construed accordingly.

(R) Except as otherwise expressly provided in this Agreement, no amendments to or modifications of this Agreement shall be valid unless they are in writing and signed by the Parties.

1.3 Exhibits.

(A) All of the Exhibits that are attached to the body of this Agreement are an integral part of this Agreement and are incorporated by reference into this Agreement, including:

(1) Exhibit A – Map of the Greater Point Thomson Unit

(2) Exhibit B – Tracts Included in the Greater Point Thomson Unit

(3) Exhibit C – Accounting Procedure—To Be Determined

(4) Exhibit D – Gas Balancing Agreement—To Be Determined

(B) If a conflict exists between the body of this Agreement and the Exhibits, the body of this Agreement prevails to the extent of the conflict.

2. TERM AND TERMINATION

2.1 Term and Survival of Provisions.

(A) This Agreement shall have effect from the Effective Date and shall continue in effect until:

(1) the Unit Agreement terminates;

(2) all materials, equipment and personal property acquired for or used in connection with Joint Operations and Exclusive Operations have been disposed of or removed; and

(3) final settlement (including settlement of any financial audit carried out under the Accounting Procedure) has been made.

(B) Notwithstanding the termination of the Agreement pursuant to Section 2.1(A), the following provisions will survive as provided below:

(1) Section 10 shall remain in effect until all Decommissioning obligations under the Unit Agreement and applicable Laws have been satisfied; and

(2) the liability and payment obligations under Sections 3.3(B), 3.3(C), 4.5, 7, 15.2, and the indemnity obligations under Sections 4.6(B), 10.1(C), and 14.2 shall remain in effect until all obligations have been extinguished or fulfilled and all Disputes have been resolved.

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

(D) A proposal by any Party to enter into or extend the term of any Plans of Operation Period or any phase of the Unit Agreement, or a proposal to extend the term of the Unit Agreement, shall be brought before the Working Interest Owners under Section 5.

(E) Any Party shall have the right to enter into or extend the term of any Plans of Operation Period or any phase of the Unit Agreement or to extend the term of the Unit Agreement, regardless of the level of support in the Working Interest Owners. If any Party takes such action, any Party not wishing to extend shall have a right to withdraw, subject to the requirements of Section 13.

2.2 Termination. The Parties shall proceed to terminate the Unit Agreement in accordance with the Unit Agreement and applicable Law, if any of the following events occur:

(A) The Parties unanimously determine under this Agreement to terminate the Unit Agreement;

(B) All of the Parties are Defaulting Parties and are deemed to have elected to withdraw under Section 13;

(C) The Parties unanimously determine under Section 11 to surrender the Unit Area, including any Participating Areas; and/or

(D) All of the Parties elect to withdraw under Section 13.

3. SCOPE

3.1 General. The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern any matter involving the rights and obligations of the Parties, as they relate to the State of Alaska, and/or royalty interest owners other than the State of Alaska, and this Agreement shall otherwise govern the respective rights and obligations of the Parties.

(A) {Not Used}

(B) The purpose of this Agreement is to establish the respective rights and obligations of the Parties concerning operations and activities under the Unit Agreement, including the joint exploration, appraisal, development, production of Hydrocarbons (including treatment, storage, and handling of produced Hydrocarbons upstream of the Delivery Point), participation in and operation of Exclusive Operations, the determination of Entitlements at the Delivery Point, and Decommissioning.

(C) The Parties confirm that, except to the extent expressly included in the Unit Agreement, the following activities are outside of the scope of this Agreement:

(1) Construction, operation, ownership, maintenance, repair, and removal of facilities downstream from the Delivery Point;

(2) Transportation of the Parties' Entitlements downstream from the Delivery Point;

(3) Marketing and sales of Hydrocarbons, except as expressly provided in Section 8.4 and Section 9;

(4) Acquisition of rights to explore for, appraise, develop or produce Hydrocarbons outside of the Contract Area; and

(5) Exploration, appraisal, development, or production of minerals other than Hydrocarbons, whether inside or outside the Contract Area.

3.2 Working Interest and Participating Interest.

(A) The Working Interests of the Parties as of the Effective Date are set forth in table below.

Working Interest Owner	**Ownership Rights**
Daniel K. Donkel	25%
Samuel H. Cade	75%

Total	100%

(B) If a Party Transfers all or part of its Participating Interest under the provisions of this Agreement and the Unit Agreement, the Participating Interests of the Parties shall be revised accordingly.

3.3 Ownership, Obligations and Liabilities.

(A) Unless otherwise provided in this Agreement, all the rights and interests in and under the Unit Agreement, all Joint Property, and any Hydrocarbons produced from the Contract Area shall, subject to the terms of the Unit Agreement, be owned by the Parties in proportion to their respective Participating Interests.

(B) Unless otherwise provided in this Agreement, the obligations of the Parties under the Unit Agreement and all costs and liabilities incurred by Operator (or by any Party on behalf of all Parties, as set out in this Agreement) in connection with Joint Operations shall be charged to the Joint Account and all credits to the Joint Account shall be shared by the Parties, in proportion to their respective Participating Interests.

(C) **Subject to costs and liabilities to be borne by the Operator under Section 4.6(E), each Party agrees to defend, indemnify and hold harmless each other Party from and against such costs and liabilities in excess of such indemnified Party's Participating Interest share thereof to the extent of the indemnifying Party's Participating Interest share of costs and liabilities incurred by Operator (or by any Party on behalf of all Parties, as set out in this Agreement) in conducting Joint Operations or Exclusive Operations hereunder, regardless of the negligence (whether sole, joint or concurrent), Gross Negligence/Willful Misconduct, strict liability or other legal fault of any Party.**

(D) Each Party shall pay when due, in accordance with the Accounting Procedure, its Participating Interest share of Joint Account charges, including Cash Calls and interest, accrued under this Agreement. Notwithstanding any other provision of this Agreement (including the Accounting Procedure), whether or not any amounts due are disputed, regardless of whether the grounds of such dispute is alleged Gross Negligence/Willful Misconduct of any Party, the whole amount of its Participating Interest share of Joint Account charges shall be paid. A

Party's payment of any charge under this Agreement shall not prejudice its right to later contest the charge.

3.4 Relationship of Parties. The rights, duties, obligations, and liabilities of the Parties under this Agreement shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create, a mining or other partnership, joint venture or association or a trust. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement.

4. OPERATOR

4.1 Designation of Operator. The Parties designate Donkel Oil & Gas LLC, as Operator. Donkel Oil & Gas LLC accepts the rights, duties, and obligations of Operator of the GREATER POINT THOMSON Unit pursuant to the Unit Agreement and this Agreement, and Donkel Oil & Gas agrees to act as such in accordance with the Unit Agreement and this Agreement.

4.2 Rights and Duties of Operator. Subject to the terms and conditions of this Agreement, Operator shall have all of the rights, functions, and duties of Operator under the Unit Agreement and this Agreement, shall have exclusive charge of Joint Operations and Exclusive Operations, and shall conduct all Joint Operations and Exclusive Operations. Operator may employ independent contractors and agents, including Affiliates of Operator, Non-Operators, or Affiliates of a Non-Operator, in such Joint Operations. In the conduct of Joint Operations or Exclusive Operations Operator shall:

(A) Perform Joint Operations and Exclusive Operations in accordance with the Unit Agreement, the Laws, and this Agreement, and consistent with approved Work Programs and Budgets and the decisions of the Working Interest Owners not in conflict with this Agreement;

(B) Conduct Joint Operations and Exclusive Operations in a diligent, safe, and efficient manner in accordance with good and prudent petroleum industry practices and field conservation principles generally followed by the international petroleum industry under similar circumstances;

(C) Exercise due care with respect to the receipt, payment and accounting of funds in accordance with good and prudent practices generally followed by the international petroleum industry under similar circumstances;

(D) Charge to the Joint Account in accordance with this Agreement and the Accounting Procedure any damage, loss, cost, or liability arising out of,

incident to, or resulting from Joint Operations, and charge to the Consenting Parties in accordance with this Agreement and the Accounting Procedure any damage, loss, cost, or liability arising out of, incident to, or resulting from Exclusive Operations. Operator may require each Working Interest Owner to advance its respective share of estimated cash outlays pursuant to Exhibit C;

(E) Subject to Section 4.6 and the Accounting Procedure, neither gain a profit nor suffer a loss as a result of being the Operator, provided that Operator may rely upon Working Interest Owners' approval of specific accounting practices not in conflict with the Accounting Procedure;

(F) Perform the duties for the Working Interest Owners set out in Section 5, and prepare and submit to the Working Interest Owners in a timely manner proposed Work Programs and Budgets, as provided in Section 6;

(G) Acquire all permits, consents, approvals, and surface or other rights that may be required for or in connection with the conduct of Joint Operations and Exclusive Operations;

(H) Upon receipt of reasonable advance notice, permit representatives of any Party to have access to Joint Operations (and Exclusive Operations in which said Party is a Consenting Party) at all reasonable times during normal business hours and at such Party's own risk and cost reasonable, to observe Joint Operations (and Exclusive Operations in which said Party is a Consenting Party), to inspect Joint Property, to conduct HSE audits, and to conduct financial audits and to observe taking of inventory as provided in the Accounting Procedure;

(I) Submit Plans of Operations and undertake to maintain the Unit Agreement in full force and effect consistent with good and prudent petroleum industry practices generally followed by the international petroleum industry under similar circumstances. Operator shall timely pay and discharge all costs and liabilities incurred in connection with Joint Operations and Exclusive Operations, and use its reasonable efforts to keep the Joint Property free from all liens, charges, and Encumbrances arising out of Joint Operations;

(J) Pay in cash, and/or make available in kind, to the Government on behalf of the Parties, in accordance with the Unit Agreement and the Laws, all periodic payments, any domestic supply obligations, taxes, fees and other payments relating to Joint Operations but excluding royalties and any taxes measured by the incomes of the Parties;

(K) Carry out the obligations of Operator under the Unit Agreement, including maintaining the books and records of the Joint Property and Unit Area,

and preparing and furnishing such reports, records and information as may be required under the Unit Agreement;

(L) Have, in accordance with the decisions of the Working Interest Owners, the exclusive right and obligation to represent the Parties in all dealings with the Government with respect to matters arising under the Unit Agreement, Joint Operations and Exclusive Operations. Subject to the Unit Agreement and any necessary Government approvals, Non-Operators shall have the right to attend any meetings with the Government with respect to such matters, but only as observers. Nothing contained in this Agreement shall restrict any Party from discussing with the Government with respect to any matter peculiar to its particular business interests arising under the Unit Agreement or this Agreement, but in such event such Party shall promptly advise the Parties, if possible before and in any event promptly after such discussions; provided that such Party has no duty to divulge to the other Parties any proprietary information involved in such discussions or any matters not affecting the other Parties;

(M) Notwithstanding any other provision of this Agreement, in case of an emergency (including incidents involving or threatening a significant fire, explosion, Natural Gas release, Crude Oil release, or sabotage; incidents involving or threatening loss of life, serious injury to an employee, contractor, or third party, or serious property damage; strikes and riots; or evacuations of Operator personnel): (i) take all measures that Operator reasonably considers to be necessary and proper for the protection of life, health, the environment and property, including the procurement of goods and services; (ii) charge to the Joint Account any expenditure, damage, loss, cost, or liability arising out of, incident to, or resulting from such emergency and any measures taken; and (iii) as soon as reasonably practicable, report to Non-Operators the details of such event and any measures Operator has taken or plans to take in response thereto;

(N) Have authority to carry out any act pursuant to Government mandate;

(O) Prior to appointing or engaging any independent contractor conduct appropriate and proportionate due diligence concerning relevant criteria, including such contractor's ability to perform the proposed work properly, on time, within budgeted cost, and in compliance with applicable legal and contractual requirements;

(P) Include in its contracts with independent contractors to the extent practical and lawful, provisions that:

(1) Establish that such contractors can enforce their contracts only against Operator;

(2) Permit Operator, on behalf of the Parties, to enforce contractual warranties and indemnities against such contractors and their sub-contractors, and to recover from such contractors and sub-contractors losses and damages suffered by the Parties that are recoverable under their contracts;

(3) Require such contractors to obtain and maintain insurance required by Section 4.7(C);

(4) Require such contractors to comply with applicable Laws, including registration to do business, immigration, import/export, local preference, national content, and tax withholding and payment; and

(5) Require such contractors to impose in their sub-contracts each of the obligations set out at Sections 4.2(P)(1)-(5) on each of their sub-contractors.

4.3 Operator Personnel. Operator shall engage and/or retain only such employees, Secondees, contractors, consultants, and agents as are reasonably necessary to conduct Joint Operations. Subject to this Agreement, Operator shall determine the number of such employees, Secondees, contractors, consultants, and agents, the selection of such persons, their hours of work, and (except for Secondees) their compensation.

4.4 Information Supplied by Operator.

(A) Subject to Section 15.3, Operator shall provide Non-Operators in a timely manner with copies of the following information, data and reports relating to Joint Operations (to the extent to be charged to the Joint Account) in digitized format and if not available then in hard-copy as they are currently produced or compiled from Joint Operations:

(1) All logs and surveys; including any subsequent interpretation of such

(2) Proposed well design and any revisions for each well;

(3) Daily drilling reports;

(4) All Tests and core data and analysis reports;

(5) Final well recap report;

(6) Plugging reports;

(7) Copies of all processed seismic data, processing reports, field reports, field survey information, and other information provided to government agencies as well as any subsequent reprocessed seismic data

(8) Final, and if requested by any Non-Operator intermediate, geological and geophysical maps, interpretations and reports;

(9) Engineering studies, and quarterly and annual progress reports on Development Operations, which progress reports shall at least set out the then current development schedule, the status of each such Development Operation from inception to date, its cumulative costs to date and the cumulative commitments undertaken;

(10) Weekly production summary and production activity reports and monthly reports on injection and production, as required by the Government;

(11) Reservoir studies, annual reserve estimates, and annual forecasts of production capability, infrastructure capacity, and scheduled outages, provided that Operator makes no representations about the accuracy of its identification of reserves and that each Non-Operator retains full responsibility for making its own assessment of reserves for internal and reporting purposes;

(12) Plans of Operations and all material reports relating to Joint Operations or the Unit Agreement required, or anticipated, to be furnished by Operator to the Government, including copies of such Plans of Operations and reports as filed;

(13) As reasonably requested by a Non-Operator, other material studies and reports undertaken by the Operator and relating to Joint Operations;

(14) Data, reports, forecasts and schedules under agreements provided for in Section 10;

(15) Copies of accounting information and reports to be furnished under Section 6.8 and the Accounting Procedure;

(16) Monthly and annual HSE key performance data and reports;

(17) Such additional information as a Non-Operator may reasonably request, provided that the preparation of such information will not unduly burden Operator's administrative and technical personnel, that the requesting Party or Parties pay the costs of preparation of

such information, and that only Non-Operators who pay such costs will receive such additional information;

(18) Upon reasonable request by a Non-Operator, contingency and emergency response preparedness documentation prepared by the Operator including: (a) well specific oil spill response plan; (b) well specific blow-out response plan, including relief well planning; (c) drilling unit emergency response plan; (d) platform supply vessel emergency response plan; (e) flight contractor emergency response plan; (f) blow-out preventer manual; (g) Operator specific bridging documents for drilling company and rig chosen for operations; and

(19) Other reports prepared by Operator as requested by a Non-Operator.

(B) At all reasonable times during normal business hours and upon reasonable request by a Non-Operator, Operator shall give Non-Operators access to all data and reports (other than data and reports provided to Non-Operators under Section 4.4(A)) acquired in the conduct of Joint Operations. Any Non-Operator may make copies of such other data at its sole expense.

4.5 Settlement of Claims and Lawsuits.

(A) Operator shall promptly notify the Parties of any material claims or suits that relate in any way to Joint Operations. Operator shall represent the Parties and defend or oppose the claim or suit. Operator may in its sole discretion compromise or settle any such claim or suit or any related series of claims or suits for an amount not to exceed the equivalent of One Million Dollars ($1,000,000,00), exclusive of legal fees. Operator shall obtain the approval and direction of the Working Interest Owners on amounts in excess of the above-stated amount.

(B) Any Non-Operator shall promptly notify the other Parties of any claim made against such Non-Operator by a third party that arises out of or may affect the Joint Operations, and such Non-Operator shall defend or settle the same in accordance with any directions given by the Working Interest Owners. Those costs and damages that are incurred under such defense or settlement, and that are attributable to Joint Operations shall be reimbursed by the Operator to such Non-Operator and charged to the Joint Account.

(C) Each Party shall have the right to participate in any such suit, prosecution, defense, or settlement conducted under Sections 4.5(A) and 4.5(B), at its

sole expense. No Party may settle its Participating Interest share of any claim without first satisfying the Working Interest Owners that it can do so without prejudicing the interests of the Joint Operations.

4.6 Limitation on Liability of Operator.

(A) Except as set out in Sections 4.6(E) and 19.1(C), neither Operator nor any other Operator Indemnitee shall bear (except as a Party to the extent of its Participating Interest share) any damage, loss, cost, or liability resulting from performing (or failing to perform) the duties and functions of Operator, and the Operator Indemnitees are hereby released from liability to Non-Operators for any and all damages, losses, costs, and liabilities arising out of, incident to, or resulting from such performance or failure to perform, **even though caused in whole or in part by a pre-existing defect, or the negligence (whether sole, joint or concurrent), Gross Negligence/Willful Misconduct, strict liability or other legal fault of Operator (or any other Operator Indemnitee).**

(B) Except as set out in Section 4.6(E), the Parties shall (in proportion to their Participating Interests) defend and indemnify Operator Indemnitees from any damages, losses, costs (including reasonable legal costs and attorneys' fees), and liabilities incident to claims, demands, or causes of action brought by or for any person or entity, which claims, demands or causes of action arise out of, are incident to or result from Joint Operations, **even though caused in whole or in part by a pre-existing defect, or the negligence (whether sole, joint or concurrent), Gross Negligence/Willful Misconduct, strict liability or other legal fault of Operator (or any other Operator Indemnitee).**

(C) Nothing in this Section 4.6 shall be deemed to relieve Operator from its obligation to perform its duties and functions under this Agreement, or from its Participating Interest share of any damage, loss, cost, or liability arising out of, incident to, or resulting from Joint Operations.

(D) Without prejudice to Section 4.6(B) and its obligations pursuant to Section 3.3(B), no Party (including Operator and Operator Indemnitee) shall be liable to any other Party for, and such other Party shall indemnify the first Party in respect of, any and all claims, liabilities, damages, Consequential Loss, Environmental Loss or damage of any kind or description of such other Party arising out of or incident to this Agreement, **and howsoever arising (whether in contract, in tort or otherwise at law) regardless of the negligence (whether sole, joint or concurrent), Gross Negligence/Willful Misconduct, strict liability or other legal fault of any Party.**

(E) Notwithstanding the provisions of Sections 4.6(A), 4.6(B) and 4.6(D), if Operator or its Affiliates admits in writing or it is finally determined in arbitration that any Senior Supervisory Personnel of Operator or its Affiliates engaged in Gross Negligence/Willful Misconduct that proximately causes the Parties to incur damage, loss, cost, or liability for claims, demands or causes of action referred to in Sections 4.6(A) or 4.6(B), then, in addition to its Participating Interest share Operator shall bear all such damages, losses, costs, and liabilities. Despite the foregoing, under no circumstances shall Operator (except as a Party to the extent of its Participating Interest) or any other Operator Indemnitee bear any Consequential Loss or Environmental Loss.

4.7 Insurance Obtained by Operator and Contractors.

(A) Insurance Required by Law. Operator shall procure and maintain Worker's Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of Alaska, U.S. Longshoremen's and Harbor Workers' Compensation Act Insurance (if applicable, as required to protect against liabilities arising under the Jones Act), and such other insurance as may be required under any applicable state or federal law or regulation. Operator shall charge the Joint Account for the cost of the premiums paid to procure and maintain such insurance.

(B) Other Insurance. No insurance other than that described in the foregoing provisions of this Article shall be carried by Operator for the Joint Account; provided, however, that this prohibition shall not preclude Operator from requiring its contractors to carry insurance as provided by Section 4.7(C). Each Working Interest Owner may procure and maintain, at its own cost and expense, such insurance as it deems appropriate. Any such insurance so procured and maintained shall inure solely to the benefit of the Working Interest Owner procuring the same but such insurance shall include a waiver of the right of subrogation with respect to the other Parties to this Agreement.

(C) Contractor Insurance Requirements. In all contracts for work under this Agreement with respect to Operations, Operator shall require contractors and subcontractors performing work to obtain and maintain all insurance and bonds pertaining to that work as may be required to be carried by the Laws or contract, in the types and amounts required by the Unit Agreement, the Laws, or as specified by Operator.

4.8 Commingling of Funds. Operator may commingle with Operator's own funds the monies that it receives from or for the Joint Account under this Agreement. Despite that monies of a Non-Operator have been commingled with Operator's funds, Operator shall account to the Non-Operators for the monies of the Non-Operators advanced or paid to Operator, whether for the conduct of Joint

Operations or as proceeds from the sale of Hydrocarbons or Joint Property under this Agreement. Such monies of the Non-Operators shall be applied only to their intended use and shall in no way be deemed to be funds belonging to Operator.

4.9 Resignation of Operator. Subject to Section 4.11, Operator may resign as Operator by so notifying the other Parties at least ninety (90) Days before the effective date of such resignation.

4.10 Removal of Operator.

(A) Subject to Section 4.11, Operator shall be removed upon receipt of notice from any Non-Operator if:

(1) Operator becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors;

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

(3) A receiver is appointed for a substantial part of Operator's assets; or

(4) Operator dissolves, liquidates, winds up, or otherwise terminates its existence.

(B) Subject to Section 4.11, Operator may be removed by the decision of the Non-Operators, as set out below, if Operator has committed a material breach of this Agreement and has either failed to commence to cure that breach within thirty (30) Days of receipt of a notice from Non-Operators detailing the alleged breach or failed to diligently pursue the cure to completion. Any decision of Non-Operators to give notice of breach to Operator or to remove Operator under this Section 4.10(B) shall be made by an affirmative vote of one (1) or more of the total number of Non-Operators, excluding any Affiliates of the Operator, holding a combined Participating Interest of at least ninety percent (90%) held by the Non-Operators. However, if Operator disputes such alleged commission of or failure to cure a material breach and Dispute resolution proceedings are initiated under Section 18 concerning such breach, then Operator shall remain appointed and no successor Operator may be appointed pending the conclusion or abandonment of such proceedings, subject to the terms of Section 8.3 with respect to Operator's breach of its payment obligations.

4.11 Appointment of Successor. When a change of Operator occurs under Section 4.9 or 4.10:

(A) The Working Interest Owners shall meet as soon as possible to appoint a successor Operator under the voting procedure of Section 5.5(E). No Party may be appointed successor Operator against its will or if a Party considers it has insufficient technical and/or financial capability to become Operator.

(B) If Operator is removed, neither Operator, nor any Affiliate of Operator, shall have the right to be considered as a candidate for the successor Operator.

(C) The resigning or removed Operator shall, subject to its duty to use reasonable efforts to mitigate the costs related to its resignation or removal, be compensated out of the Joint Account for its reasonable costs directly related to its resignation or removal, except for removal under Section 4.10(B).

(D) The resigning or removed Operator and the successor Operator shall arrange to take an inventory of all Joint Property and Hydrocarbons, and to audit the books and records of the removed Operator. Such inventory and audit shall be completed, if possible, no later than the effective date of the change of Operator and shall be subject to the approval of the Working Interest Owners. The costs and liabilities of such inventory and audit shall be charged to the Joint Account.

(E) The resignation or removal of Operator and its replacement by the successor Operator shall not become effective before receipt of any necessary Government approvals. Upon the effective date of the resignation or removal, the successor Operator shall succeed to all duties, rights and authority prescribed for Operator. The former Operator shall transfer to the successor Operator all Joint Property, books of account, records and other documents maintained by Operator pertaining to the Contract Area and to Joint Operations, and shall endeavor to transfer rights, warranties, indemnities and duties under contracts and licenses entered into for Joint Operations. Upon delivery of the above-described property and data or a date determined by the Working Interest Owners, the former Operator shall be released and discharged from all obligations and liabilities as Operator accruing after such date.

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

(A) Either (i) such Affiliate shall have sufficient technical competence and financial resources to perform the duties of the Operator, or (ii) the assigning Party or another Affiliate of the assigning Party having such technical competence and financial resources shall have guaranteed in writing for the benefit of the other Parties that it shall be responsible, and remain responsible, for such Affiliate's performance of such duties;

(B) Such Affiliate shall have entered into a written instrument whereby it accepts and assumes all of the obligations of the Operator and is granted all of the rights of the Operator; and

(C) If such Affiliate should cease to be the Affiliate of the assigning Operator, then such Affiliate shall be removed as the Operator and, in accordance with Section 12.2(B), the rights and obligations of Operator shall be reassigned by such former Affiliate to the entity that was formerly Operator, provided that such entity remains a Party, or to another Party that is an Affiliate of the former Operator.

5. WORKING INTEREST OWNERS

5.1 WIO Representatives. To provide for the overall supervision and direction of Joint Operations, each Party shall designate one (1) representative and one (1) alternate representative ("WIO Representatives"). Each Party shall as soon as possible after the date of this Agreement give notice in writing to the other Parties of the name and address of its representative and alternate representative to serve on the Working Interest Owners. Each Party shall have the right to change its representative and alternate representative at any time by giving notice of such change to the other Parties.

5.2 Powers and Duties. The WIO Representatives shall have the power and duty to authorize and supervise Joint Operations that are necessary or desirable to fulfill the Unit Agreement and properly explore and exploit the Contract Area under this Agreement, the Unit Agreement, the Laws, and generally accepted practices of the international petroleum industry under similar circumstances; provided that WIO Representatives may not compel any Party to exercise, make, or take, or prevent any Party from exercising, making, or taking, any right, decision, or action concerning any matter or proposal under this Agreement, which right, decision or action is reserved or delegated to a Party or the Parties.

5.3 Authority to Vote. The representative of a Party, or in the representative's absence the alternate representative, shall be authorized to represent and bind such Party with respect to any matter that is within the powers and duties of the Working Interest Owners and is properly brought before the Working Interest Owners. Each such representative or alternate representative shall have a vote equal to the Participating Interest of the Party such person represents. The alternate representative of each Party may attend any Working Interest Owner

meetings, but shall have no vote at such meetings, unless such Party's representative is absent. In addition to the representative and alternate representative, each Party may send technical and other advisors to any Working Interest Owner meetings.

5.4 Committees. The Working Interest Owners may establish committees for any purposes that the Working Interest Owners may deem appropriate. Each committee shall function in an advisory capacity to the Working Interest Owners or as otherwise determined unanimously by the Parties. Each Party shall have the right to appoint a representative and alternate to each committee.

5.5 Meetings.

(A) **Call or Request**. Operator may call a meeting of the Working Interest Owners by giving notice to the Parties at least ten (10) days in advance of such meeting. Any Non-Operator may request a meeting of the Working Interest Owners by giving notice to all the other Parties. Upon receiving such request, Operator shall call such meeting for a date not fewer than fifteen (15) Days but not more than twenty (20) Days after receipt of the request. The notice periods above may only be waived with the unanimous consent of all the Parties.

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

(C) **Location**. All meetings of the Working Interest Owners shall be held in Anchorage, Alaska, or elsewhere as the Working Interest Owners may decide.

(D) **Operator's Duties for Meetings**. Operator's duties, concerning meetings of the Working Interest Owners and any committee, shall include: (1) Timely preparation and distribution of the agenda; and (2) Organization and conduct of the meeting.

(E) **Voting Procedure**. Except as otherwise expressly provided in this Agreement, decisions, approvals, and other actions of the Working Interest Owners on all proposals coming before it, including amendment or revision of this agreement, shall be decided by the affirmative vote of one (1) or more Parties that are not Affiliates then having collectively at least sixty-six and two-thirds percent (66.666667%) of the Participating Interests.

(F) **Record of Votes**. The Operator, or its appointed secretary, shall make a record of each proposal voted on and the results of such voting at each Working Interest Owners meeting. Each representative shall sign and be provided a copy of such record of votes at the end of such meeting. Such signed record shall be considered the final record of the decisions of the Working Interest Owners.

5.6 Voting.

(A) **Voting At Meetings**. The representative of a Party, or in the representative's absence the alternate representative, shall vote on each matter that comes before a meeting of the Working Interest Owners (including any committee established by the Working Interest Owners pursuant to Section 5.4) as provided in Section 5.3 and 5.5(E).

(B) **Voting in Lieu of Meeting**. In lieu of a meeting, any Party may submit any proposal to the Working Interest Owners for a vote by notice. The proposing Party or Parties shall notify Operator who shall give notice to each Party's representative, describing the proposal so submitted and stating whether Operator considers such proposal to require urgent determination. Operator shall include with such notice adequate documentation in connection with such proposal to enable the Parties to decide. Each Party shall communicate its vote by notice to Operator and the other Parties within one of the following appropriate time periods after receipt of Operator's notice: (i) Forty-eight (48) hours in the case of Urgent Operational Matters and such other operational matters reasonably considered by Operator to require by their nature urgent determination; and (ii) Thirty (30) Days in the case of all other proposals.

(1) Except in the case of Section 5.5(B), any Party may, by notice delivered to all Parties within seven (7) Days of receipt of Operator's notice, request that the proposal be decided at a meeting rather than by notice. In such event, that proposal shall be decided at a meeting duly called for that purpose.

(2) To be approved, a proposal must receive the vote of the requisite percentage set forth in Section 5.5(E).

(3) Except as provided in Section 10, any Party failing to communicate its vote in the time periods noted in Sections 5.5(B)(i) or (ii), as appropriate, shall be deemed to have voted against such proposal.

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

5.7 Effect of Vote. All decisions taken by the Working Interest Owners under this Section 5 shall be conclusive and binding on all the Parties.

5.8 Waiver. In the event that the Operator is the sole Working Interest Owner, formalities otherwise required by this Section 5 shall be deemed waived for the purposes of notice, meetings, and voting.

6. WORK PROGRAMS AND BUDGETS

6.1 Preparation and Approval.

(A) Production Rate and Budget Preparation Schedule. On or before:

April 1 of each Calendar year, operator shall deliver to the WIOs a 5-year production forecast for informational purposes only

(1) **May 1** of each Calendar Year, Working Interest Owners shall mutually agree upon a preliminary Optimal Production Rate for each Calendar Month of the following Calendar Year. After such agreement is reached, Operator will design the Work Plan and Budget towards meeting the Optimal Production Rate

(2) **July 1** of each Calendar Year, Operator shall deliver to the Parties a preliminary estimate of both operating and capital costs forecast to be charged to the Joint Account during the next Calendar Year.

(3) **September 15** of each Calendar Year, Operator shall deliver to the Parties a preliminary proposed Work Program and Budget detailing the Joint Operations Operator proposes to be performed and the estimated operating and capital costs forecast to be charged to the Joint Account during the next Calendar Year.

(4) **November 15** of each Calendar Year, the Working Interest Owners shall meet to consider, modify (if appropriate), and either

approve or reject the proposed Optimal Production Rate, Work Program, and Budget (including any agreed modifications) under Sections 5.5 and 5.6(A

(5) **December 15** of each Calendar Year, Operator shall deliver to the Parties the final annual Work Program and Budget as provided in this section detailing the Joint Operations to be performed and the operating and capital costs to be charged to the Joint Account during the next Calendar Year.

(B) During the preparation of the proposed Work Programs and Budgets, Appraisal Plans, Development Plans and other Plans of Operations contemplated in this Section 6, Operator shall consult with the Working Interest Owners or the appropriate committees regarding the contents of such Work Programs and Budgets, Appraisal Plans, Development Plans and other Plan of Operations. No Work Program and Budget may provide for Appraisal Operations that exceed the scope of, or conflict with, any previously approved Appraisal Plan, and/or provide for Development Operations that exceed the scope of, or conflict with, any previously approved Development Plan, unless such previously approved plans, programs, and budgets are amended at or before the adoption of the annual Work Program and Budget

(C) Each annual Work Program and Budget shall with respect to the applicable Calendar Year contain *inter alia*:

(1) The Optional Production Rate for each Calendar Month.
(2) An itemized list of the operations and activities to be conducted, described in sufficient detail to afford ready identification of the nature, scope, location, timing, and duration of each such operation and activity, including a designation whether such line item is intended to satisfy the Minimum Work Obligations;

(3) An estimate of the costs corresponding to each such line item enumerated in sufficient detail to be readily tracked and charged under the Accounting Procedure and consistent with the Unit Agreement;

(4) Information with respect to Operator's estimated manpower requirements and costs and Operator's allocation procedures under the Accounting Procedure;

(5) Reasonable and necessary supporting information; and

(6) Any additional information and detail as the Operator or a majority of the WIOs may deem suitable.

(D) Any Joint Operations that cannot be efficiently completed within a single Calendar Year may be proposed in a multi-year Work Program and Budget. Upon approval by the Working Interest Owners, such multi-year Work Program and Budget shall, subject only to revisions approved by the Working Interest Owners afterwards: (i) remain in effect as between the Parties (and the associated cost estimate shall be a binding pro-rata obligation of each Party) through the completion of such Joint Operations; and (ii) be reflected in each annual Work Program and Budget.

(E) If a Work Program and Budget associated with a Plan of Operations is not approved by the Working Interest Owners at least ten (10) Business Days before the last date for Government submittal of the Plan of Operations under the Unit Agreement, Operator may submit to the Government a Plan of Operations for the applicable Calendar Year (and provide copies to the Parties), setting out those Joint Operations, which are:

(1) Consistent with the scope of, and not in conflict with, the Minimum Work Obligations, and/or the commitments of a previously approved Plan of Operations; and

(2) Reasonably necessary to keep the Unit Agreement in full force and effect, to satisfy the Minimum Work Obligations and to meet the commitments of a previously approved Plan of Operations, that in each case are required to be carried out during the relevant Calendar Year. In determining the Joint Operations that are reasonably necessary for the purposes of the preceding sentence, the proposed Joint Operations receiving the largest Participating Interest vote (even if less than the applicable percentage under Section 5.5(E)) shall be adopted. If competing proposals receive equal Participating Interests votes, then Operator shall choose between those competing proposals.

In this event, the Working Interest Owners shall be deemed to have approved such Work Program and Budget. Operator shall be reimbursed by the Parties for their Participating Interest shares of costs incurred by Operator and deemed approved under this Section 6.1(E).

(F) Amendments.

(1) A Party may at any time, by notice to the other Parties, propose that a Work Program and Budget be amended. To the extent that such amendment is approved by the Working Interest Owners, the relevant Work Program and/or Budget shall be deemed amended accordingly; provided that, any such amendment shall not deauthorize or invalidate any commitment or expenditure already

made by the Operator in accordance with any previous authorization given under this Agreement.

(2) If at any time the Operator becomes aware that a change has taken place or will take place that in Operator's judgment has caused or will cause a variance of more than 10% per day from the Optimal Production Rate, the Operator shall promptly notify each Party of the reason for such variance, its estimated magnitude, the date and time the change is expected to begin, and the estimated duration thereof. The Working Interest Owners shall meet to decide if an amended Work Program and Budget should be developed to maintain the Optimal Production Rate.

(G) If a Work Program and Budget, as proposed, revised and/or amended, is approved by the Working Interest Owners and satisfies the requirements of the current Plan of Operations under the Unit Agreement, Operator shall, subject to complying with Sections 6.7 and 6.8, be authorized to conduct the Joint Operations set out in such approved Work Program and Budget.

6.2 Exploration and Appraisal.

(A) Subject to Section 6.7, approval of any Work Program and Budget that includes an Exploration Well or Appraisal Well, whether by drilling, Deepening or Sidetracking, shall include approval for all expenditures necessary for drilling, Deepening or Sidetracking, as applicable, and Testing and Completing the Exploration Well or Appraisal Well, as applicable.

(B) If a Discovery is made, Operator shall as soon as possible submit to the Parties a report containing available details concerning the Discovery and Operator's recommendation as to whether the Discovery merits appraisal.

(C) If the Working Interest Owners determine that the Discovery merits appraisal, Operator within ninety (90) Days shall deliver to the Parties a proposed Appraisal Plan for such Discovery, which shall in addition to the information required under Section 6.1(C) contain a delineation of the proposed Appraisal Area and any other information concerning the proposed Appraisal Operations requested by a Party, together with the proposed appraisal Work Program and Budget (or a multi-year appraisal Work Program and Budget under Section 6.1(E)) to carry out the Appraisal Plan, and provisional Work Programs and Budgets to carry out the remainder of the Appraisal Plan.

(D) No later than October 15 of each Calendar Year, the Working Interest Owners shall meet to consider, modify (if appropriate), and then either

approve or reject the proposed Appraisal Plan (including any proposed modifications) and the first annual (or multi-year) appraisal Work Program and Budget. The Appraisal Plan and appraisal Work Program and Budget shall be considered together with the Work Program and Budget for the following Calendar Year.

(E) If the Working Interest Owners approve the Appraisal Plan and the associated appraisal Work Program and Budget, the Operator shall, as soon as possible, take such steps as may be required under the Unit Agreement to secure approval of a Plan of Operations for such Appraisal Plan and the associated appraisal Work Program and Budget for the Year by the Government. If the Government requests changes to Plan of Operations for such Appraisal Plan or associated appraisal Work Program and Budget for the Calendar Year as a condition to granting its approval under the Unit Agreement, then Operator shall promptly notify the Parties of the Government's proposed changes and may submit a revised Plan of Operations for Appraisal Plan and associated appraisal Work Program and Budget for the Calendar Year to the Working Interest Owners for further consideration.

(F) If the Plan of Operations for Appraisal Plan is approved by the Government, the associated appraisal Work Program and Budget for the Calendar Year shall be deemed to be incorporated into and form part of the then current annual Work Program and Budget.

6.3 Development.

(A) If the Working Interest Owners determine that a Discovery may be a Commercial Discovery, Operator within ninety (90) Days of such determination shall deliver to the Parties a proposed Development Plan for such Discovery which shall, in addition to the information required under Section 6.1(C), contain the proposed development Work Program and Budget (or a multi-year development Work Program and Budget under Section 6.1(E)) for the Calendar Year of the Development Plan, and work schedule for the remainder of the Development Plan and:

(1) A delineation of the proposed Participating Area;

(2) An estimated date for the commencement of Production Operations;

(3) A production forecast of estimated production of each type of Hydrocarbon to be produced by Calendar Year for the estimated productive life of the Commercial Discovery;

(4) A description of all material facilities to be constructed as Joint Property; and

(5) Any additional information and detail as the Operator may deem suitable.

(B) As soon as practicable after receipt of the proposed Development Plan and associated proposed development Work Program and Budget, each Party shall furnish to Operator and the other Parties any comments, suggestions, or proposed amendments it may have for the proposed Development Plan.

(C) No later than October 15 of each Calendar Year, the Working Interest Owners shall meet to consider, modify (if appropriate) and then either approve or reject the proposed Development Plan (including any proposed modifications) and the associated first annual (or multi-year) Work Program and Budget. The Development Plan and development Work Program and Budget shall be considered together with the Work Program and Budget for the following Calendar Year.

(D) If the Working Interest Owners determine that the Discovery is a Commercial Discovery and approves the corresponding Development Plan, Operator shall, as soon as possible, deliver a Plan of Operations required under the Unit Agreement and take such other steps as may be required under the Unit Agreement to secure approval of the Plan of Operations and associated development Work Program and Budget for the Calendar Year by the Government. If the Government requests changes in the Plan of Operations and associated development Work Program and Budget for the Calendar Year as a condition to granting approval under the Unit Agreement, then Operator shall promptly notify the Parties of the Government's proposed changes and may submit a revised Plan of Operations and associated development Work Program and Budget for the Calendar Year to the Working Interest Owners for further consideration.

(E) If the Plan of Operations is approved by the Government, the associated development Work Program and Budget for the Calendar Year shall be incorporated into and form part of the then current Work Program and Budget. Operator shall periodically review the Plan of Operations and development Work Program and Budget and propose amendments as may be prudent, and the Working Interest Owners shall consider, modify (if necessary), and approve or reject those proposed amendments under Sections 5.5 and 5.6.

6.4 Supplemental Production Work Program and Budget.

(A) Before any new commercial production resulting from a Development Plan, Operator shall deliver to the Parties a proposed supplemental

production Work Program and Budget that shall in addition to the information required under Section 6.1(C) contain the projected production schedule for the remainder of the Calendar Year in which first commercial production begins and, if fewer than two (2) Months remain in the current Calendar Year, for the next Calendar Year.

(B) No later than thirty (30) Days after Operator delivers the proposed supplemental production Work Program and Budget to the Parties, the Working Interest Owners shall meet to consider, modify (if appropriate) and then either approve or reject the proposed supplemental production Work Program and Budget.

(C) If the Working Interest Owners approves the supplemental production Work Program and Budget, Operator shall, as soon as possible, take such steps as may be required under the Unit Agreement to secure approval of the Plan of Operations by the Government. Approval of a supplemental production Work Program and Budget by the Working Interest Owners shall authorize Operator to submit the Plan of Operations under the Unit Agreement. If the Government requests changes to the Plan of Operations, then Operator shall promptly notify the Parties of the Government's proposed changes and shall submit a revised supplemental production Work Program and Budget to the Working Interest Owners for further consideration.

(D) If a supplemental production Work Program and Budget is not approved by the Working Interest Owners before the date by which the Plan of Operations approval is required under the Unit Agreement, Operator may submit to the Government the Plan of Operations, setting out those Joint Operations that are (1) consistent with the scope of, and not in conflict with, the commitments of a previously approved Plan of Operations; and (2) necessary to keep the Unit Agreement in full force and effect and meet the commitments of a previously approved Plan of Operations that are required to be carried out during the relevant Calendar Year.

(E) An approved supplemental production Work Program and Budget shall be valid through the Calendar Year in which it is adopted, and such program and associated production plan shall be incorporated in the general Work Program and Budget for the following Calendar Years.

6.5 Contract Awards. Subject to the Unit Agreement, Operator shall award the contract to the best qualified contractor as determined by cost and ability to perform the work without the obligation to tender and without informing or seeking the approval of the Working Interest Owners, except that before entering into contracts with Affiliates of Operator exceeding Three Million Dollars ($3,000,000.00), Operator shall obtain the approval of the Working Interest Owners.

6.6 Informational Authorization for Expenditure Procedures. The Parties agree that no AFEs shall be issued under this Agreement. After approval of each Work Program and Budget, Operator shall provide written informational AFEs with respect to anticipated expenditures in excess of $500,000. The informational AFEs shall contain information typically included in an AFE with sufficient detail to isolate components, discrete activities, programs, types of costs and the assets to which they are attributable but without the requirement for additional authorization. Operator shall confirm in any such written informational AFE that previous approval has been obtained under this Section 6.

6.7 Over-expenditures of Work Programs and Budgets.

(A) For commitments and expenditures with respect to any line item of an approved Work Program and Budget, Operator shall be entitled to incur in connection with the corresponding Joint Operation without further approval of the Working Interest Owners a combined over-commitment and over-expenditure for such line item up to ten percent (10%) of the authorized amount for such line item; provided that the cumulative total of all over-commitments and over-expenditures for a Calendar Year shall not exceed five percent (5%) of the total annual Work Program and Budget in question.

(B) At such time Operator reasonably anticipates that the total amount of the commitments and expenditures actually incurred plus the commitments to be incurred with respect to such line item exceeds the limits of Section 6.7(A), Operator shall furnish to the Working Interest Owners Operator's reasonably detailed estimate of the total commitments and expenditures required to carry out the Joint Operation corresponding to such line item, together with supporting information. If the Working Interest Owners approves such estimate, the Work Program and Budget shall be revised accordingly and the over-commitments and/or over-expenditures permitted in Section 6.7(A) shall be based on the revised Work Program and Budget.

6.8 Emergencies. The requirements contained in this Section 6 shall be without prejudice to Operator's rights and duties to make immediate expenditures, incur commitments and/or take actions under Section 4.2(M) provided that Operator shall promptly report the particulars of the emergency to the Parties, together with the future actions it intends to take and its estimate of the cost of expenditures and commitments incurred or to be incurred. As soon as practicable, Operator shall submit any necessary budget revision concerning such emergencies to the Working Interest Owners for approval and incorporation into the relevant Work Program and Budget.

7. SUBSEQUENT OPERATIONS

7.1 Proposed Operations. No operations may be conducted under this Agreement except as Joint Operations or as Exclusive Operations under this Section 7. Any operation that that has been proposed, but not approved, as a Joint Operation pursuant to Section 6 may be proposed and conducted as an Exclusive Operation by one or more of the Parties.

7.2 Facility Sharing Agreement. The Parties will enter into a facility sharing agreement for each Exclusive Operation whereby the Consenting Parties shall pay certain consideration to the Non-Consenting Parties for the use of any processing services or facilities, including source water wells, roads, and pads to the extent that the use is attributable to such Exclusive Operation and such consideration reasonably reflects the portion of such services or facilities being used by the Consenting Parties in such Exclusive Operation (a "Facility Sharing Agreement"). Any Dispute between the Parties regarding the terms of a Facility Sharing Agreement shall be resolved using an independent expert and the procedures in Section 18.3.

7.3 Notice of Exclusive Operations.

(A) If any Party should desire to conduct an Exclusive Operation it shall (i) give written notice of the Exclusive Operation to the other Parties, and (ii) specify the work to be performed, the location, proposed depth, objective Zone and the estimated cost of the Exclusive Operation. The Parties to whom such a notice is delivered shall have sixty (60) days after receipt of the notice within which to notify the Party proposing to do the work whether they elect to participate in the cost of the Exclusive Operation. If a drilling rig is on location, notice of the Exclusive Operation may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of non-Business Days. Failure of a Party to whom such notice is delivered to reply within the period above fixed shall constitute an election by the Party not to participate in the Exclusive Operation.

(B) If the Parties to whom such notice is delivered elect to participate in such Exclusive Operation, the Parties shall be contractually committed to participate therein provided that such Exclusive Operation is commenced within the time periods hereafter set forth. Operator shall, no later than one hundred eighty (180) days after expiration of the notice period of sixty (60) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the Exclusive Operation and thereafter complete it with due diligence at the risk and expense of the Consenting Parties. The commencement date may be extended upon written notice of the same by Operator to the other Parties, for a period of up to sixty (60) additional days if, in the sole opinion of Operator, such additional time is reasonably

necessary to obtain permits from the Government, surface rights (including rights-of-way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or acceptance. If the Exclusive Operation has not been commenced within the time provided (including any extension thereof as specifically permitted herein or in the Force Majeure provisions of Section 16) and if any Party hereto still desires to conduct the Exclusive Operation, written notice proposing the same must be resubmitted to the other Parties in accordance herewith as if no prior proposal had been made.

7.4 Operations by Less than All the Parties.

(A) Operator shall perform all work for the account of the Consenting Parties. Operator shall have a reasonable amount of time to obtain the necessary equipment, supplies and qualified personnel in order to undertake the operation.

(B) If less than all Parties that receive notice delivered as provided in Section 7.3 approve any Exclusive Operation, the proposing Party, immediately after the expiration of the applicable notice period, shall advise all Parties of the total percentage of Participating Interests of the Consenting Parties approving such proposed Exclusive Operation and its recommendation as to whether the Consenting Parties should proceed with the Exclusive Operation as proposed (the "Participation Notice"). Each Consenting Party, within forty eight (48) hours (exclusive of Saturday, Sunday, and legal holidays) after delivery of the Participation Notice, shall advise the proposing Party of its desire to:

(1) limit its pro rata participation in the Exclusive Operation to its Participating Interest;

(2) carry only its pro rata share of the sum of the Non-Consenting Parties' Participating Interest (determined by dividing such Non-Consenting Party's Participating Interests by the Participating Interests of all Parties), or

(3) carry its pro rata share of the Non-Consenting Parties' Participating Interest (as described in the foregoing subsection (2)), plus all or a portion of its pro rata share of any Non-Consenting Parties' Participating Interest that no other Consenting Party elected to carry.

(C) Any of the Non-Consenting Parties' Participating Interest that is not carried by a Consenting Party with respect to the proposed Exclusive Operation shall be deemed to be carried by the party proposing the Exclusive Operation; provided that, such Party does not withdraw its

proposal under Section 7.5(D). Failure of a Consenting Party to deliver its timely election between Section 7.4(B)(1), (2), and (3) to the proposing Party within the time required under Section 7.4(B) shall be deemed an election of Section 7.4(B)(1). If a drilling rig is on location, notice may be given by telephone, and the time permitted for such a response shall not exceed a total of forty-eight (48) hours (exclusive of non-Business Days).

(D) The Party proposing the Exclusive Operation may, at its election, withdraw its proposal for an Exclusive Operation if the subscription of the Consenting Parties comprises less than 100% of the total Participating Interests and shall notify all Parties of such decision within ten (10) Days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period.

(E) If 100% subscription to the Exclusive Operation is obtained, the proposing Party shall promptly notify the Consenting Parties of their proportionate interests in the Exclusive Operation and Operator shall commence such Exclusive Operation within the period provided in Section 7.3(A) and (B), subject to the extension as provided therein.

7.5 Relinquishment of Interest for Non-Participation.

(A) The entire cost and risk of conducting Exclusive Operations authorized under this Section 7 shall be borne by the Consenting Parties in the proportions that they have elected to bear under the terms of the Section 7.4. If an Exclusive Operation results in a dry hole, then Operator shall plug and abandon the well and restore the surface location at the sole cost, risk and expense of the Consenting Parties. Non-Consenting Parties that participated in any Joint Operations prior to the Exclusive Operations affecting such well shall remain liable for, and shall pay, their proportionate shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not increased by the Exclusive Operations.

(B) If any Exclusive Operation under the provisions of this Section 7 results in a well capable of producing Hydrocarbons in paying quantities, Operator shall Complete and equip the well to produce at their sole cost and risk, and shall operate it at the expense and for the account of the Consenting Parties.

(C) Upon commencement of any such well by Consenting Parties in accordance with the provisions of this Section 7, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective Participating Interests, all or a portion (in the case of an Exclusive Development Operation) of such Non-Consenting Party's

interest in the well and share of production therefrom. For Exclusive Development Operations, the Consenting Parties shall own and be entitled to receive, in proportion to their Participating Interests, the Non-Consenting Party's interest in the well, if Non-Consenting Party had no prior ownership, and 100% of the increased production, after any Backout, which is a direct result of the Exclusive Development Operation. For Exclusive Appraisal Operations and Exclusive Exploration Operations, the Consenting Parties shall own and be entitled to receive, in proportion to their Participating Interests, Non-Consenting Party's interest in the well and 100% of the production, after any Backout, which is a direct result of the Exclusive Appraisal Operation or Exclusive Exploration Operation. Such relinquishment shall be effective until the proceeds of the sale of such share of production, calculated at the point of sale, or market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes, royalty, overriding royalty, as applicable, payable out of or measured by the production from such well accruing with respect to such interest until it reverts, any payments required by the Facility Sharing Agreement, and any gathering, processing, treating, and other post-production adjustments or costs prior to the point of sale), shall equal the total of the following:

(1) for all Exclusive Development Operations, the sum of (a) 200% of that portion of the costs and expenses of the Exclusive Development Operation, including cost of newly acquired equipment in the well (to and including the wellhead connection) and the cost of any newly acquired surface equipment beyond the wellhead connection and those costs and expenses associated with any Facility Sharing Agreement, which would have been chargeable to such Non-Consenting Party if it had participated therein, plus (b) 100% of each Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until such Non-Consenting Party's relinquished interest reverts to it under this Section 7;

(2) for all Exclusive Appraisal Operations, the sum of (a) 300% of that portion of the costs and expenses of the Exclusive Appraisal Operation, including the costs of any newly acquired surface equipment beyond the wellhead connection and those costs and expenses associated with any Facility Sharing Agreement, which would have been chargeable to such Non-Consenting Party if it had participated therein, plus (b) 100% of each Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until such Non-Consenting Party's relinquished interest reverts to it under this Section 7; and

(3) for all Exclusive Exploration Operations, the sum of (a) 600% of that portion of the costs and expenses of the Exclusive Exploration Operation, including the costs of any newly acquired surface equipment beyond the wellhead connection and those costs and expenses associated with any Facility Sharing Agreement which would have been chargeable to such Non-Consenting Party if it had participated therein and (b) 100% of each Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until such Non-Consenting Party's relinquished interest reverts to it under this Section 7.

(D) Notwithstanding anything to the contrary in this Section 7, if the well does not reach the deepest objective Zone described in the notice proposing the Exclusive Operation for reasons other than the encountering of granite or practically impenetrable substance or other condition in the hole rendering further operations impracticable, Operator shall give notice thereof to any Non-Consenting Party who submitted or voted for an alternative proposal under Section 7.4 to drill the well to a shallower Zone than the deepest objective Zone proposed in the notice under which the well was drilled, and each such Non-Consenting Party shall have the option to participate in the initial proposed Completion of the well by paying its share of the cost of drilling the well to its actual depth, calculated in the manner provided in Section 7.4. If any such Non-Consenting Party does not elect to participate in the first Completion proposed for such well, the relinquishment provisions of this Section 7.5 shall apply to such Party's interest.

7.6 Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties 300% of that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to such Non- Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is proposed during such recoupment period, the provisions of this Section 7.6 shall be applicable as between said Consenting Parties in such well.

7.7 Recoupment Matters.

(A) During the period of time the Consenting Parties are entitled to receive all or a portion of the Non-Consenting Party's share of production, or the proceeds therefrom, the Consenting Parties shall be responsible for the payment of all ad valorem, production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production. In the case of any Exclusive Operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such Exclusive Operation, the Consenting Parties shall account for all such equipment to the owners thereof, with each Party receiving its proportionate part in kind or in value, less cost of salvage.

(B) Within ninety (90) Days after the completion of any Exclusive Operation under this Section 7, the Operator shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of the Exclusive Operation and equipping the well for production. In lieu of an itemized statement of such costs of operation, Operator may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, Operator shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of Hydrocarbons produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of Hydrocarbons produced during any month, the Consenting Parties shall use industry accepted methods such as but not limited to metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revert to it as above provided. If there is a credit balance, it shall be paid to such Non-Consenting Party.

(C) If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the Day following the Day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material

and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in an Exclusive Operation. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of such well in accordance with the terms of this Agreement.

7.8 Stand-By Costs.

(A) When a well which has been drilled, Sidetracked or Deepened has reached its authorized depth and all tests have been completed and the results thereof furnished to the Parties, stand-by costs incurred pending response to a Party's notice proposing an Exclusive Operation in such a well shall be charged and borne as part of the drilling, Sidetracking or Deepening operation just completed. Stand-by costs subsequent to all Parties responding, or expiration of the response time permitted, whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms of Section 7.4(B)(1), shall be charged to and borne as part of the proposed Exclusive Operation, but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated between the Consenting Parties in the proportion each Consenting Party's Participating Interest bears to the total Participating Interest of all Consenting Parties.

(B) In the event that notice for a Sidetracking operation is given while the drilling rig to be utilized is on location, any Party may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in Section 7.4(B)(1) within which to respond by paying for all stand-by costs and other costs incurred during such extended response period. Operator may require such Party to pay the estimated stand-by time in advance as a condition to extending the response period. If more than one Party elects to take such additional time to respond to the notice, then standby costs shall be allocated between the Parties taking additional time to respond on a Day-to-Day basis in the proportion each electing such Party's Participating Interest bears to the total Participating Interest of all such Parties electing to take such additional time.

7.9 Deepening.

(A) If less than all Parties elect to participate in an Exclusive Operation, the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Section 7.5 shall relate only and be limited to the lesser of (i) the total depth actually drilled, or (ii) the objective depth or Zone of which the parties were given notice under Section 7.3(A) ("Initial Objective"). Such well shall not be Deepened beyond the Initial Objective without first complying with this Section 7 to afford the Non-Consenting Parties the opportunity to participate in the Deepening operation.

(B) If any Consenting Party desires to drill or Deepen a well subject to an Exclusive Operation to a depth below the Initial Objective, such Party shall give notice thereof, complying with the requirements of Section 7.3(A) to all Parties (including Non-Consenting Parties). Thereupon, Section 7.4 shall apply and all Parties receiving such notice shall have the right to participate or not participate in the Deepening of such well. If a Deepening operation is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation, such Non-Consenting Party shall pay the following costs and expenses:

(1) if the proposal to Deepen a well is made prior to the Completion of such well as a well capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other provisions of this Agreement. All costs for testing and Completion or attempted Completion of the well incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the sole account of Consenting Parties; and

(2) if the proposal is made to Deepen a well that has been previously Completed as a well capable of producing in paying quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and equipping said well from the surface to the Initial Objective, less those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall also pay its proportionate share of all costs of re-entering such well. The Non-Consenting Parties' proportionate part (based on the percentage of such well Non-Consenting Party would have owned had it previously participated in such well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in connection with such well shall be determined in accordance with Exhibit A. If the Consenting Parties have recouped the cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the well for Deepening.

(C) The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a well subject to an Exclusive Operation prior to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Section 7.3(A).

7.10 Sidetracking. Any Party having the right to participate in a proposed Sidetracking operation that does not own an interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore to be utilized as follows:

(A) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is initiated.

(B) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of such Party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is conducted, calculated in the manner described in this Section 7.10(B). Such Party's proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking operation is initiated shall be determined in accordance with the provisions of Exhibit C.

7.11 Order of Preference of Operations. Except as otherwise specifically provided in this Agreement, if any Party desires to propose the conduct of an operation that conflicts with a proposal that has been made by a Party under this Section 7, such Party shall have fifteen (15) days from delivery of the initial proposal, in the case of a proposal to drill a well or to perform an operation on a well where no drilling rig is on location, or twenty-four (24) hours, exclusive of non-Business Days, from delivery of the initial proposal, if a drilling rig is on location for the well on which such operation is to be conducted, to deliver to all Parties entitled to participate in the proposed operation such party's alternative proposal, such alternate proposal to contain the same information required to be included in the initial proposal. Each Party receiving such proposals shall elect by delivery of notice to Operator within five (5) days after expiration of the proposal period, or within twenty-four (24) hours (exclusive of Saturday, Sunday and legal holidays) if a drilling rig is on location for the well that is the subject of the proposals, to participate in one of the competing proposals. Any Party not electing within the time required shall be deemed not to have voted. The proposal receiving the vote of Parties owning the largest aggregate Participating Interest of the Parties voting shall have priority over all other competing proposals; in the case of a tie vote, the initial proposal shall prevail. Operator shall deliver notice of such result to all Parties entitled to participate in the operation within five (5) days after expiration

of the election period (or within twenty-four (24) hours, exclusive of non-Business Days, if a drilling rig is on location). Each Party shall then have two (2) days (or twenty-four (24) hours if a rig is on location) from receipt of such notice to elect by delivery of notice to Operator to participate in such operation or to relinquish interest in the affected well pursuant to the provisions of Sections 7.4 and 7.5 failure by a Party to deliver notice within such period shall be deemed an election not to participate in the prevailing proposal.

8. DEFAULT

8.1 Default and Notice.

(A) Any Party that fails to pay when due its share of Joint Account charges (including Cash Calls and interest), or provide when due and maintain any Security required of such Party under this Agreement, or perform its indemnity obligations under this Agreement, shall be in default under this Agreement (a "Defaulting Party"). Operator, or any non-defaulting Party in case Operator is in default under this Agreement, shall promptly give a Default Notice to the Defaulting Party and each of the other Parties.

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

8.2 Working Interest Owners Meetings, Data, and Entitlements.

(A) Except as provided in Section 8.3(C), the Defaulting Party has no right, during the Default Period, to:

(1) Call or attend Working Interest Owners or subcommittee meetings;

(2) Vote on any matter coming before the Working Interest Owners or any subcommittee;

(3) Have access to any data or information relating to any operations under this Agreement;

(4) Consent to or reject data trades between the Parties and third parties, nor access any data received in such data trades;

(5) Consent to or reject any Transfer or otherwise exercise any other rights with respect to Transfers under this Section 8 or under Section 12;

(6) Receive its Entitlement under Section 8.4; or

(7) Take assignment of any portion of another Party's Participating Interest if such other Party is either in default or withdrawing from this Agreement and the Unit Agreement.

(B) During the Default Period, the Defaulting Party may Transfer all or part of its Participating Interest only if the Defaulting Party cures its default under this Section 8 before or at closing of such Transfer.

(C) Despite any other provisions in this Agreement, during the Default Period:

(1) Unless agreed otherwise by the non-defaulting Parties, the voting interest of each non-defaulting Party shall be equal to the ratio such non-defaulting Party's Participating Interest bears to the total Participating Interests of the non-defaulting Parties;

(2) Any matters requiring a unanimous vote or approval of the Parties shall not require the vote or approval of the Defaulting Party;

(3) The Defaulting Party shall be deemed to have elected not to participate in any operations that are voted upon during the Default Period, to the extent such an election would be permitted by Sections 5.7 and Section 7; and

(4) The Defaulting Party shall be deemed to have approved, and shall join with the non-defaulting Parties in taking, any other actions voted on during the Default Period.

8.3 Allocation of Defaulted Amounts.

(A) The Party providing the Default Notice under Section 8.1 shall include in the Default Notice to each non-defaulting Party a statement of the amount that the non-defaulting Party shall pay as its portion of the Amount in Default. Unless otherwise agreed, the non-defaulting Parties shall satisfy the obligations for which the Defaulting Party is in default in proportion to the ratio that each non-defaulting Party's Participating Interest bears to the Participating Interests of all non-defaulting Parties.

(B) If the Defaulting Party remedies its default in full before the Default Period commences, the notifying Party shall promptly notify each non-defaulting Party by facsimile and by telephone or email, and the non-defaulting Parties shall be relieved of their obligations under Section 8.3(A). If any non-defaulting Party fails to timely satisfy such obligations, such Party shall be a Defaulting Party subject to the provisions of this Section 8. The non-defaulting Parties shall be entitled to receive their

respective shares of the Total Amount in Default payable by such Defaulting Party under this Section 8.

(C) At any time before the date of a notice of exercise of the rights under Section 8.4(D) to compel the Defaulting Party to withdraw from this Agreement or to sell its Participating Interest, as applicable, a Defaulting Party may remedy its default by paying to the Operator the Total Amount in Default. A Party may pay a portion of its default by paying to the Operator less than the Total Amount in Default, but shall remain in default.

(D) If Operator is a Defaulting Party, then all payments otherwise payable to the Joint Account under this Agreement shall be made to the notifying Party instead of to the Joint Account until the Operator's default is cured or a successor Operator appointed.

(1) The notifying Party shall maintain such funds in a segregated account separate from its own funds and shall apply such funds to third party claims due and payable from the Joint Account of which it has notice, to the extent Operator would be authorized to make such payments under this Agreement. The notifying Party shall be entitled to bill or Cash Call the other Parties under the Accounting Procedure for proper third party charges that become due and payable during such period to the extent sufficient funds are not available. When Operator has cured its default or a successor Operator is appointed, the notifying Party shall turn over all remaining funds in the account to Operator and shall provide Operator and the other Parties with a detailed accounting of the funds received and expended during this period. The notifying Party shall not be liable for damages, losses, costs, or liabilities arising as a result of its actions under this Section 8.3(D), except to the extent Operator would be liable under Section 4.6.

(2) While the Operator is a Defaulting Party, the Operator shall continue to perform its other functions as the Operator that are not transferred to the notifying Party by this Section 8, until Operator is removed or resigns.

(E) If all Parties are Defaulting Parties, then the Parties shall be deemed to have collectively decided to withdraw, and the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of the Unit Agreement and Laws and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, all under Section 2.

8.4 Remedies.

(A) During the Default Period, the Defaulting Party has no right to take in kind or separately dispose of its Entitlement, which Entitlement shall under this Section 8.4(A) vest in and be the property of the non-defaulting Parties. Operator (or the notifying Party if Operator is a Defaulting Party) shall be authorized and under Section 8.4(H) has a power of attorney to take and sell such Entitlement in an arm's-length sale on terms that are commercially reasonable under the circumstances and, after deducting all costs and liabilities incurred in connection with such sale pay the net proceeds to the non-defaulting Parties in proportion to the amounts they are owed by the Defaulting Party as a part of the Total Amount in Default (in payment of first the interest and then the principal), until the Total Amount in Default is recovered. Any surplus remaining shall be paid to the Defaulting Party, and any deficiency shall be carried forward as a Default Amount. When making sales under this Section 8.4(A), the non-defaulting Parties shall have no obligation to share any existing market or obtain a price equal to the price at which their own production is sold.

(B) If Operator disposes of any Joint Property or if any other credit or adjustment is made to the Joint Account during the Default Period, Operator (or the notifying Party if Operator is a Defaulting Party) shall be entitled to apply the Defaulting Party's Participating Interest share of the proceeds of such disposal, credit, or adjustment against the Total Amount in Default (against first the interest and then the principal). Any surplus remaining shall be paid to the Defaulting Party, and any deficiency shall be carried forward as a Default Amount.

(C) If a Defaulting Party fails to fully remedy all its defaults by the thirtieth (30th) Day of the Default Period, then, without prejudice to any other rights available to each non-defaulting Party to recover its portion of the Total Amount in Default, at any time afterwards until the Defaulting Party has cured its defaults:

(1) any non-defaulting Party shall have the option, exercisable in its discretion at any time, to require that the Defaulting Party offer to completely withdraw from this Agreement and assign all of its Participating Interest, as described in Section 8.4(D); or

(2) any non-defaulting Party shall have the option, exercisable in its discretion at any time, to require that the Defaulting Party offer to sell and assign all of its Participating Interest to any non-defaulting Parties wishing to purchase such Participating Interest, as described in Section 8.4(E); or

(3) any non-defaulting Party shall have the option, exercisable in its discretion with respect to a default occurring at any time under an approved Development Plan, to require that the Defaulting Party offer to assign a part of the Defaulting Party's Participating Interest in the corresponding Participating Area to any non-defaulting Parties wishing to accept assignment of such part, as described in Section 8.4(F); or

(4) any non-defaulting Party shall have the option, exercisable in its discretion at any time, to foreclose its mortgage and security interest against a pro rata share of the Collateral, as described in Section 8.4(G).

Such options shall be exercised by providing notice of such election to the Defaulting Party and each non-defaulting Party. Until the Defaulting Party's Participating Interest has been assigned in full under this Section 8.4, each option is cumulative, not exclusive. The exercise of one option that does not result in the assignment of the Defaulting Party's Participating Interest shall not preclude the non-defaulting Parties from exercising such option again, or from exercising another option; provided that if an option set out in Sections 8.4(C)(2) or 8.4(C)(3) is exercised, then the other options may not be exercised unless and until the non-defaulting Parties have been deemed to have elected not to acquire all or part of the Participating Interest of the Defaulting Party under Sections 8.4(E) or 8.4(F), as applicable. All costs pertaining to any such assignment shall be the responsibility of the Defaulting Party.

(D) If the option set out in Section 8.4(C)(1) is exercised, the Defaulting Party shall be deemed to have proposed to withdraw and assign, under Section 13.6, effective on the date of the non-defaulting Party's or Parties' notice, its Participating Interest to the non-defaulting Parties; provided that any non-defaulting Party that did not join in the notice of exercise of such option shall have the right exercisable for ten (10) Days from the date of such notice to notify the other non-defaulting Parties that it refuses to accept such proposed assignment. In the absence of an agreement to the contrary among the non-defaulting Parties willing to accept an assignment, any assignment to the non-defaulting Parties after a withdrawal under this Section 8.4(D) shall be in proportion to the Participating Interests of the non-defaulting Parties, excluding any non-defaulting Party that has given notice that it refuses to accept such proposed assignment.

(E) In connection with the option set out in Section 8.4(C)(2) each Party grants to each of the other Parties the right and option to acquire (the "Buy-Out Option") under Section 8.4(E)(1) all of its Participating Interest for the consideration determined under Section 8.4(E)(2) (the "Buy-Out Price") and paid under Section 8.4(E)(3).

(1) Each non-defaulting Party may, but shall not be obligated to, exercise such Buy-Out Option by notice to the Defaulting Party and each other non-defaulting Party (the "Buy-Out Notice"). The Defaulting Party shall be deemed to have proposed to sell and assign, effective on the date of the Buy-Out Notice, its entire Participating Interest to the non-defaulting Parties having exercised the Buy-Out Option (each, an "Acquiring Party"). Any other non-defaulting Party that gives an Option Notice within thirty (30) Days after the Buy-Out Option is first exercised by an Acquiring Party shall also become an Acquiring Party. Any non-defaulting Party that fails to exercise its Buy-Out Option during such thirty (30) Day period shall be deemed to have elected not to become an Acquiring Party, and its Buy-Out Option with respect to the Defaulting Party shall terminate. Each Acquiring Party shall be deemed to have proposed to acquire a proportion of the Participating Interest of the Defaulting Party equal to the ratio of such Acquiring Party's Participating Interest to the total Participating Interests of all Acquiring Parties and pay such proportion of the Buy-Out Price, unless they otherwise agree.

(2) The Buy-Out Price shall be determined as follows: Each Acquiring Party shall specify in its Buy-Out Notice a value for the Defaulting Party's entire Participating Interest. Within five (5) Days after the thirty (30) Day period after the Buy-Out Option is first exercised, the Defaulting Party shall (i) notify the Acquiring Parties that it accepts, with respect to each Acquiring Party, such Acquiring Party's proportionate share of the value specified by such Acquiring Party in its Buy-Out Notice (in which case this value is, with respect to such Acquiring Party, the "Buy-Out Price"); or (ii) refer the Dispute to an independent expert for determination of the value of its entire Participating Interest (in which case each Acquiring Party's proportionate share of the value determined by such expert shall be deemed the "Buy-Out Price" with respect to each such Acquiring Party). If the Defaulting Party fails to so notify the Acquiring Parties, then the Defaulting Party shall be deemed to have accepted, with respect to each Acquiring Party, such Acquiring Party's proportionate share of the value proposed by such Acquiring Party as the Buy-Out Price. If the valuation of the Defaulting Party's Participating Interest is referred to an expert, such expert shall determine the Buy-Out Price which shall be deemed to be equal to the fair market value of the Defaulting Party's entire Participating Interest, less the following: (a) The Total Amount in Default; (b) All costs, including the costs of the expert, to obtain such valuation; and (c) ten percent (10%) of the fair market value of the Defaulting Party's Participating Interest.

(3) The Buy-Out Price shall be paid to the Defaulting Party in four (4) installments, each equal to twenty-five percent (25%) of the Buy-Out Price as follows:

(a) The first installment shall be due and payable to the Defaulting Party within fifteen (15) Days after the date on which the Defaulting Party's Participating Interest is effectively assigned to the Acquiring Parties (the "Assignment Date");

(b) The second installment shall be due and payable to the Defaulting Party within one hundred eighty (180) Days after the Assignment Date;

(c) The third installment shall be due and payable to the Defaulting Party within three hundred sixty-five (365) Days after the Assignment Date; and

(d) The fourth installment shall be due and payable to the Defaulting Party within five hundred forty-five (545) Days after the Assignment Date.

(4) On the Assignment Date the Total Amount in Default shall be deemed to have been satisfied, and if the assignment under this Section 8.4(E) was to fewer than all of the non-defaulting Parties, the Acquiring Parties in proportion to their proportionate share of the Buy-Out Price shall pay to each non-defaulting Party that was not an Acquiring Party the portion of the Total Amount in Default owed to such non-defaulting Party.

(F) In connection with the option set out in Section 8.4(C)(3) each Defaulting Party grants to each of the other Parties the right and option to acquire under this Section 8.4(F) a part of its Participating Interest in the applicable Participating Area (the "Withering Option"), in which it is in default.

(1) Each non-defaulting Party may, but shall not be obligated to, exercise such Withering Option by notice to the Defaulting Party and each other non-defaulting Party (the "Withering Notice"). The Defaulting Party shall be deemed to have proposed to assign, effective on the date of the Withering Notice, the Withering Interest to the non-defaulting Parties having exercised the Withering Option (each, an "Acquiring Party"). Any other non-defaulting Party that gives a Withering Notice within thirty (30) Days after the Withering Option is first exercised by an Acquiring

Party shall also become an Acquiring Party. Any non-defaulting Party that fails to exercise its Withering Option during such thirty (30) Day period shall be deemed to have elected not to become an Acquiring Party and its Withering Option regarding the Defaulting Party shall terminate. Each Acquiring Party shall be deemed to have proposed to acquire a proportion of the Withering Interest of the Defaulting Party equal to the ratio of such Acquiring Party's Participating Interest to the total Participating Interests of all Acquiring Parties and pay such proportion of the Withering Price, unless they otherwise agree.

(2) The Withering Interest shall be determined based on the following formula:

$$\textbf{\textit{Withering Interest}} = \frac{[\textbf{\textit{Withering Price x Default Factor x DPPI}}]}{\textbf{\textit{DPETC}}}$$

Where:

"**Withering Interest**" means the lesser of: (i) the Defaulting Party's entire Participating Interest, in the applicable Participating Area to be assigned to the Acquiring Parties (expressed as a percentage); or (ii) the part out of the Defaulting Party's Participating Interest, in the applicable Participating Area to be assigned to the Acquiring Parties (expressed as a percentage).

"**Withering Price**" means the amount equal to DPETC less DPACP.

"**Estimated Total Costs**" means the estimated total costs to be expended to complete the approved Development Plan for the applicable Participating Area, including any contingent amounts, amendments and approved cost over-runs arising before the due date of the Cash Call giving rise to the default.

"**DPETC**" means the Defaulting Party's Participating Interest share of the Estimated Total Costs.

"**DPACP**" means the aggregate costs paid by the Defaulting Party regarding the applicable Development Plan before the date of the Cash Call giving rise to the default.

"**Default Factor**" means:

1.25, if less than twenty-five percent (25%) of the Estimated Total Costs have been expended by the Parties;

1.20, if at least twenty-five percent (25%) but less than fifty percent (50%) of the Estimated Total Costs have been expended by the Parties;

1.15, if at least fifty percent (50%) but less than seventy-five percent (75%) of the Estimated Total Costs have been expended by the Parties; or

1.10, if at least seventy five percent (75%) of the Estimated Total Costs have been expended by the Parties.

"**DPPI**" means the Defaulting Party's Participating Interest as of the due date of the Cash Call giving rise to the default (expressed as a percentage).

(3) If the Withering Interest is effectively assigned to the Acquiring Parties under Section 8.4(F), then from the due date of the Cash Call giving rise to the default:

(a) The Defaulting Party has no obligation to pay any further Cash Calls under the applicable Development Plan, except to the extent of the Defaulting Party's obligation to fund its revised Participating Interest share of any cost over-runs arising after such date;

(b) The Acquiring Parties shall bear all costs attributable to the Withering Interest and the Defaulting Party's revised Participating Interest under the applicable Development Plan, except to the extent of the Defaulting Party's obligation to fund its revised Participating Interest share of any cost over-runs arising after such date.

(4) On the date the Withering Interest is effectively assigned the Total Amount in Default shall be deemed to have been satisfied, and if the assignment under Section 8.4(F) was to fewer than all of the non-defaulting Parties, the Acquiring Parties in proportion to their proportionate share of the Withering Price shall pay to each non-defaulting Party that was not an Acquiring Party the portion of the Total Amount in Default owed to such non-defaulting Party.

(G) In addition to the other remedies available to the non-defaulting Parties under this Section 8 and any other rights available to each non-defaulting Party to recover its portion of the Total Amount in Default, if a Defaulting Party fails to remedy its default within thirty (30) Days of the Default Notice, the non-Defaulting Parties may elect to enforce a mortgage and

security interest on the Defaulting Party's Participating Interest as set forth below, subject to the Unit Agreement and the Laws.

(1) Each Party grants to each of the other Parties, in pro rata shares based on their relative Participating Interests, a mortgage and security interest on its Participating Interest, whether now owned or later acquired, together with all products and proceeds derived from that Participating Interest (collectively, the "Collateral") as security for the payment of all amounts owing by such Party (including interest and costs of collection) under this Agreement.

(2) Should a Defaulting Party fail to remedy its default by the thirtieth (30th) Day after the date of the Default Notice, then, each non-defaulting Party shall have the option, exercisable at any time afterwards during the Default Period, to foreclose its mortgage and security interest against its pro rata share of the Collateral by any means permitted under the Unit Agreement and the Laws and to sell all or any part of that Collateral in public or private sale after providing the Defaulting Party and other creditors with any notice required by the Unit Agreement or the Laws, and subject to the provisions of Section 12. Except as may be prohibited by the Unit Agreement or the Laws, the non-defaulting Party that forecloses its mortgage and security interest shall be entitled to become the purchaser of the Collateral sold and shall have the right to credit toward the purchase price the amount to which it is entitled under Section 8.4. Any deficiency in the amounts received by the foreclosing Party shall remain a debt due by the Defaulting Party. The foreclosure of mortgages and security interests by one non-defaulting Party shall neither affect the amounts owed by the Defaulting Party to the other non-defaulting Parties nor in any way limit the rights or remedies available to them. Each Party agrees that, should it become a Defaulting Party, it waives the benefit of any Appraisal Operation, valuation, stay, extension or redemption law and any other debtor protection law that otherwise could be invoked to prevent or hinder the enforcement of the mortgage and security interest granted above.

(3) Each Party agrees to sign such memoranda, financing statements and other documents, and make such filings and registrations, as may be reasonably necessary to perfect, validate and provide notice of the mortgages and security interests granted by this Section 8.4(G).

(H) The Defaulting Party shall promptly join in such actions as may be necessary or desirable to obtain any Government approvals required regarding such proposed withdrawal and assignment. The non-defaulting

Parties shall use reasonable efforts to assist the Defaulting Party in obtaining such approvals. Any penalties, damages, losses, costs (including reasonable legal costs and attorneys' fees) and liabilities incurred by the Parties in connection with such proposed withdrawal and assignment shall be borne by the Defaulting Party. If the Government does not approve the Defaulting Party's proposed withdrawal and assignment, then the non-defaulting Parties (excluding any non-defaulting Party that has given notice that it refuses to accept such proposed assignment) shall have the right to retract the notice of proposed withdrawal and assignment by notice to all Parties. The acceptance by a non-defaulting Party of any portion of a Defaulting Party's Participating Interest shall not limit any rights or remedies that such non-defaulting Party has to recover any remaining balance plus interest owing under this Agreement by the Defaulting Party. For purposes of Sections 8.4(D), 8.4(E), 8.4(F), or 8.4(G), as elected, the Defaulting Party shall, without delay after any request from the non-defaulting Parties, do any act required to be done by the Laws and any other applicable laws in order to render the sale of its Entitlement and/or assignment of its Participating Interest legally valid, including obtaining all necessary governmental consents and approvals, and shall sign any document and take such other actions as may be necessary in order to effect a prompt and valid sale of its Entitlement and/or assignment of its Participating Interest. The Defaulting Party shall promptly remove any Encumbrances which may exist on the date of sale of its Entitlement and/or assignment of its Participating Interests (other than any existing Encumbrances that affect all Parties in proportion to their Participating Interests). If all Government approvals are not timely obtained, the Defaulting Party shall to the extent allowed under the Unit Agreement and applicable Laws hold its Participating Interest in trust or escrow arrangement for the benefit of the non-defaulting Parties who are entitled to receive it. Each Party appoints each other Party its true and lawful attorney to sign such instruments and make such filings and applications as may be necessary to make such sale or assignment legally effective and to obtain any necessary consents of the Government. Actions under this power of attorney may be taken by any Party individually without the joinder of the others. This power of attorney is irrevocable for the term of this Agreement and is coupled with an interest. If requested, each Party shall execute a form prescribed by the Working Interest Owners setting forth this power of attorney in more detail.

(I) The non-defaulting Parties shall be entitled to recover from the Defaulting Party all reasonable attorneys' fees and all other reasonable costs sustained in the collection of amounts owing by the Defaulting Party.

(J) The rights and remedies granted to the non-defaulting Parties in this Section 8 shall be cumulative, not exclusive, and shall be in addition to any other rights and remedies that may be available to the non-defaulting

Parties, whether at law, in equity or otherwise. Each right and remedy available to the non-defaulting Parties may be exercised from time to time and so often and in such order as may be considered expedient by the non-defaulting Parties in their sole discretion.

8.5 Survival. The obligations of the Defaulting Party and the rights of the non-defaulting Parties shall survive the surrender of the Unit Agreement, Decommissioning, and termination of this Agreement.

8.6 No Right of Set Off. Each Party acknowledges and accepts that a fundamental principle of this Agreement is that each Party pays its Participating Interest share of all amounts due under this Agreement as and when required. Accordingly, any Party that becomes a Defaulting Party undertakes that, in respect of either any exercise by the non-defaulting Parties of any rights under or the application of any of the provisions of this Section 8, such Party hereby waives any right to raise by way of set off or invoke as a defense, whether in law or equity, any failure by any other Party to pay amounts due and owing under this Agreement or any alleged claim that such Party may have against Operator or any Non-Operator, whether such claim arises under this Agreement or otherwise. Each Party further agrees that the nature and the amount of the remedies granted to the non-defaulting Parties are reasonable and appropriate in the circumstances.

9. DISPOSITION OF PRODUCTION

9.1 Right and Obligation to Take in Kind. Except as otherwise provided in Section 7 or this Section 9, each Party shall have the right and obligation to own, take in kind and separately dispose of its Entitlement.

9.2 Disposition of Crude Oil. If Crude Oil is to be produced from the Contract Area, or Participating Area established within the Contract Area, the Parties shall in good faith, and not fewer than six (6) Months before the anticipated first delivery of Crude Oil, as promptly notified by Operator, negotiate and conclude the terms of a lifting agreement to cover the offtake of Crude Oil produced. Consistent with the Development Plan, the lifting agreement shall make provision for:

(A) The Delivery Point;

(B) Operator's regular periodic advice to the Parties of estimates of Total Available Production for succeeding periods, quantities of each type and/or grade of Crude Oil forecast to be produced consistent with the projected production schedule approved as part of the approved Work Program and Budget and each Party's Entitlement for as far ahead as is necessary for Operator and the Parties to plan lifting arrangements taking into account each such Party's Entitlement at the beginning of, and scheduled liftings during, each period. Such advice shall also cover, for

each type and/or grade of Crude Oil, the Total Available Production and deliveries for the preceding period, and overlifts and underlifts;

(C) Nomination by the Parties to Operator of acceptance of their Entitlements for the succeeding period. Such nominations shall in any one period be for each Party's entire Entitlement during that period, subject to overlifting limits, underlifting limits, operational tolerances and minimum economic cargo sizes or as the Parties may otherwise agree;

(D) Timely mitigation of the effects of overlifts and underlifts;

(E) If offshore loading or a shore terminal for vessel loading is involved, vetting procedures relating to risks regarding tankers and procedures for demurrage and (if applicable) availability of berths;

(F) Procedures to make available to each Party its nominated quantities of each type and grade of Crude Oil, and to ensure that each Party takes delivery as it is made available in each period of its respective Entitlement of grades, gravities and qualities of Crude Oil from each Participating Area in which it participates;

(G) To the extent that distribution of Entitlements on such basis is impracticable due to availability of facilities and minimum cargo sizes, a method of making periodic adjustments; and

(H) The right of the other Parties to sell an Entitlement that a Party fails to nominate for acceptance under Section 9.2(C) above or of which a Party fails to take delivery, in accordance with applicable agreed procedures, provided that such failure either breaches Operator's, or such Party's, obligations under the JOA, or is likely to result in the curtailment or shut-in of production. Such sales shall be made only to the limited extent necessary to avoid disruption in Joint Operations. Operator shall give all Parties as much notice as is practicable of such situation and that a right of sale option has arisen. Any sale shall be of the unnominated or undelivered Entitlement (as applicable) and for reasonable periods of time (in no event to exceed twelve (12) months). Payment terms for production sold under this option shall be established in the lifting agreement.

If a lifting agreement has not been entered into by the date of first delivery of Crude Oil, the Operator shall act as lifting coordinator and the Parties shall be obligated to take and separately dispose of such Crude Oil as provided in Section 9.1 and in addition shall be bound by the principles set forth in this Section 9.2 until a lifting agreement is signed by the Parties.

9.3 Disposition of Natural Gas. The premise of this Agreement is that each Party shall have the right and duty to own, take in kind and separately dispose of its

Entitlement of Gas at a Continuous Rate each Day. Natural Gas produced from the Contract Area, or a Participating Area within the Contract Area, shall be disposed of in accordance with the provisions of Exhibit D (Gas Balancing Agreement) if and such an agreement is approved by the working interest owners. The Gas Balancing Agreement is intended only to deal with inadvertent or short-term over- and under-lifting of Natural Gas. No Party shall have an obligation to share any existing market with any other Party.

10. DECOMMISSIONING AND ABANDONMENT

10.1 Decommissioning of Joint Facilities.

(A) A decision to Decommission any facilities and/or equipment, other than wells, that were acquired for or contributed to the Joint Account, shall require the approval of all the Working Interest Owners. In connection with such proposal, Operator shall give notice to all Parties listing such facilities and equipment together with Operator's estimate of Decommissioning Costs.

(B) If any Party fails to reply within the period prescribed in Section 5.6(B), whichever applies, after delivery of notice of Operator's proposal to Decommission such facilities and/or equipment, such Party shall be deemed to have consented to the proposed Decommissioning.

(C) If all the Working Interest Owners vote to Decommission such facilities and/or equipment, then subject to the Unit Agreement and applicable Laws, each Party shall have an option to take any or all of such facilities and/or equipment located or held for use in the Contract Area. If one or more Parties elect to take over any such facilities or equipment, each such Party so electing shall in the proportion that its Participating Interest bears to the total of the Participating Interests of the other Parties so electing: assume responsibility for all Decommissioning Costs for the facilities and/or equipment that is taken over and indemnify the other Parties and the Operator (in its role as such) from all damages, losses, costs (including reasonable legal costs and attorneys' fees), and liabilities associated with Decommissioning of such facilities and/or equipment.

(D) All rights to facilities and/or equipment transferred under Section 10.1(C) are transferred on an "as is" basis without warranties expressed or implied, including warranties as to merchantability, fitness for a particular purpose, conformity to models or samples of materials, use, maintenance, condition, capacity or capability. If any such facilities and/or equipment are transferred to one or more Parties under this Section 10.1, rights to use data and information concerning such facilities and/or equipment shall also be transferred to such Parties. The transfer of such rights is subject to the terms of the Unit Agreement and the Laws and is without prejudice to

any rights of the Government concerning such data and information under the Unit Agreement or the Laws.

E. Operator shall prepare a fresh DR&R (ARO) plan including time and cost estimates and provide such a plan to the WIOs every five (5) years. First plan due 12/31/2027. Plan shall cover, at a minimum, DR&R of wells, facilities, pipelines, powerlines, pads, waste disposal sites, and roads/airstrip.

10.2 Abandonment of Wells Drilled as Joint Operations.

(A) A decision to plug and abandon any well that was drilled as a Joint Operation shall require the approval of all the Working Interest Owners.

(B) If any Party fails to reply within the period prescribed in Sections 5.6(B), whichever applies, after delivery of notice of Operator's proposal to plug and abandon such well, such Party shall be deemed to have consented to the proposed abandonment.

(C) If all the Working Interest Owners approves a decision to plug and abandon an Exploration Well or Appraisal Well, subject to the Laws, any Party may propose (within the time periods allowed by Section 5.6) to conduct an alternate operation in the wellbore. If no Joint Operation is timely proposed, such well shall be plugged and abandoned.

(D) Any well plugged and abandoned under this Agreement shall be plugged and abandoned under the Laws and at the cost and risk of the Parties who participated in the cost of drilling such well.

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

11. SURRENDER

11.1 Surrender. If a Tract is committed in whole or in part to one or more Participating Areas, the Working Interest Owners of the Tract may surrender the oil and gas lease or Subsurface Estate covering such Tract if, and only if, such surrender is approved by separate affirmative votes of the Working Interest Owners owning the Working Interest of each such Participating Area pursuant to Section 5.5(E). If the Working Interest Owners of an oil and gas lease or Subsurface Estate covering a Tract, no part of which is included in a Participating Area, desire to voluntarily surrender an oil and gas lease or Subsurface Estate,

such Working Interest Owners shall first tender all of their right, title and interest in such oil and gas lease or Subsurface Estate to the other Working Interest Owners in the Contract Area, who shall be entitled to receive an assignment thereof in undivided interests in proportion to the holdings on an Acreage Basis in the Contract Area of all such Working Interest Owners who desire to accept such assignment. Any assignment pursuant to this section shall be made in accordance with Section 12 hereof. If such tender is not accepted within thirty (30) Days by any of the other Working Interest Owners, such oil and gas lease may be surrendered and released by the owners thereof. No surrender referred to in this Section 11.1 will be effective until the first Day of the month following the delivery to Operator of an original or a certified copy of the instrument of surrender conforming to the requirements of this Section 11.1 and approved by the respective Lessor.

11.2 Surrender Not Required by Unit Agreement. A surrender of all or any part of the Unit Area that is not required by the Unit Agreement shall require the unanimous consent of the Parties.

11.3 Obligations and Liabilities. No surrender will relieve the surrendering Working Interest Owners of any known or unknown obligations or liabilities incurred or arising out of a transaction or event occurring prior to the effective date of the surrender.

12. TRANSFER OF INTEREST OR RIGHTS AND CHANGES IN CONTROL

12.1 Obligations.

(A) Subject to the requirements of the Unit Agreement, (1) any Transfer (except Transfers under Section 7 or Section 13) shall be effective only if it satisfies the terms and conditions of this Section 12; and (2) A Party subject to a Change in Control must satisfy the terms and conditions of Section 12.3.

(B) If a Transfer subject to this Section 12 or a Change in Control occurs without satisfaction (in all material respects) by the transferor or the Party subject to the Change in Control, as applicable, of the requirements of this Agreement, then each other Party shall be entitled to enforce specific performance of the terms of this Section 12, in addition to any other remedies (including damages) to which it may be entitled. Each Party agrees that monetary damages alone would not be an adequate remedy for the breach of any Party's obligations under this Section 12.

12.2 Transfer.

(A) Except in the case of a Party transferring all of its Working Interest or Participating Interest, no Transfer shall be made by any Party that results in

the transferor or the transferee holding a Working Interest or Participating Interest of less than ten percent (10%), or any interest other than a Working Interest or Participating Interest in the Unit Agreement and this Agreement.

(B) Subject to the terms of Sections 4.9 and 4.10, the Party serving as Operator shall remain Operator after Transfer of a portion of its Working Interest or Participating Interest. In the event of a Transfer of all of its Working Interest and Participating Interest, except to an Affiliate, the Party serving as Operator shall be deemed to have resigned as Operator, effective on the date the Transfer becomes effective under this Section 12, in which event a successor Operator shall be appointed under Section 4.11. If Operator transfers all of its Working Interest and Participating Interest to an Affiliate, that Affiliate shall automatically become the successor Operator, provided that the transferring Operator shall remain liable for its Affiliate's performance of its obligations.

(C) Despite such Transfer, both the transferee and the transferring Party shall be liable to the other Parties for the transferring Party's Working Interest and Participating Interest share of any obligations (financial or otherwise) that have vested, matured, or accrued under the Unit Agreement or this Agreement before such Transfer. Such obligations shall include any proposed expenditure approved by the Working Interest Owners before the transferring Party notifying the other Parties of its proposed Transfer and shall also include costs of plugging and abandoning wells or portions of wells and Decommissioning facilities in which the transferring Party participated (or was required to bear a share of the costs pursuant to this sentence) to the extent such costs are payable by the Parties under the Unit Agreement.

(D) A transferee has no rights in the Unit Agreement or this Agreement (except any notice and cure rights or similar rights that may be provided to a Lien Holder (as defined in Section 12.2(E)) by separate instrument signed by all Parties) unless and until:

(1) such transferee expressly undertakes in an instrument reasonably satisfactory to the other Parties to perform the obligations of the transferor under the Unit Agreement and this Agreement to the extent of the Working Interest or Participating Interest being transferred and obtains any necessary Government and Lessor approval for the Transfer and furnishes any guarantees required by the Government, a Lessor, or the Unit Agreement on or before the applicable deadlines;

(2) in the case of a Transfer to a transferee other than an Affiliate, each Party has consented in writing to such Transfer, which consent shall be denied only if the transferee fails to establish to the

reasonable satisfaction of each Party its financial capability, including enforceability of remedies under this Agreement against such transferee, to perform its payment obligations under the Unit Agreement and this Agreement, and its ability to comply with the provisions of Section 19.4; and

(3) in the case of a Transfer to an Affiliate, each Party has consented in writing to such Transfer, which consent shall be denied only if the transferee fails to establish to the reasonable satisfaction of each Party its ability to comply with the provisions of Section 19.4, and the transferring Party agrees in an instrument reasonably satisfactory to the other Parties to remain liable for its Affiliate's performance of its obligations.

(E) Nothing contained in this Section 12 shall prevent a Party from Encumbering all or any undivided portion of its Working Interest or Participating Interest to a third party (a "Lien Holder") as security relating to financing, provided that:

(1) such Party shall remain liable for all obligations relating to such interest;

(2) the Encumbrance shall be subject to any necessary approval of the Government and be expressly subordinated to the rights of the other Parties under this Agreement;

(3) such Party shall ensure that any Encumbrance shall be expressed to be without prejudice to the provisions of this Agreement; and

(4) the Lien Holder shall first enter into and deliver a subordination agreement in favor of the other Parties.

(F) If any Party desires to Transfer all or a portion of its Working Interest and Participating Interest, other than a Transfer to an Affiliate or the granting of an Encumbrance as provided in Section 12.2(E), it shall promptly give written notice to the other Parties, with full information concerning the proposed Transfer, which shall include (i) the name and address of the prospective transferee (who must be ready, willing and able to purchase), (ii) information sufficient to demonstrate to the other Parties that the prospective transferee has adequate financial capability to fulfill the obligations of the transferring Party under this Agreement and the Unit Agreement and that prospective transferee will expressly assume such obligations in the event of such Transfer pursuant to Section 12.2(D)(2), (iii) the purchase price in U.S. dollars, and (iv) all other terms of the offer. In the case of a package sale of oil and gas interests that includes all or part of the transferring Party's Working Interest or Participating Interest,

or if the proposed Transfer of a Party's Working Interest or Participating Interest is structured as a like-kind exchange, the Working Interest or Participating Interest that is subject to this Section 12.2.G shall be separately valued and the transfer notice shall state the monetary value in U.S. dollars attributed to such Working Interest or Participating Interest (or portion thereof). The other Parties shall then have an optional prior right, for a period of thirty (30) days after the notice is delivered, to purchase for the stated monetary value in U.S. dollars, on the same terms and conditions, the Working Interest or Participating Interest which the other Party proposes to so Transfer. If this optional prior right is exercised by more than one Party, the purchasing Parties shall share the Working Interest or Participating Interest in the proportions that the Working Interest or Participating Interest of each bears to the total Working Interest or Participating Interest of all purchasing Parties. Any dispute between the Parties as to the separate value stated by the transferring Party for a package sale or a like kind exchange may be referred by either Party to an independent expert for determination of such value.

(G) In the case of a Transfer by a Party of all or a portion its Working Interest or Participating Interest in accordance with the terms and conditions of this Section 12, the transferring Party must also transfer, convey, assign, and deliver to the transferee its rights and obligations under this Agreement and all of its corresponding rights and obligations under any and all Associated Agreements in which it holds an interest, and the transferee must expressly accept and assume, and agree to pay, honor, discharge and perform, as and when due, all of the transferring Party's obligations under this Agreement and any and all such Associated Agreements relating to the Working Interest or Participating Interest transferred.

12.3 Change in Control.

(A) A Party subject to a Change in Control shall obtain any necessary Government approval with respect to the Change in Control and furnish any replacement Security required by the Government or the Unit Agreement on or before the applicable deadlines.

(B) A Party subject to a Change in Control shall provide evidence reasonably satisfactory to the other Parties that after the Change in Control such Party shall continue to have the financial capability to satisfy its payment obligations under the Unit Agreement and this Agreement. If the Party that is subject to the Change in Control fails to provide such evidence, any other Party, by notice to such Party, may require such Party to provide Security satisfactory to the other Parties concerning its Working Interest and Participating Interest share of any obligations or liabilities that the

Parties may reasonably be expected to incur under the Unit Agreement and this Agreement.

(C) Any Change in Control of a Party, other than one that results in ongoing Control by an Affiliate, shall be subject to compliance with the terms and conditions of Section 12.2(G).

13. WITHDRAWAL FROM AGREEMENT

13.1 Right of Withdrawal.

(A) Subject to this Section 13 and the Unit Agreement, any Party not in default may at its option withdraw from this Agreement and the Unit Agreement by giving notice to all other Parties stating its decision to withdraw. Such notice shall be unconditional and irrevocable when given, except as may be provided in Section 13.7.

(B) The effective date of withdrawal for a withdrawing Party shall be the end of the Calendar Month after the Calendar Month in which the notice of withdrawal is given, provided that if all Parties elect to withdraw, the effective date of withdrawal for each Party shall be the date determined by Section 13.9.

13.2 Partial or Complete Withdrawal.

(A) Within thirty (30) Days of receipt of each withdrawing Party's notification, each of the other Parties may also give notice that it desires to withdraw from this Agreement and the Unit Agreement. If all Parties give notice of withdrawal, the Parties shall proceed to abandon the Unit Area and terminate the Unit Agreement and this Agreement. If fewer than all of the Parties give such notice of withdrawal, then the withdrawing Parties shall take all steps to withdraw from the Unit Agreement and this Agreement on the earliest possible date and sign and deliver all necessary instruments and documents to assign their Working Interest and Participating Interest to the Parties that are not withdrawing, without any compensation whatsoever, under Section 13.6.

(B) Any Party withdrawing under Section 2.1(E) or under this Section 13 shall withdraw from the entirety of the Contract Area, including all Participating Areas and all Discoveries made before such withdrawal, and thus abandon to the other Parties not joining in its withdrawal all its rights in associated Joint Property.

13.3 Rights of a Withdrawing Party. A withdrawing Party shall have the right to receive its Entitlement produced through the effective date of its withdrawal. The withdrawing Party shall be entitled to receive all information to which such Party

is otherwise entitled under this Agreement until the effective date of its withdrawal. After giving its notification of withdrawal, a Party shall not be entitled to vote on any matters coming before the Working Interest Owners, other than matters for which such Party has financial responsibility.

13.4 Obligations and Liabilities of a Withdrawing Party.

(A) A withdrawing Party shall, after its notification of withdrawal, remain liable only for its share of the following:

(1) costs of Joint Operations and costs of Exclusive Operations in which such withdrawing Party has agreed to participate, that were approved by the Working Interest Owners or Consenting Parties as part of a Work Program and Budget (including a multi-year Work Program and Budget under Section 6.1(E)) before such Party's notification of withdrawal, regardless of when they are incurred;

(2) any Minimum Work Obligations for the current period or phase of the Unit Agreement and for any subsequent period or phase that has been approved under Section 6.1(F) and with respect to which such Party has failed to timely withdraw under Section 13.2(A) below;

(3) expenditures described in Sections 4.2(M) and 13.5 related to an emergency occurring before the effective date of a Party's withdrawal, regardless of when such expenditures are incurred;

(4) all other obligations and liabilities of the Parties, as applicable, accruing before the effective date of such Party's withdrawal under this Agreement and concerning acts or omissions under this Agreement before the effective date of such Party's withdrawal for which such Party would have been liable, had it not withdrawn from this Agreement; and

(5) in the case of a partially withdrawing Party, any costs and liabilities concerning Participating Areas, Commercial Discoveries and Discoveries from which it has not withdrawn.

(B) The obligations and liabilities for which a withdrawing Party remains liable shall specifically include its share of any costs of plugging and abandoning wells or portions of wells in which it participated (or was required to bear a share of the costs under Section 13.4(A)(1) to the extent such costs of plugging and abandoning are payable by the Parties under the Unit Agreement. Any Encumbrances that were placed on the withdrawing Party's Working Interest or Participating Interest before such Party's withdrawal shall be fully satisfied or released, at the withdrawing

Party's expense, before its withdrawal. A Party's withdrawal shall not relieve it from liability to the non-withdrawing Parties concerning any obligations or liabilities attributable to the withdrawing Party under this Section 13 merely because they are not identified or identifiable at the time of withdrawal.

(C) Despite the foregoing, a Party shall not be liable for any operations or expenditures it voted against (other than operations and expenditures described in Section 13.4(A)(2) or Section 13.4(A)(3) if it sends notification of its withdrawal within five (5) Days (or within twenty-four (24) hours for Urgent Operational Matters) of the Working Interest Owners vote approving such operation or expenditure. Likewise, a Party voting against voluntarily entering into, or extending, a Plan of Operations Period or any phase of the Unit Agreement shall not be liable for the Minimum Work Obligations associated therewith provided that it sends notification of its withdrawal within thirty (30) Days of such vote under Section 13.2.

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

13.6 Assignment. A withdrawing Party shall assign its Working Interest and Participating Interest free of cost to each of the non-withdrawing Parties in the proportion that each of their Working Interest and Participating Interests (before the withdrawal), respectively, bears to the total Working Interest and Participating Interests of all the non-withdrawing Parties (before the withdrawal), unless the non-withdrawing Parties agree otherwise. The costs associated with the withdrawal and assignments shall be borne by the withdrawing Party.

13.7 Approvals. A withdrawing Party shall promptly join in such actions as may be necessary or desirable to obtain any Government approvals required in connection with the withdrawal and assignments. The non-withdrawing Parties shall use reasonable efforts to assist the withdrawing Party in obtaining such approvals. If the Government does not approve a Party's withdrawal and assignment to the other Parties, then the withdrawing Party shall at its option either (1) retract its notice of withdrawal by notice to the other Parties and remain a Party as if such notice of withdrawal had never been sent, or (2) to the extent allowed under the Unit Agreement and Laws hold its Working Interest or Participating Interest in trust for the exclusive benefit of the non-withdrawing Parties with the right to be reimbursed by the non-withdrawing Parties for any subsequent costs and liabilities incurred by it for which it would not have been liable, had it successfully withdrawn. Any penalties or costs incurred by the Parties in connection with such withdrawal shall be borne by the withdrawing Party.

13.8 **Security**. A Party withdrawing from this Agreement and the Unit Agreement under this Section 13 shall provide Security satisfactory to the other Parties to satisfy any obligations or liabilities for which the withdrawing Party remains liable under Section 13.4 (subject to Section 13.4(C)), but which become due after its withdrawal, including Decommissioning, if applicable.

13.9 **Withdrawal or Abandonment by All Parties**. If all Parties decide to withdraw, the Parties agree that they shall be bound by the terms and conditions of this Agreement for so long as may be necessary to wind up the affairs of the Parties with the Government, to satisfy any requirements of the Unit Agreement and the Laws, and to facilitate the sale, disposition or abandonment of property or interests held by the Joint Account, all under Section 2.

14. TAXES

14.1 **Taxes**. Each Party shall be responsible for reporting and discharging its own tax measured by the profit or income of the Party and the satisfaction of such Party's share of all contract obligations under the Unit Agreement and under this Agreement. Each Party shall protect, defend, and indemnify each other Party from any damage, loss, cost or liability arising from the indemnifying Party's failure to report and discharge such taxes or satisfy such obligations. Operator shall provide each Party, in a timely manner and at such Party's sole expense, with such information concerning Joint Operations as such Party may reasonably request for preparation of its tax returns or responding to any audit or other tax proceeding.

14.2 **United States Tax Election**.

(A) If, for United States federal income tax purposes, this Agreement and the operations under this Agreement are regarded as a partnership and if the Parties have not agreed to form a tax partnership, each Party elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A" of the United States Internal Revenue Code of 1986, as amended (the "Code"), to the extent permitted and authorized by Section 761(a) of the Code and the regulations promulgated thereunder. Operator is authorized and directed to sign and file for each Party such evidence of this election as may be required by the Internal Revenue Service, including all of the returns, statements, and data required by United States Treasury Regulations Sections 1.761-2 and 1.6031(a)-1(b)(5) and shall provide a copy of such filing to each Party. If Operator is not a Party, the Party who holds the greatest Participating Interest among the Parties shall fulfill the obligations of Operator under this Section 14.2. Should there be any requirement that any Party give further evidence of this election, each Party shall execute such documents and furnish such other evidence as may be required by the Internal Revenue Service or as may be necessary to evidence this election.

(B) No Party shall give any notice or take any other action inconsistent with the foregoing election. If any income tax laws of any state or other political subdivision of the United States or any future income tax laws of the United States or any such political subdivision contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A" of the Code, under which an election similar to that provided by Section 761(a) of the Code is permitted, each Party shall make such election as may be permitted or required by such laws. In making the foregoing election or elections, each Party states that the income derived by it from operations under this Agreement can be adequately determined without the computation of partnership taxable income.

15. VENTURE INFORMATION; CONFIDENTIALITY; INTELLECTUAL PROPERTY

15.1 Venture Information.

(A) Subject to applicable restrictions in contracts with third parties, each Party may use all information it receives under Section 4.4(A) (the "Venture Information") without the approval of any other Party, subject to any applicable restrictions and limitations set forth in this Section 15, this Agreement and the Unit Agreement. For purposes of this Section 15, the right to use shall include the right to copy and prepare derivative works.

(B) Each Party may, subject to any applicable restrictions and limitations set forth in the Unit Agreement, extend the right to use Venture Information to each of its Affiliates that are obligated to terms not less restrictive than this Section 15.

(C) The acquisition or development of Venture Information under terms other than as specified in this Section 15 shall require the approval of all of the Working Interest Owners. The request for approval submitted by a Party shall be accompanied by a description and summary of the use and disclosure restrictions that would be applicable to the Venture Information, and any such Party will be obligated to use all reasonable efforts to arrange for rights to use which are not less restrictive than specified in this Section 15.

(D) All Venture Information received by a Party under this Agreement is received on an "as is" basis without warranties, express or implied, of any kind. Any use of such Venture Information by a Party shall be at such Party's sole risk.

15.2 Confidentiality.

(A) Subject to the provisions of the Unit Agreement and this Section 15, the Parties agree that all information in relation with Joint Operations shall be considered confidential and shall be kept confidential, and shall not be disclosed during the term of the Unit Agreement and for a period of two (2) years afterwards to any person or entity not a Party to this Agreement, except:

(1) To an Affiliate under Section 15.1(B);

(2) To a governmental agency or other entity when required by the Unit Agreement;

(3) To the extent such information must be furnished in compliance with the applicable law or regulations, or pursuant to any legal proceedings or because of any order of any court binding upon a Party;

(4) To prospective or actual attorneys engaged by any Party where disclosure of such information is essential to such attorney's work for such Party;

(5) To prospective or actual contractors and consultants engaged by any Party where disclosure of such information is essential to such contractor's or consultant's work for such Party;

(6) To a bona fide prospective transferee of a Party's Working Interest or Participating Interest to the extent appropriate in order to allow the assessment of such Working Interest or Participating Interest (including an entity with whom a Party and/or its Affiliates are conducting bona fide negotiations directed toward a merger, consolidation, or the sale of a majority of its or an Affiliate's shares);

(7) To a bank or other financial institution to the extent appropriate to a Party arranging for funding;

(8) To the extent such information must be disclosed pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates; provided that if any Party desires to disclose information in an annual or periodic report to its or its Affiliates' shareholders and to the public and if such disclosure is not required under any rules or requirements of any government or stock exchange, then such Party shall comply with Section 19.6;

(9) To its respective employees for the purposes of Joint Operations or Exclusive Operations, as applicable, subject to each Party taking customary precautions to ensure such information is kept confidential; and

(10) Any information that, through no fault of a Party, becomes a part of the public domain or becomes public through operation of law.

Disclosure under Sections 15.2(A)(5), 15.2(A)(6), and 15.2(A)(7) shall not be made unless before such disclosure the disclosing Party has obtained a written undertaking from the recipient Party to keep the information strictly confidential for the same duration as required under this Agreement and to use the information for the sole purpose described in Sections 15.2(A)(5), 15.2.(A)(6), and 15.2(A)(7), whichever applies, with respect to the disclosing Party.

15.3 Intellectual Property.

(A) Subject to Sections 15.3(B), 15.3(C) and 15.5 and unless provided otherwise in the Unit Agreement, all intellectual property rights in the Venture Information shall be Joint Property. Each Party and its Affiliates have the right to use all such intellectual property rights in their own operations (including joint operations or a production sharing arrangement in which the Party or its Affiliates has an ownership or equity interest) without the approval of any other Party. Decisions regarding obtaining, maintaining and licensing such intellectual property rights shall be made by the Working Interest Owners and the associated costs shall be charged to the Joint Account.

(B) Nothing in this Agreement shall be deemed to require a Party to (1) Divulge proprietary technology to any of the other Parties; or (2) Grant a license or other rights under any intellectual property rights owned or controlled by such Party or its Affiliates to any of the other Parties

(C) If a Party or an Affiliate of a Party has proprietary technology applicable to activities carried out under this Agreement that the Party or its Affiliate desires to make available on terms and conditions other than as specified in Section 15.3(A), the Party or Affiliate may, with the prior approval of the Working Interest Owners, make the proprietary technology available on terms to be agreed. If the proprietary technology is so made available, then any inventions, discoveries, or improvements that relate to such proprietary technology and that result from Joint Account expenditures shall belong to such Party or Affiliate. In such case, each other Party shall have a perpetual, royalty-free, irrevocable license to practice such inventions, discoveries, or improvements, but only in connection with Joint Operations.

(D) Subject to Section 4.6(E), all costs (including reasonable legal costs and attorneys' fees) of defending, settling, or otherwise handling any claim that is based on the actual or alleged infringement of any intellectual property right shall be for the account of the operation from which the claim arose, whether Joint Operations or Exclusive Operations.

15.4 Continuing Obligations. Any Party ceasing to own a Working Interest or Participating Interest during the term of this Agreement shall nonetheless remain bound by the obligations of confidentiality in Section 15.2, and any Disputes in relation thereto shall be resolved under Section 18.

15.5 Trades. Operator may, with approval of the Working Interest Owners, make well trades and data trades for the benefit of the Parties, with any data so obtained to be furnished to all Parties who participated in the cost of the data that was traded. Operator shall cause any third party to such trade to enter into an undertaking to keep the traded data confidential.

16. FORCE MAJEURE

16.1 Force Majeure. If as a result of Force Majeure any Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation to pay any amounts due or to furnish Security, then the obligations of the Party giving such notice, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and for such reasonable period afterwards as may be necessary for the Party to put itself in the same position that it occupied before the Force Majeure, but for no longer period.

16.2 Procedure. The Party claiming Force Majeure shall notify the other Parties of the Force Majeure within a reasonable time after the occurrence of the facts relied on and shall keep all Parties informed of all significant developments. Such notice shall give reasonably full particulars of the Force Majeure and also estimate the period of time that the Party will probably require to remedy the Force Majeure. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner but shall not be obligated to settle any labor dispute except on terms acceptable to it, and all such disputes shall be handled within the sole discretion of the affected Party.

17. NOTICES

17.1 Form of Notices

(A) Except as otherwise specifically provided, all notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing, shall be deemed to have been properly given when

addressed to the appropriate Parties at the addresses as set out below, and (i) delivered in person; (ii) by a recognized international courier service maintaining records of delivery; or (iii) transmitted by e-mail, provided that the recipient transmits a manual written acknowledgment of successful receipt, which the recipient shall have an affirmative duty to furnish promptly after successful receipt.

Daniel K. Donkel
1030 Weathered Wood Circle
Winter Springs, FL 32708

Samuel H. Cade.
6352 Bushwoods Drive
Frisco TX 75036

Other:

(B) Oral communication does not constitute notice for purposes of this Agreement. With respect to facsimile and/or e-mail communication automatic delivery receipts issued without direct human authorization shall not be evidence of effective notices for purposes of this Agreement.

17.2 Delivery of Notices. A notice given under this Agreement shall be deemed delivered only when received by the Party to whom such notice is directed, and the time for such Party to deliver any notice in response to such originating notice shall run from the date the originating notice is received. "Received" for purposes of giving notice under this Agreement shall mean actual delivery of the notice to the address of the Party specified in Section 17.1 or to the most current address specified in a notice under Section 17.3; provided that any notice sent by email after 5:00 p.m. on a Business Day or on a weekend or holiday at the location of the receiving Party shall be deemed given on the next following Business Day of the receiving Party.

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

18. GOVERNING LAW; RESOLUTION OF DISPUTES

18.1 Governing Law. This Agreement is governed by and interpreted under the laws of the State of Alaska, without regard to its choice of law rules. Arbitration shall be governed by the Revised Uniform Arbitration Act as adopted by the State of Alaska, AS 09.43.300 - .595 ("Arbitration Act"), except as modified in this Agreement.

18.2 **Resolution of Disputes**. Before initiating litigation, the Parties shall work together in good faith to resolve any Dispute between them using direct negotiations and mediation as set out in this Section 18. While the procedures in this Section 18 are pending, each Party shall continue to perform its obligations under this Agreement, unless to do so would be impossible or impracticable under the circumstances.

18.3 **Direct Negotiations**. If a Dispute arises, a Party shall initiate the resolution process by giving Formal Notice setting out in writing and in detail the issues in Dispute and the value of the claim to the other Party. A meeting between the Parties, attended by individuals with decision-making authority, must take place within thirty (30) Days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.

18.4 **Mediation**. If the Dispute cannot be settled by direct negotiations within thirty (30) Days of initiation of the resolution process, either Party may initiate non-binding mediation by giving Formal Notice to the other Party. The place of mediation shall be Anchorage, Alaska. The Parties shall select a mutually acceptable mediator within five (5) Business Days of the notice initiating mediation.

18.5 **Arbitration**. If the Dispute is not resolved by mediation within thirty (30) Days from the date of the notice requiring mediation, or if the Dispute is unresolved within sixty (60) Days from the date of the notice requiring direct negotiations, then the Dispute shall be finally settled by binding arbitration and either Party may initiate such arbitration by giving Formal Notice to the other Party. The arbitration shall be conducted in accordance with The International Institute for Conflict Prevention & Resolution ("CPR") Rules for Non-Administered Arbitration ("CPR Rules"), except to the extent of conflicts between the CPR Rules at present in force and the provisions of this Agreement, in which event the provisions of this Agreement prevail. The CPR is the appointing authority. The place of arbitration shall be Anchorage, Alaska.

18.6 **Procedure**. The following provisions shall apply to any arbitration proceedings commenced pursuant to Section 18.5:

(A) The number of arbitrators shall be one if the monetary value of the Dispute is US $5,000,000 or less. The number of arbitrators shall be three if the monetary value is greater than US $5,000,000.

(B) The arbitrator or arbitrators must remain neutral, impartial and independent regarding the Dispute and the Parties. If the number of arbitrators to be appointed is one, that arbitrator, or the presiding arbitrator if the arbitrators are three, must be a lawyer experienced in the resolution of disputes with experience relating to the issues in dispute.

(C) The Parties waive any claim or right to recover for, and the arbitrator has or arbitrators have no power to award, incidental, consequential, punitive or exemplary damages. The arbitrator has or arbitrators have no authority to appoint or retain expert witnesses for any purpose unless agreed to by the Parties. The arbitrator has or arbitrators have the power to rule on objections concerning jurisdiction, including the existence or validity of this arbitration clause and existence or the validity of this Agreement.

(D) All arbitration fees and costs shall be borne equally regardless of which Party prevails. Each Party shall bear its own costs of legal representation and witness expenses.

(E) The arbitrator is or arbitrators are authorized to take any interim measures as the arbitrator considers or arbitrators consider necessary, including the making of interim orders or awards or partial final awards. An interim order or award may be enforced in the same manner as a final award using the procedures specified below. Further, the arbitrator is or arbitrators are authorized to make pre- or post-award interest at the interest rate at the then-current post judgment interest rate for civil cases by the federal courts in the State of Alaska.

(F) The arbitrator or arbitrators must render a reasoned award in writing. This award shall be based upon a decision which must detail the findings of fact and conclusions of law on which it rests.

(G) The Dispute will be resolved as quickly as possible. The arbitrator's or arbitrators' award must be issued within three (3) Months from completion of the hearing, or as soon as possible thereafter.

18.7 Enforceability.

(A) All disputes arising under this Agreement not resolved by the Parties via mediation and/or arbitration will be resolved in the state or federal courts of Alaska in Anchorage, Alaska. Each party, to the extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal proceeding arising out of or relating to this Agreement and the transactions it contemplates. This waiver applies to any action or legal proceeding, whether sounding in contract, tort, or otherwise

(B) Except for proceedings to preserve property pending determination by the arbitrator or arbitrators or to enforce an award, the mandatory exclusive venue for any judicial proceeding permitted in this Agreement is Anchorage, Alaska. The Parties consent to the jurisdiction of the state and

federal courts in Anchorage, Alaska, and waive any defenses they have regarding jurisdiction.

(C) Proceedings to enforce judgment entered on an award may be brought in any court having jurisdiction over the person or assets of the non-prevailing Party. The prevailing Party may seek, in any court having jurisdiction, judicial recognition of the award, or order of enforcement or any other order or decree that is necessary to give full effect to the award.

18.8 Confidentiality.

(A) The Parties agree that any Dispute and any negotiations, mediation and arbitration proceedings between the Parties in relation to any Dispute shall be confidential and will not be disclosed to any third party.

(B) The Parties further agree that any information, documents or materials produced for the purposes of, or used in, negotiations, mediation or arbitration of any Dispute shall be confidential and will not be disclosed to any third party.

(C) Without prejudice to the foregoing, the Parties agree that disclosure may be made:

(1) In order to enforce any of the provisions of this Agreement including without limitation, the agreement to arbitrate, any arbitration order or award and any court judgment.

(2) To the auditors, legal advisers, insurers and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend.

(3) Where that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation.

(4) With the prior written consent of the other Party.

(D) The Parties agree to submit to the jurisdiction of the state and federal courts in Anchorage, Alaska, for the purposes of any proceedings to enforce this Section 18.8.

19. GENERAL PROVISIONS

19.1 Authority. Each Party represents to each other Party that it has the legal authority to enter into and perform this Agreement and each obligation assumed by such Party under this Agreement.

19.2 Further Assurances. The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or perform the intent and purposes of this Agreement or to show the ability to perform the intent and purposes of this Agreement.

19.3 No Duty to Third Parties. This Agreement is made for the sole benefit of the Parties and their respective successors and assigns. The Parties do not intend to create, and this Agreement will not be construed to create, by implication or otherwise, any rights in any other person or entity not a Party to this Agreement, and no such person or entity will have any rights or remedies under or by reason of this Agreement, or any right to the exercise of any right or power hereunder or arising from any default hereunder.

19.4 Conduct of the Parties. Each Party represents and warrants to the other Party that said Party or its subcontractors, or its and their owners, shareholders, members, partners, directors, offices, employees, or other agents have neither paid, agreed to pay, nor will pay, any sums, kickbacks, or other such consideration to any owners, shareholders, partners, directors, offices, employees, or other agent of the other Party, or to any third party in connection with this Agreement, nor has any such payment or agreement for payment been requested or solicited by any such owners, shareholders, members, partners, directors, offices, employees, or other agents.

19.5 Binding Nature. Subject to the limitations on Transfer contained in Section 12, this Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective Parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the full term of this Agreement.

19.6 Public Announcements.

(A) Operator shall be responsible for the preparation and release of all public announcements and statements regarding this Agreement or the Joint Operations; provided that no public announcement or statement shall be issued or made unless, before its release, all the Parties have been furnished with a copy of such statement or announcement. If a public announcement or statement becomes necessary or desirable because of danger to, or loss of, life, damage to property or pollution resulting from activities arising under this Agreement, Operator is authorized to issue and make such announcement or statement, but Operator shall promptly furnish all the Parties with a copy of such announcement or statement.

(B) If a Party wishes to issue or make any public announcement or statement regarding this Agreement or the Joint Operations, it shall not do so unless, before the release of the public announcement or statement, such Party

furnishes all the Parties with a copy of such announcement or statement, and obtains the approval of all Working Interest Owners; provided that, despite any failure to obtain such approval, no Party shall be prohibited from issuing or making any such public announcement or statement if it is necessary to do so in order to comply with the applicable laws, rules, or regulations of any government, legal proceedings or stock exchange having jurisdiction over such Party or its Affiliates as set forth in Section 15.2.

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

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

19.9 Counterpart Execution. This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, including electronic transmittals, each of which when so executed will be deemed an original, but all such counterparts, when taken together, will constitute but one and the same Agreement. In the event one Party executes the Agreement, and the other Parties do not execute the Agreement within ten (10) Days of the first Party's execution, the execution of the Agreement by the first Party will be deemed null and void. For purposes of assembling all counterparts into one document, Operator is authorized to detach the signature page from one or more counterparts and, after signature of such page by the respective Party, attach each signed signature page to the document.

Signatures on Following Page

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the Preamble.

Name: Daniel K. Donkel

Title:

Signature:

Date: _____

Name: Samuel H. Cade

Title:

Signature:

Date: _____

Name: _____

Title: _____

Date: _____

Signature:

_____

Name: _____

Title: _____

Date: _____

Signature:

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the Preamble.

Name: Daniel K. Donkel

Title:

Signature:

Date: 12/7/22

Name: Samuel H. Cade

Title:

Signature: Samuel H. Cade

Date: 12/7/2022

Name: _____

Title: _____

Date: _____

Signature:

_____

Name: _____

Title: _____

Date: _____

Name: _____

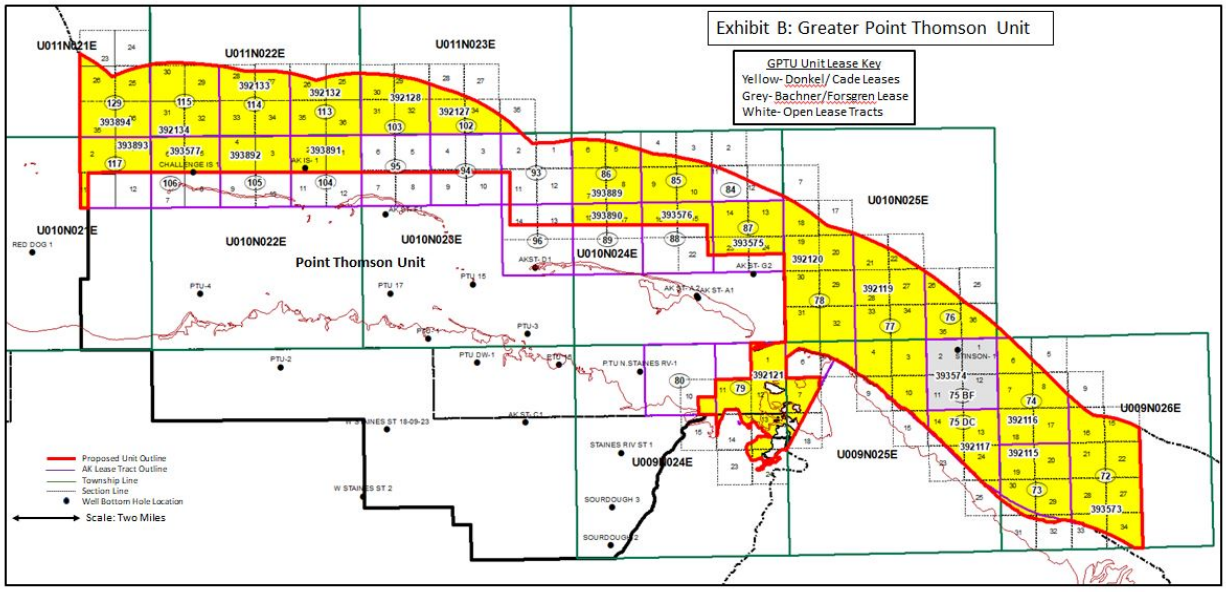
Title: _____

Date: _____

Signature:

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit A
Map of the Greater Point Thomson Unit



GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit B
Leases Included in the Greater Point Thomson Unit

Greater Point Thomson Unit 10/17/2022

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	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; Section 30, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 541.80 acres; Section 31, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 12.59 acres; Section 32, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 108.64 acres; This Tract (73) contains 2,576.03 acres, more or less.
74	392116	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,963.43	Tract 74 T. 009N., R. 026E., Umiat Meridian, Alaska. 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; 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; Section 7, Protracted, All, 628.00 acres; 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; Section 17, Protracted, All, 640.00 acres; Section 18, Protracted, All, 631.00 acres; This Tract (74) contains 2,963.43 acres, more or less.
75 D/C	392117	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	1,950.22	Tract 75 donkel cade T. 009N., R. 025E., Umiat Meridian, Alaska. Section 13, Protracted, All, 640.00 acres; Section 14, Unsurveyed, All tide and submerged lands seaward of the Arctic National Wildlife Refuge (PLO 2214), 562.05 acres;

									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; 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. 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; This Tract (76) contains 1,519.21 acres, more or less.
77	392119	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	5,395.77	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. 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	3.00%	12.50%	84.50%	4,900.70	Tract 78

				25%					
									T. 009N., R. 025E., Umiat Meridian, Alaska. 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. 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; 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; 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; This Tract (78) contains 4,900.70 acres, more or less.
79	392121	12/1/2014	11/30/2024	Cade 75% / Donkel 25%	3.00%	12.50%	84.50%	3,016.20	Tract 79 T. 009N., R. 024E., Umiat Meridian, Alaska. Section 1, Protracted, All tide and submerged lands excluding State of Alaska Oil and Gas Lease ADL 390310, 624.20 acres; Section 11, Unsurveyed, All tide and submerged lands, 603.00 acres; Section 12, Unsurveyed, All tide and submerged lands, 563.00 acres; Section 13, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 404.00 acres; Section 14, Unsurveyed, All tide and submerged lands, 109.00 acres; Section 23, Unsurveyed, All tide and submerged lands, 20.00 acres; Section 24, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 106.00 acres; T. 009N., R. 025E., Umiat Meridian, Alaska. Section 7, Unsurveyed, All tide and submerged lands excluding PLO 2214, 486.00 acres; Section 18, Unsurveyed, All tide and submerged lands PLO 2214, 101.00 acres; This Tract (79) contains 3,016.20 acres, more or less.
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.
72	393573	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	4,390.52	Tract 72 T. 009N, R. 026E, Umiat Meridian, Alaska. 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; Section 33, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 255.11 acres; Section 34, Unsurveyed, All tide and submerged lands, excluding PLO 2214, 592.34 acres; This Tract (BS0072) contains 4,390.52 acres, more or less
87	393575	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,920.00	Tract 87 T. 010N, R. 024E, Umiat Meridian, Alaska. 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; This Tract (BS0087) contains 1,920.00 acres, more or less
88	393576	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	911.6	Tract 88 T. 010N, R. 024E, Umiat Meridian, Alaska.

									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; Section 22, Protracted, E1/2E1/2 excluding oil and gas leases ADL 312866 and ADL 343109, 49.93 acres; This Tract (BS0088) contains 911.60 acres, more or less
86	393889	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,150.16	Tract 86 T. 010N., R. 024E., Umiat Meridian, Alaska. 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; 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; Section 7, Protracted, All tide and submerged lands, 612.00 acres; Section 8, Protracted, All tide and submerged lands, 640.00 acres; This Tract (BS0086) contains 2,150.16 acres, more or less.
89	393890	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	773.63	Tract 89 T. 010N., R. 024E., Umiat Meridian, Alaska. Section 17, Protracted, All tide and submerged lands excluding oil and gas lease ADL 312866, 399.23 acres; 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.

105	393892	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,300.29	Tract 105 T. 010N., R. 022E., Umiat Meridian, Alaska. Section 3, Protracted, All tide and submerged lands, 640.00 acres; Section 4, Protracted, All tide and submerged lands, 640.00 acres; T. 010N., R. 022E., Tract A, Umiat Meridian, Alaska. 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; This Tract (BS0105) contains 1,300.29 acres, more or less.
117	393893	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,413.10	Tract 117 T. 010N., R. 021E., Umiat Meridian, Alaska. Section 1, Protracted, All tide and submerged lands, excluding oil and gas leases ADL 377016 and ADL 389728, 636.21 acres; Section 2, Protracted, All tide and submerged lands, excluding oil and gas lease ADL 389728, 634.96 acres; Section 11, Protracted, All tide and submerged lands, excluding oil and gas lease ADL 389728, 141.93 acres; This Tract (BS0117) contains 1,413.10 acres, more or less.
129	393894	7/1/2020	6/30/2028	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,527.84	Tract 129 T. 011N., R. 021E., Umiat Meridian, Alaska. 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; 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; 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; 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; This Tract (BS0129) contains 2,527.84 acres, more or less.
102	392127	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	1,431.02	Tract 102

									T. 011N., R. 023E., Umiat Meridian, Alaska. 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; 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; 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; 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.
103	392128	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,047.61	Tract 103 T. 011N., R. 023E., Umiat Meridian, Alaska. 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; 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.
113	392132	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,151.93	Tract 113 T. 011N., R. 022E., Umiat Meridian, Alaska. 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; 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; Section 35, Protracted, All, 640.00 acres; Section 36, Protracted, All, 640.00 acres; This Tract (113) contains 2,151.93 acres, more or less.
114	392133	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,378.83	Tract 114 T. 011N., R. 022E., Umiat Meridian, Alaska. 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; 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; Section 33, Protracted, All, 640.00 acres; Section 34, Protracted, All, 640.00 acres; This Tract (114) contains 2,378.83 acres, more or less.

115	392134	1/1/2013	12/31/2022	Cade 75% / Donkel 25%	0.00%	12.50%	87.50%	2,556.45	Tract 115 T. 011N., R. 022E., Umiat Meridian, Alaska. 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; 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; 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; Section 30, Protracted, All, 604.00 acres; Section 31, Protracted, All, 607.00 acres; Section 32, Protracted, All, 640.00 acres; This Tract (115) contains 2,556.45 acres, more or less.
106	393577	4/1/2018	3/31/2026	Cade 75% / Donkel 25%	0.00%	16.67%	83.33%	1,252.00	Tract 106 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 LEASE ADL 388427, 165.44 ACRES; THIS TRACT CONTAINS 165.44 ACRES, MORE OR LESS.
94	Open							1373.25	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; This Tract (94) contains 1,373.25 acres, more or less.
95	Open	1313.02	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; Section 8, Protracted, N1/2N1/2 excluding oil and gas leases ADL 312862 and ADL 389730, 35.90 acres; This Tract (95) contains 1,313.02 acres, more or less.
96	Open	2560	Tract 96 Meridian: U Township: 010N Range: 023E Section: 13 Section Acres: 640 Meridian: U Township: 010N Range: 023E Section: 14 Section Acres: 640 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**

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit C
Accounting Procedure

To Be Determined

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit D
Gas Balancing Agreement

To Be Determined

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GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit C
Accounting Procedure

I. GENERAL PROVISIONS

1. Definitions. All terms used in this Accounting Procedure, if not otherwise defined below, shall have the meaning as in the Agreement to which this Accounting Procedure is attached (the "Agreement").

"**Agreed Interest Rate**" shall have the meaning as ascribed to it in the Agreement.

"**Agreement**" means the Greater Point Thomson Unit Joint Operating Agreement between the Parties to which this Accounting Procedure is attached.

"Catastrophe" is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster.

"**Consenting Parties**" shall have the meaning as ascribed to it in the Agreement.

"**COPAS**" means the Council of Petroleum Accountants Societies.

"**Critical Spare**" means Material owned by the Joint Account and held in inventory for emergency requirements because the lack of availability could have

a major impact on operations under the Agreement and could create significant financial, safety or environmental issues.

"**Exclusive Operation**" shall have the meaning as ascribed to it in the Agreement.

"**First Level Supervision**" means those employees, regardless of location, whose primary function in Joint Operations is the direct oversight of the Operator's employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

(A) Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling;

(B) Responsibility for Day-to-Day direct oversight of rig operations;

(C) Responsibility for Day-to-Day direct oversight of construction operations;

(D) Responsibility for warehousing operations for Materials owned by the Joint Account;

(E) Coordination of job priorities and approval of work procedures;

(F) Responsibility for optimal resource utilization (equipment, material, personnel);

(G) Responsibility for meeting production and field operating expense targets;

(H) Representation of the Parties in local matters involving community, vendors, landowners, and regulatory agencies, as an incidental part of the supervisor's operating responsibilities;

(I) Responsibility for all emergency responses with field staff;

(J) Responsibility for implementing health, safety, security and environmental practices;

(K) Responsibility for field adherence to company policy, standards and procedures;

(L) Responsibility for employment decisions and performance appraisals for field personnel;

(M) Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders

(N) Oversight of field operational facilities (e.g., Operations Site Managers (OSM)) and wells (e.g., Wellsite Leader), including operations team and maintenance teams which may be led by Team Leaders

Other employees of Operator and Non-Operator directly employed and working in the conduct of Unit Operations at fabrication and vendor yards, staging areas, warehouses, if such costs are not included in rates charged under Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) and are not a function covered under Section III (Overhead).

"**Government**" shall have the meaning as ascribed to it in the Agreement.

"**Joint Account**" shall have the meaning as ascribed to it in the Agreement.

"**Joint Operations**" shall have the meaning as ascribed to it in the Agreement.

"**Joint Property**" shall have the meaning as ascribed to it in the Agreement.

"**Laws**" shall have the meaning as ascribed to it in the Agreement.

"**Learning Center**" (LC) means a facility with instructors and other support staff which provides training to directly chargeable personnel. Learning Centers may be owned in whole or in part by the Operator, Affiliates or third parties and include, but are not limited to, the Operator owned learning centers.

"Major Construction" shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities.

"**Material**" means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

"**Non-Operator**" shall have the meaning as ascribed to it in the Agreement.

"**Offshore Facilities**" means gravel islands, platforms, development and production facilities, and other support systems, including but not limited to oil and gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking installations, rigs and marine vessels, communication facilities, navigation aids, and other similar facilities necessary in the conduct of offshore operations, all of which are located offshore.

"**Offshore Facilit**ies" includes Offsite Host Facilities.

"**Off-site**" means any location that is not On-site.

"**Offsite Host Facilities**" are any facilities which are owned or leased in whole or in part by a Party or its Affiliates and used to conduct Joint Operations, including but not limited to operations offices, operations training facilities, operations control room facilities and other facilities used to provide direct service to personnel who are conducting joint operations.

"**On-site**" means a location on the Joint Property. The term "On-site" also includes, but is not limited to the Offshore Facilities, Shore Base Facilities, fabrication and vendor yards, warehouses, staging areas, laboratories and testing sites from which Joint Operations are conducted, regardless of its location and whether the facility or equipment is owned by the Joint Account.

"**Operations Office**" means a building or portion thereof, whether a temporary or permanent installation, which is the primary work location of directly chargeable personnel, including employees of a Party, Affiliates or third parties.

"**Operator**" shall have the meaning as ascribed to it in the Agreement.

"**Participating Interest**" shall have the meaning as ascribed to it in the Agreement.

"**Parties**" shall mean the parties to the Agreement.

"**Personal Expenses**" means costs for travel, transportation, meals, accommodations, temporary living, relocation, and other expenses directly reimbursed or reimbursed on a per diem basis under the usual practice of the Operator, Non-Operator, or Affiliate, as applicable.

"**Project Team**" means the group of employees, contractors, and/or consultants of the Parties or their Affiliates, who assist the Operator in carrying out the scope of work for Work Programs and Budgets, Appraisal Plans, Development Plans, Exploration Plans and other Plans of Operations.

"**Rig-Related Costs**" means rig modification, commissioning, mobilization, repair, abandonment and demobilization costs paid to or on behalf of the rig builder or drilling contractor, as applicable, by the Party providing the rig, and

On-site and Off-site labor costs incurred by the Party providing the rig to oversee the construction, modification, commissioning, mobilization, repair, abandonment or demobilization of a rig, but excluding costs that are classified as overhead under Section III (Overhead).

"**Shore Base Facilities**" means onshore support facilities that provide such services to the Joint Property as a receiving and transshipment point for Material; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; operations, controls and support and other associated functions serving Joint Operations.

"**Technical Services**" means engineering, geosciences, or other professional services, such as those performed by engineers, geologists, geophysicists, environmentalists, technicians and drafters. This term applies to persons performing the aforementioned services, regardless of whether they have attained the specialization at an accredited college or university, or acquired it through a combination of work experiences and continuing education, and regardless of whether provided by the Operator, Non-Operator, Affiliate, or third parties. Technical Services shall not include those functions specifically identified as overhead under Section III (Overhead).

"**Work Management System**" (WMS) means a computer system, regardless of location, with technology and dedicated staffing, which provides for the planning and scheduling of maintenance and repair activities for wells, equipment and other Joint Operations.

2. Statements and Billings

(A) The Operator shall bill each Non-Operator on or before the last Day of the Month for its Participating Interest share of the Joint Account costs for the preceding Month. Such bills shall identify the charges and credits summarized by appropriate categories of investment and expense and summarized by applicable Work Program and Budget categories in accordance with the Work Program and Budget approved under Section 6 of the Agreement. Operator shall furnish supplementary statements to all Non-Operators with sufficient detail to isolate components, discrete activities, programs, types of costs and the assets to which they are attributable. Materials inventory charges shall be separately identified and fully described in detail, or at Operator's option, Materials inventory charges may be summarized by major classifications. Audit adjustments, and unusual charges and credits shall be separately and clearly identified. Operator shall provide other information as needed for Non-Operators to comply with their tax reporting requirements.

(B) Each Non-Operator shall bill the Operator on or before the last Day of the Month for the costs incurred in the prior Month, in accordance with the provisions contained herein, for the goods and services supplied by the Non-Operator, including salaries, wages, payroll burden, benefits, and Personal Expenses, if any, of its employees, Affiliate employees, or contractors to the extent such personnel are chargeable under Section II

(Direct Charges) or the charges have been approved by the Parties pursuant to Section I.6 (Approval by Parties).

(C) The Operator shall reimburse the Non-Operators in accordance with Section I.3 (Advances and Payments) for costs billed under Section I.2.B.

(D) The Non-Operator costs billed under Section I.2.B shall be considered Joint Account costs, and the provisions of this Accounting Procedure shall apply to such expenditures, including provisions dealing with payments, adjustments, and audits, under Paragraphs 3, 4 and 5 of this Section I; provided, however, the Non-Operator shall not be entitled to assess overhead, under Section III.1 (Overhead – Project and Operating), for costs billed by it under Section I.2.B.

(E) Any statements and bills required under Section I.2 (Statements and Billings) and/or Section I.3 (Advances and Payments) may be sent by email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper copies. The Party issuing the electronic statement shall provide the recipient with instructions and any necessary information to access and receive the statements and bills within the time frames specified herein. A statement or bill sent pursuant to this Section I.2.E shall be deemed to be delivered twenty-four (24) hours (exclusive of weekends and federal holidays) after the sender notifies the recipient that the statement or bill is available on the website and/or was sent via email, electronic data interchange transmission, or other equivalent electronic media.

3. Advances and Payments

(A) The Operator may require the Non-Operators to advance their share of the estimated cash outlay, subject to the exclusions specified in Section I.3.B, for the succeeding Month's activities and operations. Unless otherwise provided in the Agreement, any bill for such advance shall be payable within fifteen (15) Days after receipt of the advance request or by the first Day of the Month for which the advance is required, whichever is later. If the due date of such advance falls on a weekend or a federal holiday, the payment will be due on the following Business Day. The Operator shall adjust each Monthly bill to reflect advances received from the Non-Operators for such Month. If a refund is due, the Operator shall apply the amount to be refunded to the subsequent Month's bills or advances, unless the Non-Operator sends the Operator a written request for a cash refund. If a refund is due and specifically requested, the Operator shall remit the refund to the Non-Operator within fifteen (15) Days of receipt of such written request.

(B) Subject to Section I.4 hereof, whether or not any amounts due are disputed and regardless of whether the grounds of such dispute is alleged Gross Negligence/Willful Misconduct of any Party, each Party shall pay the whole amount of its Participating Interest share of all Joint Account charges each Month. A Party's payment of any charge shall not prejudice its right to later contest the charge.

If the Operator does not issue a cash call to Non-Operators, then Operator shall bill each Non-Operator for its share of expenditures in the statement rendered by Operator to Non-Operators under Section I.2. The due date for payment of any amount billed to Non-Operators in a statement shall be fifteen (15) Days following receipt of the statement from Operator.

Any amount that is due and payable and that is paid after the due date will be subject to the Agreed Interest Rate, at the discretion of the Party owed payment.

(C) Each Party shall pay its respective cash advances, bills, and refunds by electronic funds transfer.

4. Adjustments

(A) Payment of a bill shall not prejudice the right of any Party to protest or question the correctness thereof; however, subject to Section I.3.B, all bills and statements, including payout statements, rendered during any Calendar Year shall conclusively be presumed to be true and correct, with respect only to expenditures, after twenty-four (24) Months following the end of any such Calendar Year, unless within said period a Party takes specific detailed written exception thereto making a claim for adjustment.

(B) All adjustments initiated by the billing Parties, except those described in (1) through (5) of this Section I.4.B, must be made no later than the twenty-four (24) Month period following the end of the Calendar Year in which the original charge appeared or should have appeared on the billing Party's Joint Account statement or payout statement. Adjustments made after the twenty-four (24) Month period are limited to those resulting from:

(1) a physical inventory of Material as provided for in Section V (Inventories of Materials); or

(2) an offsetting entry, whether in whole or in part, that is the direct result of a specific joint interest audit exception granted by the Party relating to another property; or

(3) an audit by the Government; or

(4) changes in a Participating Interest share; or

(5) first time or amended charges that were not previously received from third parties.

5. Expenditure Audits

(A) Subject to Section I.5.F, and provided that a Non-Operator has timely paid its obligations in accordance with Section I.3.B, the Non-Operator, upon written notice to the Operator and all other Non-Operators, has the right to audit the accounts and records relating to the Joint Account no later than twenty-four (24) Months following the end of the Calendar Year in which the bill was rendered; however, conducting an audit shall not extend the time provided for taking written exceptions and making adjustments under Section I.4 (Adjustments). Any Party that is subject to payout accounting under the Agreement has the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include accounts of the volumes and proceeds of Hydrocarbons produced and saved insofar as they pertain to payout accounting required under the Agreement. Audits of a payout account shall be conducted prior to expiration of the twenty-four (24) Month period following the end of the Calendar Year in which the Operator, or other Party, if applicable, rendered the payout statement.

Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter "lead audit company") shall make good faith efforts to issue the audit report within ninety (90) Days after completion of the audit testing and analysis; however, the ninety (90) Day time period shall not extend the deadline for taking specific detailed written exception as required in Section I.4.A. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter "Written Exceptions"), with respect to the claims made therein, precludes the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to

assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving Written Exceptions, as provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.C, the Operator's waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations; provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

(B) The Operator shall provide a written response to all Written Exceptions within one hundred eighty (180) Days after Operator receives such Written Exceptions. Denied Written Exceptions should be accompanied by a substantive response, which contains factual data and/or contract references to support the Operator's position.

(C) The lead audit company shall reply to the Operator's response to a Written Exception within ninety (90) Days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) Days of receipt; provided, however, each Non-Operator has the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties.

(D) If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any Written Exceptions are not resolved within fifteen (15) Months after Operator receives them, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting as set forth in this Section I.5.D, or it may invoke the dispute resolution procedures included in Section 18 of the Agreement. The Party calling the resolution meeting must give at least one month's written notice to Operator and all Non-Operators participating in the audit. The meeting shall be held at Operator's office or another mutually agreed location and shall be attended by representatives of the Parties who have authority to resolve such outstanding issues. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each issue is resolved or one or more of the Parties invokes the dispute resolution procedures included in Section 18 of the Agreement.

(E) The Agreement and this Accounting Procedure contemplate the Non-Operators' incurring expenditures to be billed to the Operator pursuant to

Section I.2.B (Statements and Billings) and charged to the Joint Account. Accordingly, such Non-Operators shall maintain records supporting such charges and make them available for audit pursuant to this Section I.5. Regarding such charges, the Operator and other Non-Operators are hereby provided the same rights and obligations as set forth in Sections I.5.A through I.5.D as pertain to the Non-Operators in an audit of the Joint Account. The Non-Operator whose records are being audited is hereby provided the same rights and obligations as set forth in Sections I.5.A through I.5D for the Operator.

(F) In lieu of allowing the other Parties to audit an Affiliate's records, the Party providing an Affiliate shall provide an annual report from an independent public accounting firm attesting that (i) the charges billed from such Affiliate represent a complete and accurate allocation of its costs, and do not contain a profit component. The cost of providing the annual report shall be borne by the Party providing the Affiliate.

6. Approval by Parties

Where an approval or other agreement of the Parties is expressly required under other sections of this Accounting Procedure, and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Party's proposal, and the agreement or approval of the Operator and a majority in interest of the Non-Operators shall be controlling on all Parties.

7. Exclusive Operations

This Accounting Procedure shall apply separately, *mutatis mutandis*, to Exclusive Operations. Accordingly, Operator shall maintain charges and credits applicable to Exclusive Operations separately from charges and credits applicable to Joint Operations. In determining and calculating the remuneration of the Consenting Parties, including the premiums for Exclusive Operations, Operator shall express the costs and expenditures in U.S. dollars (irrespective of the currency in which the expenditures were incurred).

II. DIRECT CHARGES

The Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals, royalties, rights of use and easements paid by the Operator on behalf of Joint Operations.

2. Labor

(A) Salaries and wages, including incentive compensation programs, for:

(1) Project Team. Employees of the Operator and Non-Operator, including Secondees, assigned to a Project Team on a full-time or part-time basis shall be charged directly to the Joint Account. Personnel assigned to a Project Team on a part-time basis shall be charged to the Joint Account based on actual time worked. Employees not assigned to a Project Team but providing Technical Services and working under the direction of a Project Team shall be charged to the Joint Account based on actual time worked. Charges for contractor and Affiliate personnel assigned to or working at the direction of a Project Team are governed by Section II.5 (Services) or Section II.7 (Affiliate Services), as applicable.

(2) Operations Other than Project Team. For the following individuals engaged in activities and operations other than those of a Project Team, Operator shall charge:

(i) field employees directly employed in the conduct of Joint Operations;

(ii) employees providing First Level Supervision, as defined in Section I.1 (Definitions) of this Accounting Procedure,

(iii) employees providing Technical Services in the conduct of Joint Operations, and

(iv) other employees directly employed On-site in the conduct of Joint Operations if such costs are not included in rates charged under Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) and are not a function covered under Section III (Overhead).

For clarification, if the Parties do not form a Project Team and the Operator or another Party prepares a Development Plan that receives approval under the Agreement, the labor costs to generate and submit the approved Development Plan shall be directly chargeable to the Joint Account.

Charges for the employees identified in Section II.2.A shall be based on the employee's actual salaries and wages and performance bonuses, or in lieu thereof, a Day rate representing the employer's average salaries and wages and performance bonuses of the employee's specific job category.

(B) Operator's, or Non-Operator's, as applicable, cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination allowances. Such costs may be charged on a "when and as-paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall be based on the Operator's, or Non-Operator's, as applicable, cost experience.

(C) Expenditures or contributions made pursuant to assessments imposed by the Government that are applicable to costs chargeable to the Joint Account under Sections II.2.A and B.

(D) Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the expenses are incurred in connection with directly chargeable activities; provided, however, relocation costs that (i) result from reorganization or merger of a Party, or that are for the primary benefit of the Operator, or Non-Operator, as applicable, or (ii) are for personnel assigned to Joint Operations for less than twelve (12) consecutive Months, shall not be chargeable unless agreed to by the Parties pursuant to Section I.6 (Approval by Parties).

(E) The cost of operational, technical, health, safety, environment or Government-mandated training for personnel whose salaries and wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, payroll burden and benefits, training course cost, and Personal Expenses incurred during the training. Such training cost shall be charged on a pro-rata basis to all properties directly benefiting from the training. Training provided by a facility owned by a Party or its Affiliate, including a Learning Center, will be charged in accordance with Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates).

(F) Cost of established plans for employee benefits, including, but not limited to, group life insurance, medical and dental insurance, retirement plan/401K contributions, stock purchase, savings plans and bonuses will be determined by applying the employee benefits limitation percentage most recently recommended by COPAS to the chargeable salaries and wages under Sections II.2.A and B.

(G) Award payments to employees, in accordance with COPAS MFI-49 ("Awards to Employees and Contractors") for personnel whose salaries and wages are chargeable under Section II.2.A., to the extent such awards pertain to services provided for activities or operations conducted under the Agreement.

3. Material

Material purchased or furnished by the Operator for Joint Operations, as provided under Section IV (Material Purchases, Transfers, and Dispositions).

4. Transportation

The cost of transporting a Party's employees, Affiliate's employees, contractor's personnel, and Material necessary for Joint Operations, subject to Section IV (Material Purchases, Transfers and Dispositions).

5. Services

(A) The cost of services (personnel and equipment) provided by third parties, including Technical Services provided in the conduct of Joint Operations, but excluding services covered by Section II.7 (Affiliate Services), Section II.9 (Legal Expense), or Section III (Overhead). The cost of awards to third parties shall be chargeable to the Joint Account (i) if such third parties are chargeable under this Section II.5, and (ii) to the extent such awards pertain to services provided for activities or operations conducted under the Agreement. The cost of operational, technical, health, safety, environment or Government-mandated training shall be chargeable to the Joint Account, for third parties who are chargeable under this Section II.5.

(B) If a third party service provider itemizes their invoices and identifies incidental costs related to services that this accounting procedure would classify as an overhead function, those costs are to be considered part of the overall cost of the third party service and directly chargeable to the Joint Account as long as they are services customarily provided by the service company in conjunction with the main service being provided.

(C) Pursuant to Section 4.2 of the Agreement, the Operator will procure services for Joint Operations based on contractual terms it deems appropriate. Costs related to those service contracts will be passed through to the Joint Account as billed by the vendor, or such costs will be allocated appropriately if the service benefits multiple properties.

6. Equipment and Facilities Furnished by Parties, Affiliates

Operator shall charge the Joint Account for use of equipment and facilities which are owned in whole or in part by a Party or its Affiliates, and used to conduct Joint Operations, including, but not limited to, Shore Base Facilities, Offshore Facilities, and warehouses used to store Joint Property, Operations Offices, training facilities (including LC) and other facilities used to conduct Joint Operations; provided, however, the cost of Operations Offices shall be chargeable only to the extent the Operations Offices provide direct service to personnel who

are chargeable pursuant to Sections II.2.A (Labor), Section II.5 (Services) or Section II.7 (Affiliate Services), as applicable.

The costs of purchasing, installing, operating, repairing, maintaining, dismantling, and abandoning communication facilities or systems, including satellite, radio and microwave facilities, and fiber optics cable systems, directly supporting Joint Operations shall be charged under this Section II.6, regardless of whether wholly or partially owned by a Party or its Affiliate.

The costs of purchasing, installing, operating, repairing, maintaining, dismantling, and abandoning computer systems (including WMS), including hardware, software, data storage, system support and personnel directly supporting Joint Operations shall be charged under this Section II.6, regardless of whether wholly or partially owned by a Party or its Affiliate.

In the absence of a separately negotiated agreement, equipment and facilities furnished by a Party or its Affiliate will be charged as follows:

(A) Charges for use of such equipment and facilities shall be made at rates commensurate with the cost of ownership and operation. Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, and depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation, not to exceed ten percent (10%) per annum; provided, however, depreciation shall not be charged when the equipment and facilities investment has been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the commercial rates currently prevailing for North Slope of Alaska operations.

(B) In lieu of charges in Section II.6.A, the party or Affiliate supplying the equipment or facilities may elect to use average commercial rates, terms and conditions prevailing for similar equipment or facilities deployed at such location. If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation.

(C) Operator may charge the Joint Account an allocated portion of Rig-Related Costs for rigs used in Joint Operations, in accordance with Paragraphs A & B of this Section II.6, provided such costs are not included in the rig rate charged by the drilling contractor.

(D) Sections II.6. A through II.6(C) shall apply to equipment and facilities furnished by Non-Operators and Non-Operator Affiliates.

7. Affiliate Services

Affiliate services provided for the Joint Operations shall be charged to the Joint Account under this Section II.7.

This Section II.7 applies to charges for services of any employee of the Affiliate: (i) assigned to a Project Team on a full-time or part-time basis, or (ii) not assigned to a Project Team but providing Technical Services and working under the direction of the Project Team, or (iii) other activities or operations under the Agreement, provided the Affiliate employee is not performing functions covered by Section III (Overhead).

(A) **Affiliate Services Cost Basis**. Affiliate services shall be charged to the Joint Account as charged by the Affiliate to the Party providing such Affiliate services. Costs under this Section II.7 may include, but are not limited to, the Affiliate employee's salaries and wages and performance bonuses, payroll burden and benefits, office, computer and other support costs, some of which would be classified as overhead if incurred by the Operator.

(B) **Affiliate Charges – Other Provisions**. Affiliate employee costs related to Personal Expenses, training, and awards, as referenced in Sections II.2.D, II.2.E, and II.2.G, will be charged to the Joint Account on the Cost Basis.

If an Affiliate acquires Material for activities or operations conducted under the Agreement, charges for such Material shall be made in accordance with Section IV (Material Purchases, Transfers and Dispositions), and shall not include any mark-up or purchasing fee for the Affiliate unless approved by the other Parties pursuant to Section I.6 (Approval by Parties).

Third-party contract services provided by an Affiliate shall be charged pursuant to Section II.5 (Services), and shall not include any mark-up or purchasing fee for the Affiliate unless approved by the other Parties pursuant to Section I.6 (Approval by Parties).

8. Damages and Losses to Joint Property

All costs or expenses necessary to repair, replace or abandon the Joint Property resulting because of damages or losses incurred, to the extent such costs are not considered overhead under Section III (Overhead) and subject to the liability and indemnity provisions of the Agreement in Section 4.6. The Operator shall furnish the Non-Operators written notice of damages or losses incurred as soon as practicable.

9. Legal Expense

(A) Recording fees, fines, penalties, settlements, court costs, third party legal fees, and direct expenses, other than a Party's or Affiliate's legal staff, for handling, investigating, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from activities or operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement.

(B) Attorney's fees, court costs and other legal costs incurred to collect amounts in default shall be charged in accordance with Section I.3(B).

Attorney fees, court costs and other legal costs incurred in connection with indemnities shall be borne by the indemnifying Party pursuant to the Agreement.

Legal costs incurred by each Party in connection with dispute resolution shall be borne in accordance Section 18 of the Agreement.

Each Party will bear its own legal costs in matters involving negotiations among or between the Parties.

For all other matters, there shall be no charge for legal staff of the Parties or Affiliates.

10. Taxes and Permits

All taxes, import duties, licenses, bonds and permits of every kind and nature, assessed or levied upon or in connection with Joint Operations or the Joint Property, or the production therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest.

If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's Participating Interest, then notwithstanding anything to the contrary herein, the charges to the Parties will be made in accordance with the tax value generated by each Party's Working Interest.

Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6 (Approval by Parties).

Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted, provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for tax charges and to determine that the

correct amount of taxes was charged to the Joint Account. If the Non-Operator is not permitted to review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the amount owed by the Joint Account.

11. Insurance

Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are conducted at locations where the Operator acts as self-insurer in regard to its workers' compensation and employer's liability insurance obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&HW) or Jones Act surcharge, as appropriate.

Settlements received from insurance carried for the benefit of Joint Operations shall be credited to the Joint Account. Each Party shall be credited with its Participating Interest thereof except where such receipts are derived from insurance purchased by Operator for fewer than all Parties in which event such proceeds shall be credited to those Parties for whom the insurance was purchased in the proportion of their respective contributions toward the insurance coverage.

12. Ecological, Environmental, and Safety

Costs incurred to comply with ecological, environmental and safety Laws or standards recommended by regulatory authorities having jurisdiction, provided such costs are not considered overhead under Section III (Overhead). All labor and functions incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2 (Labor), II.5 (Services), II.7 (Affiliate Services), or Section III (Overhead), as applicable.

Costs to provide or have available well containment, pollution containment and removal equipment (including but not limited to per well fees for the availability of subsea/surface capture and containment systems or other costs of complying with Laws or regulations mandating capture/containment capabilities) plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws and regulations or other well containment, pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

Specifically, but without limitation, penalties, fines, damages, removal costs, and other assessments pursuant to the Clean Water Act, Oil Pollution Act, and any similar laws or regulations, of any federal, state or local Government that have been adjudicated by a final and non-appealable decision are directly chargeable.

Ecological and environmental costs incurred by the Operator as deemed by the Operator to be appropriate for prudent operations are also chargeable to the extent such costs directly benefit Joint Operations. Upon demand of the Operator, the Parties shall directly pay their respective shares of all amounts under this Section II.12.

The provisions of Section I.3 of this Accounting Procedure, notwithstanding, if payment of any amount covered by this Section is not made when due, the Operator may, but shall not be required to, pay such amount and bill the non-paying Party.

13. Fines and Penalties

Any fines or penalties incurred in the conduct of Joint Operations will be directly chargeable, except as otherwise provided in the Agreement.

14. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (Direct Charges), or in Section III (Overhead) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (Direct Charges), the Operator shall charge the Joint Account in accordance with this Section III. The Parties specifically recognize that functions described in this Section III shall be directly chargeable when performed by personnel assigned to a Project Team and within the scope of work, as approved by the Parties under the Agreement. Functions compensated by the overhead rates regardless of whether they are performed by the Operator, Operator's Affiliates, or third parties and regardless of location, include, but are not limited to, the following:

(A) physical inventories not chargeable under Section V (Inventories of Materials) Procurement;

(B) administration;

(C) accounting and auditing;

(D) pipeline nominations and scheduling;

(E) human resources;

(F) management;

(G) supervision not directly charged under Section II.2 (Labor) legal services not directly chargeable under Section II.9 (Legal Expense);

(H) handling taxation matters, other than those costs permitted under Section II.10 (Taxes and Permits);

(I) permitting and regulatory work, to the extent not requiring Technical Services, including:

(1) preparation and monitoring of permits and certifications;

(2) preparing regulatory reports; reviewing, interpreting, or submitting comments on Laws or proposed laws;

(3) off-site appearances before, or meetings with, the Government or other authorities having jurisdiction over the Joint Property or Joint Operations; and

(4) land and division order services.

Overhead charges are compensation for all costs and expenses associated with such functions, including the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing such functions, as well as their office and other support costs.

1. Overhead

(A) As compensation for costs incurred but not chargeable under Section II (Direct Charges) or Section III (OverHead), the Operator shall charge the Joint Account at the following rates:

Development: Three percent (3%) of the directly chargeable costs of development of the Joint Property. The development rate shall be applied to all direct charges in connection with the following unit operations:

(1) drilling, redrilling, sidetracking, or deepening of a well, including preliminary costs in preparation of such operations and use of artificial lift;

(2) a well undergoing plugback, workover or plugging and abandonment operations for a period of five (5) or more consecutive work-days;

(3) expenditures incurred in abandoning when the well is not completed as a producer;

(4) geological and geophysical activities and operations;

(5) research & development activities;

(6) operating expenditures incurred prior to commissioning of a new facility; and

(7) any other approved downhole well work not covered above.

Major Construction: For overhead costs incurred in any Major Construction project, operator shall charge the Joint Account for overhead based on the following rates: (a) 3% of first $500,000 or total cost, if less, plus (b) 2% of costs in excess of $500,000 but less than $1,000,000, plus (c) 1% of costs in excess of $1,000,000. Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately.

Catastrophe: To compensate Operator for overhead costs incurred in the event of expenditures resulting from a Catastrophe which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall charge the Joint Account for overhead based on the following rates: (a) 3% of first $500,000 or total cost, if less plus (b) 2% of costs in excess of $500,000 but less than $1,000,000, plus (c) 1% of costs in excess of $1,000,000. Total cost shall mean the gross cost of any one Catastrophe. For the purpose of this paragraph, the component parts of a single Catastrophe shall not be treated separately. Expenditures subject to the overheads above will not be reduced by insurance recoveries.

Operating: Twelve (12%) percent of the directly chargeable costs incurred in activities and operations under the Agreement, except those subject to the development, major construction, or catastrophe rates above.

(B) Expenditures to which overhead does not apply are:

(1) Material salvage credits;

(2) insurance recoveries;

(3) costs covered by Section II.1 (Rentals and Royalties);

(4) costs covered by Section II.9 (Legal Expenses);

(5) the value of substances purchased for enhanced recovery;

(6) payments to third parties in settlement of claims;

(7) property taxes, ad valorem taxes and other tax and assessments levied, assessed, and paid upon the mineral interest in and to the Joint Property;

(8) production handling fees, infrastructure access fees, and/or operating and maintenance expenses fees paid to owners or operators of Offsite Host Facilities;

(9) quality bank adjustments paid by the Operator on behalf of the Parties; and

(10) insurance acquired for the Joint Account other than workers' compensation and employer's liability insurance.

2. Amendment of Overhead Rates

The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement of the Parties if, in practice, the rates are found to be insufficient or excessive.

IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS

The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and dispositions of Material. The Operator shall provide all Material for use in Joint Operations; however, at Operator's option, Non-Operators may supply such Material. A Party furnishing Material makes no express or implied warranties to the other Parties as to Material's quality or fitness for use, or any other warranty of a similar nature.

1. Direct Purchases

Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts taken. The Operator shall make good faith efforts to take discounts offered by suppliers but shall not be liable for failure to take discounts except to the extent of the Operator's liability under the Agreement. A direct purchase shall be deemed to occur when an agreement is made between the Operator and a third party for the acquisition of Material for Joint Operations. Material provided by the Operator under "vendor stocking

programs," when the initial use is for the Joint Operations and title of the Material does not pass from the manufacturer, distributor, or agent until usage of the Material takes place, is considered a direct purchase. Actual freight associated with direct purchases is chargeable to the Joint Account.

Long lead items authorized under the Agreement shall be charged as a direct purchase and any reimbursements shall be in accordance with the provisions of the Agreement.

If Material is found to be defective or is returned to the manufacturer, distributor, or agent for any other reason, credit, less any restocking charges, shall be passed to the Joint Account once the Operator has received adjustment from the manufacturer, distributor, or agent.

2. Transfers

A transfer to the Joint Account is determined to occur when the Operator (i) furnishes Material from warehouse stock not owned by the Joint Account or from another operated property, (ii) has assumed liability in whole or in part for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material. The (i) furnishing of jointly owned Material from the Joint Property to another property, or to warehouse stock not owned by the Parties under the Agreement, and/or (ii) furnishing of jointly owned Material to a third Party or to one or more Parties who acquire it for activities or operations not conducted under the Agreement, is considered a transfer; provided, however, Material that is moved to a storage location for safe-keeping pending disposition may remain charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (Disposition of Surplus) and the Agreement.

(A) Pricing

The value of Material transferred to/from the Joint Property should reflect the market value on the date of transfer of ownership. Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the Material valuation. When higher than specification grade or sized tubulars are used in the conduct of Joint Operations, the Operator shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or sized tubulars are approved by the Parties pursuant to Section I.6 (Approval by Parties). Transfers of new Material will be priced using one of the following pricing methods; provided, however, the Operator shall not alternate between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

(1) Prices provided by the COPAS Computerized Equipment Pricing System (CEPS).

(2) Prices based on a price quotation from a vendor that reflects market value on the date of transfer.

(3) Prices based on the amount paid by or average costs to the Operator provided it reflects the market value at the date of transfer.

(4) For specialized or custom Material for which current market value is not available, the amount paid by the Operator for such Material, including the storage, preservation and preparation costs.

(5) Prices agreed to by the Parties for Material being transferred to the Joint Property, or by the Parties owning the Material for Material being transferred from the Joint Property.

(B) Freight

The Operator shall charge the Joint Account for freight costs as follows:

(1) for oil country tubulars and line pipe, (i) freight rates provided by CEPS, which includes loading and unloading costs, for moving the tubulars or line pipe, as applicable, from the manufacturer to the stocking point nearest the shore base, warehouse or fabrication yard, or (ii) actual freight costs paid to a third party in moving the tubulars or line pipe from the manufacturer to the applicable delivery location, or (iii) freight costs determined under paragraph (3) of this Section IV.2.B, if applicable;

(2) for Material provided by third parties, other than oil country tubulars and line pipe, actual freight costs incurred by the Operator; or

(3) for freight provided by a Party or an Affiliate, the freight costs arrived at in accordance with Section II.6 (Equipment and Facilities Furnished by Parties, Affiliates) and/or Section II.7 (Affiliate Services), as applicable.

Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point to the Joint Property, shall be charged to the receiving property. Transportation of Material from the Joint Property to a warehouse or other storage point shall be charged to the Joint Account.

Notwithstanding the foregoing, freight charges associated with redeployment of Operator's surplus from another property or warehouse to the Joint Property shall not exceed the cost of moving such surplus from the nearest stocking point to the applicable delivery location.

(C) Taxes

Sales and use taxes shall be added to the Material transfer price using either the method contained in CEPS or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either case, the Joint Account shall be charged or credited at the rate that would have applied had the Material been a direct purchase.

(D) Condition

(1) Condition "A" -- New and unused Material in sound and serviceable condition shall be charged or credited, as applicable, at 100% of the new price as determined in Section IV.2.A. (Pricing).

(2) Condition "B" -- Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be charged or credited at (i) a price derived by multiplying the new price determined in Section IV.2.A (Pricing) by 75%, or (ii) a price quotation from a vendor that reflects market value on the date of transfer for such Condition B Material.

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" will be borne by the divesting property's account.

(3) Condition "C" -- Material that is not in sound and serviceable condition and not suitable for its original function, but can be made suitable for use after reconditioning, shall be charged or credited at (i) a price derived by multiplying the new price determined in Section IV.2.A (Pricing) by 50%, or (ii) a price quotation from a vendor that reflects market value on the date of transfer for such Condition "C" Material.

The cost of reconditioning shall be charged to the receiving property's account to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

(4) Condition "D" -- Material that is obsolete or no longer suitable for its original purpose but useable for some other purpose shall be charged or credited at a price commensurate with its intended use.

(5) Condition "E" – Junk shall be charged or credited at prevailing scrap value prices.

E. Other Pricing Provisions.

(1) Preparation Costs. Costs to prepare Material for use, including, but not limited to, inspection, third party surveillance, sandblasting, stenciling, perforating and coating will be charged to the Joint Account at prices which reflect the actual costs of the services, in accordance with Section II (Direct Charges). Preparation costs incurred will not be credited for new unused Material transferred from the Joint Account unless these services permanently alter Material and provide full value to any future receiving property.

(2) Maintenance and Preservation Costs. Costs to maintain and preserve Material shall be charged to the Joint Account at actual cost, in accordance with Section II (Direct Charges).

3. Disposition of Surplus

Surplus Material is that Material which the Operator deems is no longer needed in present or foreseeable Joint Operations. The Operator may purchase, but shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

For the purpose of this Accounting Procedure, dispositions occur when the Joint Account relinquishes title to the Material from the Joint Property to either a third party, or to one or more Parties who acquire it for use other than for activities or operations conducted under the Agreement. To avoid the accumulation of surplus Material, the Operator should make good faith efforts to dispose of surplus within twenty-four (24) Months through means such as a return to the original supplier at full or partial value; a buy/sale agreement; a trade; a sale to a third party via a bid sale; an electronic auction or a direct sale; a division in-kind; a disposal as scrap, or another type of disposition as agreed to by the Parties owning the Material.

Disposal of surplus Material shall be made in accordance with the terms of the Agreement. If the Agreement contains no provisions governing disposal of surplus Material, the following terms apply to disposal of all Material other than a Critical Spare:

(A) The Operator may, through a sale to an unrelated third party, dispose of surplus Material having a gross sale value, less the cost of disposal, that is less than or equal to the Operator's expenditure limit in the Agreement, without the prior approval of a majority in interest of the Parties owning such Material.

(B) Except as provided in paragraphs (C), (D), and (E) of this Section IV.3, if the gross sale value, less the cost of disposal, exceeds the Operator's expenditure limit in the Agreement, the disposal must be agreed to by a majority in interest of the Parties owning such Material.

(C) Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on the pricing methods set forth in Section IV.2 (Transfers).

(D) Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the Material, based on the pricing methods set forth in Section IV.2 (Transfers), is less than or equal to the Operator's expenditure limit in the Agreement. If the value of Condition "C" Material, based on the pricing methods set forth in Section IV.2 (Transfers), exceeds the Operator's expenditure limit in the Agreement, the Operator must obtain approval of a majority in interest of the Parties owning such Material. The Operator shall provide documentation supporting the classification of the Material as Condition "C."

(E) The Operator may dispose of Condition "D" and "E" Material under procedures normally utilized by the Operator without prior approval of the Parties owning such Material.

If the Agreement does not contain an Operator's expenditure limit, the threshold in i, ii, and iv, above shall be the dollar threshold specified in Section III.1.A.

Prior to disposing or redeploying a Critical Spare that has been maintained for the Joint Property, Operator shall obtain approval of a majority in interest of the Parties owning such Critical Spare.

4. Special Pricing Provisions – Shop-Made Items

Items fabricated by the Operator shall be priced based on the value of the Material used to construct the item plus the actual costs, determined in accordance with Section II (Direct Charges), to fabricate the item. If the Material is from the Operator's scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section IV.2.A (Pricing) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item commensurate with its use.

V. INVENTORIES OF MATERIALS

The Operator shall maintain records of Materials charged to the Joint Account, with sufficient detail to perform the physical inventories.

Adjustments to the Joint Account by the Operator resulting from a physical inventory of Material shall be made within twelve (12) Months following (a) the taking of the inventory in the case of Operator-conducted inventories, or (b) the Operator's receipt of a Non-Operator's inventory report if the inventory was conducted by a Non-Operator. Charges and credits for overages and shortages will be valued for the Joint Account in accordance with Section IV.2 (Transfers) and shall be based on the Condition "B" prices in effect on the date of physical inventory unless a Party can provide sufficient evidence another Material condition applies.

1. Directed Inventories.

Physical inventories shall be performed by the Operator upon written request of a majority in Working Interest of the Non-Operators (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) Days after the Operator receives written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of any directed inventory.

Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up work in settling the inventory will be absorbed by the Party incurring such costs. Expenses of directed inventories may include the following:

(A) A per diem rate for each person conducting the inventory, consisting of or representative of that person's actual salary or wages, payroll burdens and benefits unless another rate is approved by the Parties pursuant to Section I.6 (Approval by Parties). The per diem rate also applies to a reasonable number of Days for pre-inventory work and report preparation.

(B) Actual transportation costs and Personal Expenses for the inventory team.

(C) Reasonable charges for preparing the report and distributing it to the Non-Operators.

2. Non-Directed inventories

A. Operator Inventories. Physical inventories that are not requested by the Non-Operator may be performed by the Operator at the Operator's discretion. The expenses of conducting Operator-initiated inventories shall not be charged to the Joint Account, unless approved by the Parties pursuant to Section I.6 (Approval by Parties).

B. Non-Operator Inventories. Subject to the terms of the Agreement, any Non-Operator may conduct a physical inventory at reasonable times at its sole cost and risk after giving the Operator at least ninety (90) Days prior written notice.

C. Special Inventories. The expense of conducting inventories other than those described in Sections V.1 (Directed Inventories), V.2.A (Operator Inventories), or V.2.B (Non-Operator Inventories), shall be charged to the Party requesting such inventory; provided, however, inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section V.1 (Directed Inventories).

GREATER POINT THOMSON UNIT OPERATING AGREEMENT

Exhibit D
Gas Balancing Agreement

TBD

ATTACHMENT E

INDEX OF REPORTS, FIGURES & TABLES SUBMITTED WITH APPLICATION

REVISED APPLICATION FOR APPROVAL TO ESTABLISH THE GREATER POINT THOMSON UNIT

Attachment E: Exhibit List for Revised Application

Name of Report, Figure, or Table	DESCRIPTION
Reports 1A and 1B and Associated Files	New Petrophysical Studies of nine Wells: PTU-15, PTU-17, PTU-1, AK Island-1, AK State F-1, AK State A-1, Stinson-1, AK State C-1, AK State D-1, Challenge Island well (evaluated separately) *Associated Files:* • LAS Exports • Reservoir Statistics • Reservoir Summation Reports • GeoSoftware Petrophysical Report Presentation
Reports 2A, 3, and 4	Reports for 2022 Seismic Reprocessing Project (conducted to gain insight into seismic response of Paleocene and Basement intervals in immediate vicinity of AK State A-1 and Stinson-1 wells. Crescent Geo was selected as the contractor to complete the work and post stack and pre-stack reprocessing in November 2022) *Associated Files:* • Files 2B and 2C are the reprocessed pre-stack and post-stack seismic data
Report 6[1]	Update Report from Dr. Robert Blodgett and Dirk Bodnar
Report 7	Update Report from Dr. Robert Blodgett and Dirk Bodnar using Recently Released Confidential Well Data (chart)
Report 8	New Annotated Logs for South Cross Section Analysis

[1] There is no Report 5.

Name of Report, Figure, or Table	DESCRIPTION
Report 9	New Annotated Logs for Midfield Cross Section Analysis
Report 10	New Annotated Logs for North Cross Section Analysis
Report 11	Update Report from Dr. Robert Blodgett and Dirk Bodnar – Comprehensive Well Review and Analysis
Report 12	PTU Reservoir Hydrocarbon Fill History
Figure 5[2]	Staines River Well Log
Figure 6	North Staines River Well Log
Figure 7	Alaska State G-2 Well Log
Figure 8	Challenge Island Well Log
Figure 9	Alaska Island Well Log
Figure 10	Structure Maps of Tracts 79 and 80
Figure 11	Northwest Structure Map

[2] There are no Figures 1 to 4.

Name of Report, Figure, or Table	DESCRIPTION
Figure 12	North Staines Well Test Data
Figure 13A	Alaska State G-2 Well Test Data, Part 1
Figure 13B	Alaska State G-2 Well Test Data, Part 2
Figure 14	2001 PTU Expansion Map Indicating Hydrocarbon Potential
Figure 15	Excerpt from the 2001 PTU Expansion Findings
Figure 16	2002 PTU Expansion Map Indicating Hydrocarbon Potential
Figure 17	Map with GPTU Leases Overlain on 2002 PTU Expansion Area
Figure 18	Excerpt 1 From 2002 PTU Expansion Findings
Figure 19	Excerpt 2 From 2002 PTU Expansion Findings
Figure 23[3]	Map of Thomson Sand Structure with GPTU Leases Overlain
Figure 24	Additional Analysis of Challenge Island Well Log Data

[3] There are no Figures 20 to 22.

Name of Report, Figure, or Table	DESCRIPTION
Figure 25	Cross Section through North PTU Area to adjacent Donkel/Cade Leases (Corresponds with Report 10)
Figure 26	Cross Section through South PTU Area to adjacent Donkel/Cade Leases (Corresponds with Report 8)
Figure 27	Cross Section through Midfield PTU Area to adjacent Donkel/Cade Leases (Corresponds with Report 9)
Table 1	Summary of Pertinent Data from Recently Released Confidential Well Data