



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS
550 WEST 7TH AVENUE, SUITE 1100
ANCHORAGE, ALASKA 99501-3650
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November 13, 2018

Assignor:
ExxonMobil Alaska Production Inc.
P.O. Box 2305
Houston, TX 77252

Oil and Gas Lease
ADL 343112

Assignee:
JADE Energy, LLC
P.O. Box 112212
Anchorage, AK 99511-2212

Assignment Application Approved

On August 27, 2018, the Division of Oil and Gas (Division) received an assignment application to transfer a divided working interest in the above oil and gas lease from ExxonMobil Alaska Production Inc. (EMAP) to JADE Energy, LLC (JADE), with EMAP assigning a 62.674 percent working interest and retaining a 2 percent overriding royalty interest. The application, as originally submitted, reversed the signing positions for the assignor and assignee. Division staff coordinated the re-execution of the document without loss to the original filing date. A corrected application was received by the Division on September 27, 2018.

11 AAC 82.605(d) requires the Commissioner to disapprove a transfer of a divided interest in a lease unless the transfer complies with applicable regulations, meets at least one of the conditions set out in 11 AAC 82.605(d)(1)-(4), and would not adversely affect the interest of the state.

The state's interest includes developing the state's oil and gas resources to maximize economic and physical recovery, competition, and use of Alaska's human resources (AS 38.05.180(a)(1)). The state's best interest is also advanced by encouraging assessment of Alaska's oil and gas resources while minimizing the adverse impacts of exploration, development, production, or transportation activities (AS 38.05.180(a)(2)).

I reviewed the assignment application and find that it complies with the applicable regulations. The lease is committed to the Point Thomson Unit and therefore the assignment meets the condition of 11 AAC 82.605(d)(2).

I also considered whether the transfer would adversely affect the state's interests. The assignment will create a new segment from the surface on the southern portion of the lease. In its explanation for requesting the divided interest assignment, JADE represented to the Division that they will pursue drilling operations on the newly-created segment, as part of a farm-out agreement with EMAP. JADE will also become a party to the Point Thomson Unit Agreement.

ADL 343112 is a Net Profit Share Lease (NPSL). EMAP and JADE agreed that all current NPSL balances will remain with EMAP's segment of the lease. Development and production on JADE's segment of the lease will be subject to lease provisions and the NPSL regulations in 11 AAC 83.201 through 11 AAC 83.295.

Therefore, I find by the foregoing reasons that the assignment will not adversely affect the interests of the state. I hereby approve the application with an effective date of September 1, 2018. One original copy of the assignment has been placed in the lease case file, and one original copy has been returned to both the assignor and the assignee.

An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), be accompanied by the appropriate filing fee, and may be mailed or delivered to Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Because the Division does not record assignments, you may want to record these assignments in the appropriate recording district. Please visit the State Recorder's Office website at www.dnr.state.ak.us/ssd/recoff or call (907) 269-8882 for recording requirements and fees.

Sincerely,



Chantal Walsh
Director

Enclosures