



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL AND GAS

550 W 7th, Suite 1100
Anchorage, AK 99501-3563
Main: 907.269.8800
Fax: 907.269.6587

March 19, 2018

Mr. Bart Armfield
Brooks Range Petroleum Corporation
510 L Street, Suite 601
Anchorage, AK 99501

RE: ADL 419880; Entry Authorization Extension, Mustang Road

Dear Mr. Armfield:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division) has reviewed the extension request submitted by Brooks Range Petroleum Corporation (BRPC) on March 15, 2018. BRPC requests an extension of the original Entry Authorization (EA) for one year, through March 15, 2019, for the purpose of recording the as-built survey for the final easement in the Kuparuk River Unit.

The original EA issued under ADL 419880 authorized entry, construction and survey of the Mustang Road.

The Division, in accordance with Alaska Statute 38.05.850, grants an extension of the requested EA in agreement with the prior authorizations and stipulations issued on March 15, 2013. The extension of the authorization is effective immediately, for the purposes described above.

Please contact Nate Emery at (907) 269-8804 or nathaniel.emery@alaska.gov with questions or for additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Graham Smith".

Graham Smith
Permitting Manager

Enclosure: ADL 419880 Entry Authorization and Standard Stipulations

ecc: Nate Emery, Conor Williamson, Jeanne Frazier, Division
Laurette Rose, BPRC

**STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

550 W. 7th Ave, Suite 1100
Anchorage, AK 99501-3560
(907) 269-8800

ENTRY AUTHORIZATION EXTENSION for MUSTANG DEVELOPMENT

Under AS 38.05.850

ADL 419880 Road

The Division of Oil and Gas (Division) is issuing this Entry Authorization to Brooks Range Petroleum Corporation (BRPC) for the following described state owned uplands:

ADL 419880 BRPC Development Road within the

Umiat Meridian:

T. 11 N., R. 8 E., Sec. 31, 32 and 33; and

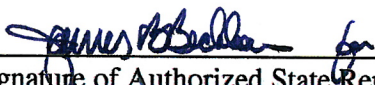
T. 10 N., R. 7 E., Sec. 1 and 2; and

T. 10 N., R. 8 E., Sec. 5, and 6.

This Entry Authorization Extension is issued as a continuation of the Entry Authorization dated March 15, 2013, under the Easement Decision Document and in conjunction with Unit Plan of Operations LO/NS 11-010 for development of Brooks Range's Southern Miluveach Unit for the purpose of constructing a road.

This Entry Authorization Extension is conditioned on BRPC submitting current proof of insurance as set out in the Division's March 15, 2013, Easement Decision Document authorizing this permit and the attached stipulations (Attachment A). BRPC is responsible for obtaining approvals or permits from other persons or governmental agencies that may also be required for this activity.

This Entry Authorization Extension is a temporary authorization revocable by the Division with or without cause under 11 AAC 96. This permit is effective March 15, 2018, and terminates on March 15, 2019, unless sooner terminated at the Division's sole discretion. BRPC is responsible for maintaining a current address with the Division during the term of this Entry Authorization Extension.



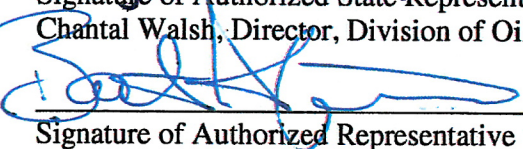
Signature of Authorized State Representative
Chantal Walsh, Director, Division of Oil and Gas

Deputy Director

Title

3/19/2018

Date



Signature of Authorized Representative
Bart Armfield, Brooks Range Petroleum Corporation
510 L Street, Suite 601, Anchorage, AK 99501

President/CEO

Title

3/19/18

Date

**State of Alaska Department of Natural Resources
Division of Oil and Gas**

**Attachment A
Brooks Range Petroleum Corporation (BRPC)
Mustang Road Easement**

ADL 419880 Roads Non Exclusive Easement

Standard Stipulations

The following standard stipulations apply to the Early Entry Authorizations and will apply to any Easement issued for the Mustang Development project.

1. Authorized Officer.
 - a. The Authorized Officer for the Department of Natural Resources (DNR) is the Director, Division of Oil and Gas (Director; Division) or his designee. The Authorized Officer may be contacted at 550 W 7th Ave., Suite 1100 Anchorage, Alaska 99501.
 - b. The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary.
2. Indemnification. Grantee assumes all responsibility, risk and liability for all activities of Grantee, its employees, agents, invitees, contractors, subcontractors, or licensees, directly or indirectly conducted in connection with this authorization, including environmental and hazardous substance risks and liabilities, whether accruing during or after the term of this authorization. Grantee shall defend, indemnify, and hold harmless the State of Alaska, its employees, and agents from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Grantee, its employees, agents, invitees, contractors, subcontractors, or licensees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the State or anyone acting on the State's behalf. Within 15 days Grantee shall accept any cause or action or proceeding upon tender by the State. This indemnification will survive the termination of this authorization.
3. Valid Existing Rights. This authorization is subject to all valid existing rights in and to the land under this authorization, including ConocoPhillips oil and gas leases 25528, 25531, 25532, 25544, 380106, 380107, 390506, 390697 and 391909. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of valid existing rights.
4. Reservation of Rights. The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.
5. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any state-owned historic, prehistoric (paleontological) or archaeological site without a permit from the commissioner. Should any sites be discovered during the course of field operations, activities that may damage the site must cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation (907) 269-8721 and must be notified immediately.
6. Revocation. The Early Entry Authorization is a temporary authorization revocable by the

Division in the Division's sole discretion, with or without cause. The Division may revoke any Easement issued for this project upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and state). A revocation may not become effective until 60 days after the Grantee has been notified in writing of the violation during which time the Grantee has an opportunity to cure any such violation.

7. Assignment. This authorization may be transferred or assigned with prior written approval from the Authorized Officer.
8. Site Restoration. The sites must be left in a clean, safe and marketable condition acceptable to the Authorized Officer. All solid waste debris and any hazardous wastes that are used and stored on the sites must be removed and backhauled to an Alaska Department of Environmental Conservation (ADEC) approved solid waste facility.
9. Survey. The Grantee shall submit an as-built survey acceptable to the standards of the Division within one year of placement of the improvement. The as-built survey will include the roads and pad constructed on the surface of CPAI's oil and gas leases and those constructed on the surface of BRPC's oil and gas leases. Survey instructions must be obtained from the DNR Survey Section.
10. Inspection. Authorized representatives of the State of Alaska shall have access to the LUP and easement areas for purposes of inspections. The Grantee may be charged fees under 11 AAC 05.010(a)(7) (M) for routine inspections of the authorized area, inspections concerning non-compliance, and a final close-out inspection.
11. Compliance with Governmental Requirements: Recovery of Costs. Grantee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization. Grantee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
12. Other Authorizations. The issuance of this authorization does not alleviate the necessity of the Grantee to obtain authorizations required by other persons or agencies for this project.
13. Fee Payment and Late Payment Penalty Charges. This authorization is subject to an annual use fee bound by the Director's Decision dated March 15, 2013, and payable March 15, 2013, with subsequent payments payable March 15 of each year. ADL 419880 (Road) will be subject to 11 AAC 05.010(e)(11)(A) for a private non-exclusive easement with an annual fee of \$100 per acre based on a length of 16,500 feet by 100 feet or 37.88 Acres outside the SMU.

ADL	Description	Operational Area	Fees Operational
419880	Road	37.88 acres	\$3,800.00*

* Note: The road inside the BRPC Unit (see attached map) are not subject to stipulation #13 above. No easement rental fees will be charged for areas within the Southern Miluveach Unit boundary.

14. The Grantee shall pay a fee for any late payment. The amount is the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) and will be assessed on a past-due account until payment is received by the state.
15. Returned Check Penalty. The Division will assess a returned check fee as provided in 11 AAC 05.010 for any check on which the bank refuses payment. Late payment penalties shall continue to accumulate.

16. Operation of Vehicles.

- a. Blading or removal of the vegetative mat is prohibited unless expressly approved in writing by the DNR.
- b. DNR will determine cross-country travel opening and closure based on snow cover and frost depth conditions. Cross-country travel must be completed within 72 hours of notification of tundra closure by DNR. The winter operation of ground contact vehicles for off-road travel must be limited to areas where ground frost and snow cover are adequate to prevent damage to the vegetative mat and underlying substrate.
- c. Ice roads and ice pads may be constructed in the work areas as long as they are thick enough to prevent damage to the tundra and underlying substrate. No other ice roads are authorized.
- d. Vehicle maintenance, campsites, and storage or stockpiling of material on the surface ice of lakes, ponds, or rivers is prohibited unless expressly approved in writing by DNR.
- e. During equipment maintenance operations, the site must be protected from leaking or dripping hazardous substances or fuel. The Grantee shall comply with this stipulation by placing drip pans or other surface liners designed to catch and hold fluids under the property or by developing an area for maintenance using an impermeable liner or other suitable containment mechanism.
- f. Incidents of tundra damage and follow-up corrective actions that may have taken place while operating under this authorization must be reported to DNR at 451-2700 within 72 hours of discovery of damage.

17. Notification. The Grantee shall notify DNR of all spills that must be reported under 18 AAC 75.300 and within the timelines set out in 18 AAC 75.300. All fires and explosions must be reported immediately to DNR.

The DNR 24 hour spill report number is (907) 451-2678; the Fax number is (907) 451-2751. The ADEC spill report number is (800) 478-9300. The Grantee shall supply DNR and ADEC shall be supplied with all follow-up incident reports.

18. Storage of Equipment. The grantee shall protect the property from leaking or dripping hazardous substances or fuel from equipment and vehicles. The Grantee shall comply with this stipulation by placing drip pans or other surface liners designed to catch and hold fluids under the property or by developing an area for storage using an impermeable liner or other suitable containment mechanism.

19. Surface drainage. The grantee shall install adequate culverts to maintain surface drainage and to prevent ponding and erosion.

20. Fuel and Hazardous Substances. The Grantee shall provide secondary containment for fuel or hazardous substances.

- a. Container marking. All independent fuel and hazardous substance containers must be marked with the contents and the Grantee's name using paint or a permanent label.
- b. Fuel or hazardous substance transfers. Secondary containment or surface liners must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations must be attended by trained personnel at all times. Vehicle refueling must not occur within the annual floodplain or tidelands. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.
- c. Storing containers within 100 feet of waterbodies. Containers with a total capacity larger than 55 gallons, which contain fuel or hazardous substances, shall not be stored within 100 feet of a waterbody.
- d. Exceptions. DNR may, under unique or special circumstances, grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the DNR at (907) 269-8800.
- e. Definitions.

"Containers" means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment including light plants and generators, flow test-holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks or any tanks in a series will be considered as single independent containers. Vehicles, including mobile seismic tanks, are not included under this definition.

"Hazardous substances" are defined under AS 46.03.826(5) as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

"Secondary containment" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.

"Surface liner" means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

21. Ability to Restrict Third Party Access at Facilities. The Grantee may restrict third party access to the immediate vicinity of the onshore pads as necessary, to satisfy ADEC requirements regarding ambient air quality. The Grantee shall provide DNR an opportunity to review and approve access control plans prior to submittal to ADEC. The area of third party access restriction must not extend outside of the area granted under the LUP and any Easement and must not unreasonably interfere with access or operations by the KRU operator to existing KRU facilities.
22. Notices to KRU Operator. The Grantee shall provide advance notice in writing to the KRU Operator, currently ConocoPhillips Alaska, Inc., of any plans and subsequent modifications of those plans for the construction, operation, or maintenance of facilities lying within the boundaries of the KRU. Notice must be given at such time and in such detail to allow the KRU operator to timely request modification of Grantee's plans for the purpose of preventing unnecessary or unreasonable interference with operations conducted by the KRU operator. Notice to KRU operator must be provided during emergencies in a manner and to the extent reasonably practicable. Any controversy arising from a timely request for modification provided by the KRU operator that cannot be resolved between the Grantee and KRU operator, shall be submitted to the Authorized Officer for mediation and resolution.