



THE STATE
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

Division of Oil and Gas

550 West 7th Avenue, Suite 1100

Anchorage, AK 99501-3561

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ADL 420299

**PRIVATE EXCLUSIVE EASEMENT
BRITISH PETROLEUM EXPLORATION ALASKA INC.
MIDNIGHT SUN INJECTION WELL**

THIS EASEMENT is granted this 8th day of February, 2019 by the STATE OF ALASKA, acting by and through the Department of Natural Resources, Division of Oil and Gas, whose address is 550 West 7th Avenue Suite 1100, Anchorage, Alaska 99501, hereinafter referred to as Grantor. This Easement is granted to British Petroleum Exploration Alaska Inc. (BPXA) whose address is P.O. Box 196612, 900 E. Benson Boulevard, Anchorage, Alaska, 99519, hereinafter referred to as the Grantee.

IN accordance with the provisions of AS 38.05.850, the rules and regulations promulgated thereunder and the decision approved December 8, 2014, a Private Exclusive Easement, in regard to that space physically occupied by a wellbore, is hereby granted with an expiration date of December 8, 2049. This Easement is in support of the BPXA Midnight Sun Injection wellbore (P1-122i well) passing through approximately 1.24 miles of State subsurface in non-unitized leases in the northern part of the Prudhoe Bay Unit (PBU). The P1-122i well path is located on State of Alaska land approximately six miles southeast of Egg Island. This Easement is subject to the conditions and reservations of this document and the Standard Stipulations, attached hereto as "Attachment A."

WHEREAS it is understood and agreed that, as a condition to the granting of the Easement the Grantee shall use the land covered by said Easement for no purpose other than the operation and maintenance of said wellbore on the following described State land:

Township 12 North, Range 14 East, Sections 20 and 21, Umiat Meridian, within the Barrow Recording District. The easement shall extend approximately 6,536.06 feet in length and approximately 50 feet in width, containing 7.503 acres, more or less. The Easement is depicted on the reduced copy of the Record of Survey included as "Attachment B" to this document.

The Grantee, in the exercise of the rights and privileges granted by this document, shall comply with all regulations now in effect or as hereafter established by the Department of Natural Resources and other federal, state or local laws, regulations or ordinances applicable to the area herein granted.

In the event that the Easement herein granted shall in any manner conflict with or overlap a previously granted Easement or right-of-way, the Grantee herein shall use this Easement in a manner that will not interfere with the peaceful use and enjoyment of the previously issued Easement or right-of-way. The Grantor reserves the right to set or modify stipulations governing the use of a conflicting or overlapping area.

Any lands included in this Easement that are conveyed from State ownership shall be subject to this Easement.

This Easement shall terminate at the end of the stated term, if any, or when the Grantor determines that the Easement is abandoned, is no longer necessary, is no longer in use for the purpose(s) authorized, or is revoked as a result of violations of the terms and conditions of this Easement. The State of Alaska shall be forever wholly absolved from any liability for damages that might result if this Easement is terminated for any reason.

NOW THEREFORE, in accordance with the conditions of this Easement including all attachments and documents that are incorporated by reference, the Grantee is authorized to operate and maintain said Easement on lands herein described. In witness whereof, the Grantor and the Grantee have affixed their signatures on the date(s) specified herein.

IN WITNESS WHEREOF, the Grantor and the Grantee have executed this agreement intending to be bound.



Attorney-in-Fact, BPXA

2-8-19
Date



Authorized Officer, Division of Oil and Gas

2/8/19
Date

STATE OF ALASKA

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) ss.

3th Judicial District

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This is to certify that on the 8 day of February 2019, before me, the undersigned Notary Public, personally appeared Chantal Walsh, of the Division of Oil and Gas of the Department of Natural Resources, and acknowledged to me that he/she executed the foregoing instrument for and on behalf of said State, freely and voluntarily for the use and purpose therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



Notary Public in and for the State of Alaska

My Commission expires: With office



STATE OF ALASKA

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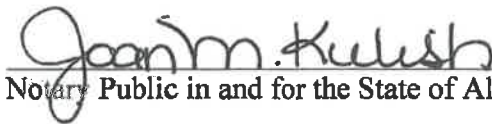
) ss.

3th Judicial District

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This is to certify that on the 8 day of Feb. 2019, before me, the undersigned Notary Public, personally appeared Katrim N. Garner, of BPXA, and acknowledged to me that he/she executed the foregoing instrument for and on behalf of the Grantee, freely and voluntarily for the use and purpose therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.



Notary Public in and for the State of Alaska

My Commission expires:



BPXA Midnight Sun Injection Well
AS 38.05.850 Stipulations
Attachment A

The following standard stipulations apply to ADL 420299 and any easements issued for the BPXA Midnight Sun Injection wellbore.

1. **Authorized Officer.** The Authorized Officer (AO) for the Department of Natural Resources (DNR) is the Director of Division of Oil and Gas (Director) or Director's designee. The AO may be contacted at 550 W 7th Ave., Suite 1100, Anchorage, Alaska 99501. The AO 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 oil and gas leases ADL 028297 and 392146. 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.**
 - a. The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. Authorized concurrent users of State land, their agents, employees, contractors, subcontractors, and licensees shall not interfere with the operation or maintenance activities of each user.
 - b. The Division may require authorized concurrent users of State land to enter into an equitable agreement regarding concurrent use.
 - c. The AO reserves the right to modify these stipulations or use additional stipulations as deemed necessary. Grantee will be notified in writing prior to the implementation of any change in the terms or conditions exercised by the AO under this provision. Grantee will be afforded the opportunity to review and comment regarding the effect of any proposed change to this authorization.

Failure of the Grantee to notify the AO of any change to current officers or addresses shall not be sufficient grounds to invalidate the AO's compliance with this notification process.

5. **Proper Location.** This authorization is for activities on State land managed by the Division and does not authorize any activities on private lands, federal lands, Native lands, municipal lands, or lands that are owned or managed by other offices and agencies of the State of Alaska and/or the DNR. The Grantee is responsible for proper location on site.
6. **Preference Rights.** No preference right for use or conveyance of the land is granted or implied by this authorization.
7. **Public Trust Doctrine.** The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This authorization is subject the principles of the Public Trust Doctrine regarding navigable or public waters. The AO reserves the right to grant other interests consistent with the Public Trust Doctrine.
8. **The Alaska Historic Preservation Act.** The Grantee shall consult the Alaska Heritage Resources Survey so that known historic, archaeological and paleontological sites may be avoided. 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 will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation shall be notified immediately.
9. **Destruction of Markers.** All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. The Grantee shall notify the AO of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the Grantee's expense in accordance with accepted survey practices of the Division.
10. **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.
11. **Incurred Expenses.** The Grantor shall in no way be held liable for expenses incurred by the Grantee connected with the activities directly or indirectly related to this authorization.
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. Failure to obtain said authorizations shall constitute a violation of this authorization, subject to action as described herein.

- 13. Access.** The Grantee may restrict third party access to the immediate vicinity of onshore pads connected to flowlines to satisfy ADEC requirements regarding ambient air quality and to the surface as necessary for work site safety within the easement area. 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 easement and is subject to the right of the existing lease operator facilities.
- 14. Fire Prevention, Protection and Liability.** The Grantee shall take all reasonable precautions to prevent and suppress fires and shall assume full liability for any damages to state land resulting from negligent use of fire. The State of Alaska is not liable for damage to the Grantee's personal property and is not responsible for fire protection of the Grantee's activity.
- 15. Fuel and Hazardous Substances.** The use and/or storage of hazardous substances by the Grantee must be done in accordance with existing federal, state, and local laws, regulations and ordinances. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed and disposed of in accordance with existing federal, state and local laws, regulations and ordinances. In addition to existing federal, state and local laws, regulations and ordinances:

 - a. The Grantee shall provide secondary containment for fuel or hazardous substances.
 - b. 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.
 - c. 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.
 - d. 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.
 - e. 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.

- f. 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.
- g. Definitions.
 - i. "Containers" means any item 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. Manifolder 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.
 - ii. "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).
 - iii. "Secondary containment" means an impermeable diked area, portable impermeable containment structure, or integral containment space capable of containing the volume of the largest independent container. The containment shall, in the case of external containment, have enough additional capacity to allow for local precipitation.
 - iv. "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.

16. Spill Notification.

- a. The Grantee or entraperson shall immediately notify the Alaska Department of Environmental Conservation (ADEC) by telephone, and immediately afterwards send ADEC a written notice by facsimile, hand delivery, or first class mail, informing ADEC of: any unauthorized discharges of oil to water, any discharge of hazardous substances other than oil; and any discharge or cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Grantee or entraperson shall report the discharge within 48 hours, and immediately afterwards send ADEC a written notice by facsimile, hand delivery, or first class mail. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis. The posting of information requirements of 18 AAC 75.305 shall be met. Scope and Duration of Initial Response Actions (18 AAC 75.310) and reporting requirements of 18 AAC 75, Article 3 also apply.

- b. The Grantee or entryperson shall supply ADEC with all follow-up incident reports. Notification of a discharge must be made to the nearest ADEC Area Response Team during working hours: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The ADEC oil spill report number outside normal business hours is (800) 478-9300.
- c. The Grantee or entryperson shall immediately notify the AO of any spill or discharge that is reported to ADEC.
- d. The Grantee or entryperson shall immediately notify the AO of any pollution or explosion in the project area.

17. Site Maintenance. The area subject to this easement shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter. The State of Alaska assumes no responsibility for maintenance of improvements constructed on state land or liability for injuries or damages attributed to that construction.

18. Site Disturbance. Unless specified herein:

- a. Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems.
- b. Brush clearing is allowed, but shall be kept to the minimum necessary to conduct or complete the authorized activity. Removal or destruction of the vegetative mat outside of the authorized area is not allowed.
- c. Establishment of, or improvements to, tidal, submerged, shoreland, or riparian landing areas (e.g., leveling the ground, bank cutting, or removing or modifying a substantial amount of vegetation) is prohibited without the prior written consent of the AO.
- d. The Grantee shall conduct all operations in a manner that will prevent unwarranted erosion and siltation. Any such erosion or siltation shall be repaired in a manner satisfactory to the AO at the Grantee's expense.

19. Waste Disposal. All waste generated during construction activities under this authorization shall be removed or otherwise disposed of as required by state and federal law. On-site waste disposal is prohibited, unless specified herein. "Waste" in this paragraph means all discarded matter, including, but not limited to, human waste, trash, garbage, litter, oil drums, petroleum, ashes, and discarded equipment.

20. Removal of Improvements and Site Restoration. Upon termination of this authorization, whether by abandonment, revocation, or any other means, the Grantee shall within 30 days remove all improvements from the area herein granted, except those owned by the State, and the site shall be restored to a condition acceptable to the AO. Should the Grantee fail or refuse to remove said structures or improvements within the time allotted, they shall revert to and become the property of the State; however, the Grantee shall not be relieved of the cost of the removal of the structures, improvements, and/or the cost of restoring the area.

21. Surface drainage. The Grantee shall install adequate culverts to maintain surface drainage and to prevent ponding and erosion.

22. 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. A valid DMLW ice road/pad construction permit is required.
- 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 within 72 hours of discovery of damage.

23. Violations. This authorization may be revoked 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. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the Grantee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the Grantee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

24. Severability. If any clause or provision of this authorization is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the Grantor and Grantee agree that the remainder of this authorization will not be affected, and in lieu of each clause or provision of this authorization that is illegal, invalid, or unenforceable, there will be added as part of this authorization a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.

- 25. Inspection.** Authorized representatives of the State of Alaska shall have access to the easement area for 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.
- 26. Improvements.** The Grantee or entryperson must obtain advance written approval from the AO prior to making any changes or improvements to the site or their operations not already included in this authorization.
- 27. Fine Tuning.** Any changes in the alignment of the project area will require the prior written approval of the AO. The AO reserves the discretionary authority to require a redetermination of the State's best interest for any significant proposed changes.
- 28. Amendment or Modification.** To amend or modify the uses allowed under this authorization, the Grantee shall submit a request in writing to the AO. Any amendment or modification must be approved by the AO and may require additional fees.
- 29. Assignment.** This authorization may not be transferred or assigned without the prior written consent of the AO.
- 30. Change of Address or Officers.** Any change of address or authorized officers appointed by the Grantee must be submitted in writing to the AO.
- 31. Request for Information.** The AO, at any time, may require the Grantee to provide any information directly or indirectly related to this authorization, in a manner prescribed by the AO.
- 32. Fee Payment and Late Payment Penalty Charges.** This authorization is subject to an annual use fee payable on or before January 1 of each year.

Annual usage fees for ADL 420299 will be subject to 11 AAC 05.010(e)(11)(B) and Fee Schedule No. 3455-3 for a private exclusive easement, which may be updated periodically. Annual usage fees assessed under Fee Schedule 3455-3 are based on the location and area of the parcel. For parcels under 50 acres (2,178,000 ft²), the annual cost per square foot decreases as area increases. The base usage fee per square foot for the Deadhorse Industrial Area (y) is described by the function $y = 0.4792x^{-0.393}$, with (x) being the parcel's acreage.

Tundra parcels without transportation infrastructure in the Oil Production Area are valued at 20% of the Deadhorse Market rate. Thus, the total cost per square foot of ADL 420299 is determined by the function $y = 0.2 * 0.4792x^{-0.393}$.

There is a 90% discount provided for the fee, due to the subsurface nature of the activity within the easement. The wellbore fees below are reflective of yearly fair market rental

rates identified in the Director's Decision issued December 8, 2014 (Attachment B, stipulation #23).

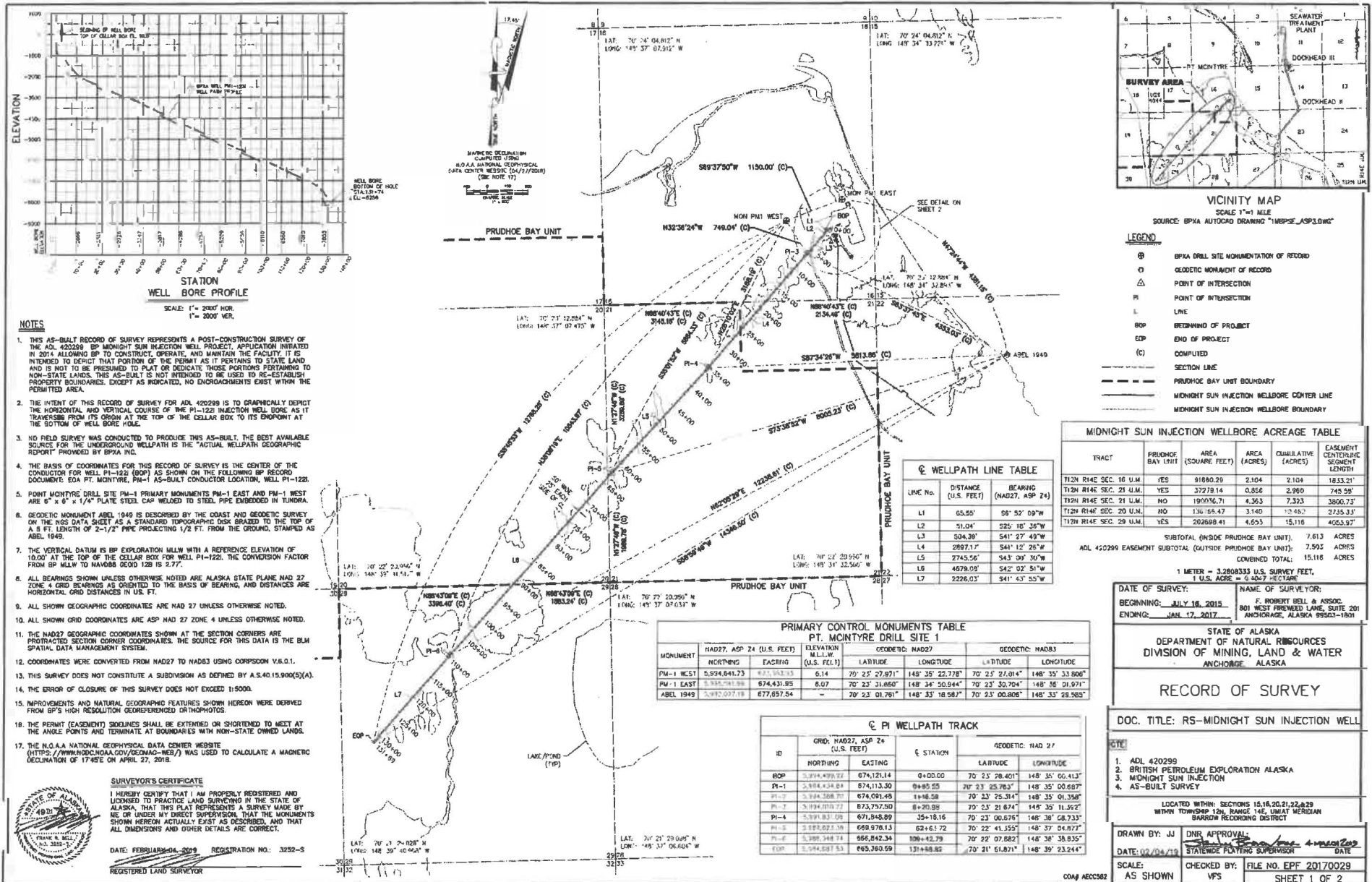
ADL	Description	Total Area	Annual Operational Fee
420299	Midnight Sun Well Bore outside of the Prudhoe Bay Unit	7.503 acres	\$1418.74

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.

- 33. Notices to Non-PBU Lease Operator.** The Grantee shall provide advance notice in writing to the Alaska Venture Capital Group, LLC (AVCG) lease operator, currently Brooks Range Petroleum Corporation (BRPC), of any plans and subsequent modifications of those plans for the construction, operation, or maintenance of facilities lying within the boundaries of the lease. Notice must be given at such time and in such detail to allow the BRPC to request modification of Grantee's plans for the purpose of preventing unnecessary or unreasonable interference with operations conducted by the BRPC. Notice to BRPC 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 BRPC that cannot be resolved between the Grantee and BRPC, shall be submitted to the Authorized Officer for mediation and resolution.

Attachment B

Reduced copy of
Record of Survey. JJH 03/05/19



Reduced copy of
Record of Survey, JSM 3/5/19

Attachment B

