

# **BlueCrest Alaska Operating LLC**

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**John M Martineck  
President & Chief Operating Officer**

September 27, 2017

**PUBLIC RECORD COPY**

State of Alaska, Department of Natural Resources - Division of Oil and Gas  
Attn.: Director Walsh  
550 West 7<sup>th</sup> Avenue, Suite 1100  
Anchorage, AK 99501-3510

*Sent via email with hardcopy to follow*

RE: Cosmopolitan Unit – 4th Plan of Development  
ADL018790, ADL384403, ADL391903 and ADL391904

Dear Director Walsh:

BlueCrest Alaska Operating LLC is pleased to provide this 4th Plan of Development (“4th POD”) for leases ADL018790, ADL384403, ADL391903 and ADL391904 (the “Cosmopolitan Unit”). This 4th POD is in effect from January 1, 2018 through December 31, 2018.

We will first start with a review of the prior plan:

## **3rd Plan of Development in review - January 1, 2017 through December 31, 2017:**

As stated in the 3rd POD, BlueCrest was constructing the BlueCrest Rig #1 at the Hansen Production Facility. This work is now complete. We currently have the largest most powerful operating rig in Alaska.

We also stated in our 3<sup>rd</sup> POD that drilling would start drilling on the H16 well in November 2016. BlueCrest spud the H16 well on November 29, 2016. We successfully drilled this well to a depth of 22,810 ft. MD. We set the Production/Frac Liner and released the rig to move to our next well location (H14 Lower Lateral) on March 11, 2017.

BlueCrest then completed a Frac job on H16 and began to flow the well. Our current production is 330 Bbls/Day from H16.

We also stated in our 3<sup>rd</sup> POD that we would drill up to five (5) oil production wells or laterals. We actually drilled two (2) complete wells and three (3) additional laterals. Only two of those wells or laterals played out.

BlueCrest spud the H14 Lower Lateral on March 22, 2017. We completed drilling this well on May 13, 2017 to a depth of 23,415 ft. MD.

BlueCrest was running the liner into the H14 Lower Lateral when the Baker Hughes Packer/Liner Hanger Assembly failed and prematurely & permanently set the liner in the well (~4,000 ft. short of TD).

BlueCrest completed a milling/fishing job to recover the liner that was left in the cased hole.

BlueCrest then initiated three separate side track operations before completing the H14 Lower Lateral to 22,300 ft. MD on September 25, 2017.

At the time of this report, BlueCrest is preparing to run the liner into the H14 Lower Lateral.

As stated in the 3<sup>rd</sup> POD, BlueCrest has begun the initial engineering on the Water Injection System. It is still early in the process to really know exactly what will be required.

#### **4th Plan of Development - January 1, 2018 through December 31, 2018:**

##### **Permitting:**

- BlueCrest currently has in hand the Approved - Permit to Drill (Form 10-401) for the H12 well. This permit will need some revisions as we have changed our completion package.
- BlueCrest also has in hand the Approved – Well Spacing Exception for both the H12 and H16.
- We will be filing a Permit to Drill (Form 10-401) for the H16 Upper Lateral and H16 Exploratory Lateral in late 2017 early 2018
- We will file as needed the Application for Sundry Approvals (Form 10-403) for Fracture Stimulation.

##### **Well Evaluation:**

- BlueCrest will be evaluating the results of the H14 Lower Lateral and H16 Lower Lateral wells to determine our path forward. Both wells were drilled with the Hemlock as our primary target.
- BlueCrest would like to drill and complete a test of the Starichkof Zone with one of our next wells.

##### **Drilling:**

- BlueCrest's plan is to drill at least one well in the 2018 drilling program.
- H16 Upper Lateral (Starichkof Zone) is currently our best candidate for drilling this zone before we complete our evaluation of the wells we drilled in 2017.

If you have any questions please feel free to call me at 214-697-8802 or email me at [john.martineck@bluecrestenergy.com](mailto:john.martineck@bluecrestenergy.com)

God bless,



John M Martineck

Cc: Kevin Pike