



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas
Anchorage Office

550 W. 7th Avenue, Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

October 25, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bart Armfield
Vice President, Exploration
Brooks Range Petroleum Corporation
5410 L Street, Suite 601
Anchorage, AK 99501

Re: Southern Miluveach 4th Plan of Development Amendment - Approval

Dear Mr. Armfield:

The Department of Natural Resources, Division of Oil and Gas (Division) received Brooks Range Petroleum's (BRPC) proposed amendment to its 4th Plan of Development (POD Amendment) for the Southern Miluveach Unit (SMU). The POD Amendment is dated October 18, 2017, but was hand delivered to the Division on October 23, 2017. Director Walsh has delegated authority to Deputy Director Beckham to review the POD Amendment.

The POD Amendment seeks to add a work commitment to "re-enter the North Tarn 1A well and conduct a flow test following hydraulic stimulation." BRPC has previously indicated that it hopes to certify this well as capable of producing in paying quantities for purposes of an automatic unit extension under 11 AAC 83.336(a)(1). The Division has advised BRPC that in addition to well certification, it will need to either be producing from the well or able to produce and continuing to conduct operations under an approved POD. 11 AAC 83.336(a)(1).

When considering a POD, the Division considers the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties, including the state, environmental cost and benefits, geological and engineering characteristics of reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the state, and any other relevant factors, including mitigation measures. 11 AAC 83.303(a), (b). The Division considered these factors in approving earlier PODs for SMU and incorporates those findings by reference.

In approving the 4th POD, the Division concluded that BRPC's plans further the State and public interest in development of the resources. The POD Amendment adds a drilling commitment that, if successful, could provide a basis for the unit extending past its December 31, 2017 expiration date. The POD Amendment thus furthers the State's interests in developing its resources. Accordingly, the POD Amendment is approved.

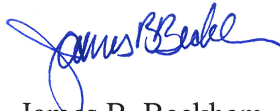
In light of the impending unit expiration and BRPC's hopes to qualify for an extension under 11 AAC 83.336(a)(1), it will be important for BRPC to keep the Division informed of its progress. When operations begin on the North Tarn 1A, BRPC should notify Becky Kruse with the

Division at 907-269-8799 or via email at Becky.Kruse@Alaska.gov. After that, Ms. Kruse will arrange a time for weekly updates through the end of the year.

This approval is only for a general plan of development. Specific field operations will require an approved Plan of Operations. The Division has also received BRPC's proposed 5th POD, and will evaluate that proposal separately.

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), and may be mailed or delivered to Andrew T. Mack, 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.

Sincerely,



James B. Beckham
Deputy Director