



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

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

March 20, 2018

CERTIFIED MAIL
RETURN SERVICE REQUESTED

Nathan C. Lowe
Land Manager
Armstrong Energy, LLC
1421 Blake Street
Denver, CO 80202

Mr. Keiran Wulff
Oil Search (Alaska), LLC
510 L Street, Suite 310
Anchorage, Alaska 99501

Re: Designation of Successor Unit Operator, Pikka Unit

Dear Mr. Lowe and Mr. Wulff:

By letter dated March 7, 2018, Armstrong Energy, LLC (Armstrong) submitted its resignation as operator of the Pikka Unit to the State of Alaska, Department of Natural Resources (DNR), with resignation effective March 15, 2018. In the same letter Oil Search (Alaska), LLC (Oil Search) agreed to fulfill the duties and assume the obligations as successor unit operator of the Pikka Unit effective March 15, 2018. This letter was later revised for clarity and resubmitted on March 19, 2018.

Under 11 AAC 83.331(c), no designation or change of the unit operator becomes effective until approved by the DNR Commissioner. The Division Director may approve or disapprove the proposed change of the unit operator pursuant to a September 30, 1999 delegation of authority from the Commissioner. Article 5.1 of the Pikka Unit Agreement states that the unit operator may resign at any time, but the resignation is not effective until DNR and Arctic Slope Regional Corporation (ASRC) approval of a successor unit operator.

The Division approves Oil Search as successor unit operator of the Pikka Unit effective March 15, 2018. The Division has determined Oil Search is qualified under 11 AAC 83.331(a) to fulfill the duties and obligations prescribed in the Pikka Unit agreement. Separate approval by ASRC of Oil Search as unit operator is required by the unit agreement.

The Division requests an update on the status of the activities in the current POE, approved by the Division November 6, 2017.

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,



Chantal Walsh,
Director

cc: Teresa Imm, Vice President, Resource Development, Arctic Slope Regional Corporation