



June 5, 2017

Ms. Rebecca Kruse
Unit Manager
DNR, Division of Oil and Gas
550 W. 7th Avenue, Suite 1100
Anchorage, AK 99501-3560

RE: Forty-third Plan of Development
State of Alaska
Nicolai Creek Unit Agreement
"EXHIBIT G"

Forty-third Plan of Development and Operations

Dear Ms. Kruse:

Reference is made to the captioned Unit Agreement being DNR No. 14-08-0001-8913. Pursuant to Article X of the Nicolai Creek Unit Agreement, Aurora Gas, LLC, as designated Unit Operator, hereby submits for approval this Forty-third Plan of Development and Operations.

A. DURATION:

This plan shall be in effect from January 1, 2017, through December 31, 2017.

B. DRILLING / WORKOVER / FIELD MODIFICATION AND 3-D SEISMIC DURING THE FORTY-SECOND PLAN OF DEVELOPMENT AND OPERATIONS:

General

No development drilling, well workovers, nor significant field modifications were performed during the Forty-second Plan of Development period. Slickline work was performed on several wells: mostly checking for and attempting to clean-out sand fill.

Nicolai Creek Unit #2 Well and Reservoir

No work was performed on this well during the plan period. Gas storage plans are pending further study and approval of investments by owners/investors.

Nicolai Creek Unit #3

In 2014, the bottom of the tubing in this well was found to be plugged, leaving only the Upper Completion (Beluga) open for production. However, the fill was deep enough that the tubing was perforated to allow the Lower Completion to produce above the plugged tubing.

In March 2016, the fill was found above the tubing perforations, so a plug was set above the fill, to prevent it from coming up the tubing, and the Upper Completion was produced through the tubing sand screen. The well produced only a short time before it made excessive sand, indicating that the sand fill may have been coming from the Beluga completion through the screen. The well was shut-in pending a coiled tubing cleanout. However, the stinger on the end of the tubing is less than 2" diameter and will require 1.25" coiled tubing for the cleanout, which is not readily available in the Cook Inlet area at this time.

Nicolai Creek Unit #9 Well

Slickline was run in the well in August 2016, and fill was found in the tubing very close to previous runs, but deep enough not to be causing significant blockage of the sand screen.

Nicolai Creek Unit #10 Well

In May 2015, the Carya 2-1 Sand at 2149-2242" was reopened and commingled with the Carya 2-3 Sand. However, in December 2015, fill was found above the sliding sleeve for the 2-3 completion, and a fill check in August 2016 found fill even shallower but still below the 2-1 completion sliding sleeve. Thus, the well has been producing from the 2-1 (Upper) completion during the entire plan period. A coiled tubing cleanout was planned before the end of 2015; however, that work was not done. Aurora is working toward scheduling that work, a coiled tubing cleanout and chemical sand control of the Carya 2-4.2 completion, before the end of this 43rd Plan Period, pending resolution of Aurora's Chapter 11 bankruptcy and new ownership of the company.

Nicolai Creek #11 Well

In December 2015, a slickline depth check was run in the well, and sand fill was found above the top of the sand-control screen, totally blocking production from the Lower (Tyonek) Completion. Attempts to clean out the fill with a slickline bailer were not successful. Thus, the sliding sleeve for the Lower Middle Completion (Lower Beluga) was confirmed to be open, after the tubing patch was removed from the leaking sleeve of the Upper Middle (Beluga) Completion. The well has therefore been producing from the Lower Middle Completion and, probably, from the Upper Middle Completion for the Plan Period. Coiled tubing cleanout of this well is recommended and will be done pending resolution of Aurora's Chapter 11 bankruptcy and new ownership of the company.

C. OWNERSHIP / OPERATOR CHANGES DURING THE FORTY-SECOND PLAN OF DEVELOPMENT AND OPERATIONS:

During the Forty-second Plan of Development period, there were no changes in ownership.

D. PRODUCTION:

Nicolai Creek Unit #1B

The NCU #1B well began initial test production in November 2003 and produced for only a few days, due to water production, limited disposal capacity, and excessive sand and water

production. The well was re-completed, adding additional upper perforations in June 2006. On November 9, 2006 the NCU #1B began sustained production to sales. The NCU #1B well produced 10,902 Mcf for the period of September 1, 2015, through August 31, 2016. Cumulative total production from the NCU #1B well through August 2016 was 465.3 MMcf.

Nicolai Creek Unit #2

The NCU #2 well began initial test production in November 2003 and on December 1, 2003 the NCU #2 well began sustained production to sales. The NCU #2 well produced 28,538 Mcf for the period of September 1, 2015, through August 31, 2016, from the new completions and previously produced zones. Cumulative total production from the NCU #2 well (all completions) through August 2016 was 1005 MMcf.

Nicolai Creek Unit #3

The NCU #3 well was initially tested for production in February 2001 following Aurora becoming operator of the field and reworking the well. On September 18, 2001, the well began sustained production to sales. The NCU #3 well produced only 716 Mcf for the period of September 1, 2015, through August 31, 2016, shut in most of the time, as it currently is, due to formation sand and silt plugging the tubing. Cumulative total production from the NCU #3 well through August 2016 was 2,146 MMcf.

Nicolai Creek Unit #9

The NCU #9 well began initial test production in November 2003 and on December 1, 2003, the well began sustained production to sales. The NCU # 9 well produced 161,238 Mcf for the period of September 1, 2015, through August 31, 2016, up almost 200% from the previous year. Cumulative total production from the NCU #9 well through August 2016 was 2,810 MMcf, which is the highest cumulative from of any well in the Unit.

Nicolai Creek Unit #10

The NCU #10 well was drilled in 2011 and commenced production to sales in October 2011. The well produced 121,501 Mcf between September 1, 2015, and August 31, 2016. Cumulative total production from NCU #10 through August 31, 2016, was 1,500 MMcf.

Nicolai Creek #11

The NC #11 well was tested during drilling operations in late 2009 and was determined to be productive. On November 27, 2009, the NCU #11 well began sustained production to sales. It produced 48,995 Mcf for the period of September 1, 2015, through August 31, 2016. Cumulative total production from the NC #11 well through August 2016 was 1,227 MMcf.

E. DRILLING OPERATIONS AND FIELD MODIFICATIONS PLANNED DURING THE FORTY-THIRD PLAN OF DEVELOPMENT AND OPERATIONS:

Nicolai Creek #12

A new well may be drilled in the Nicolai Creek North unit following the drilling and testing of the deeper sands in Nicolai Creek #10. Logging data showed that the #10 location is fault separated from the NC#3 well and there is potential for another well to access the deeper sands that are currently not accessible through the Nicolai Creek #3 well. Additional evaluation of seismic data is being reviewed with the drilling data to determine the economics of this well. The location being evaluated for this well is south of the #3 and #10, with a surface location staked at 513' FSL and 2378' FWL, Section 20, T11N, R12W. The current plan is for a directional well drilled 900' to the west-northwest, targeting the Beluga and Upper Tyonek sands productive in #3 and #10.

F. WELL DATA:

Planned Drilling -	1	#12
Completed Work-over / Conversion -	0	
Producing -	6	(# 1B , # 2, # 3, # 9, #10 & # 11)
Shut-in Pending Facility Installation -	0	
Suspended -	0	
Abandoned -	5	(# 4, # 5, # 6, #13, & #14)

G. DEVELOPMENT AND REMEDIAL WELL WORK AND 3D SEISMIC WORK PLANNED DURING THE FORTY-THIRD PLAN OF DEVELOPMENT AND OPERATIONS:

Nicolai Creek Unit #2 and #9

Pending the issuance of a gas storage lease, the NCU # 2 and #9 wells may be converted into a gas storage injection/production well (total reservoir volume of 2.5 – 3 BCF). The possibility of a future horizontal well through the storage reservoir is also contemplated. While there has been renewed interest in this project by Aurora's new owners, and studies have not yet commenced. Commencement of feasibility studies, leasing, permitting, and implementation are all possible during this 43rd Plan period but are not planned at this time.

Nicolai Creek Unit #10 Remedial Workover

As mentioned previously, the Lower Middle Completion in this well, the Carya 2-4.2 perfs at 3512-22' continued to make sand and water, along with a high rate of gas. Several attempts have been made to remediate this problem, including a rig workover in 2012 and a thru-tubing sand screen in late 2013. In August 2014, the tubing was cleaned out with coiled tubing and the sand screens pulled. A plug was then set above the zone to isolate it. Coiled tubing

cleanout and chemical sand control treatment are being considered for late in the 42nd Plan period or early in the 43rd Plan period, pending resolution of Aurora's Chapter 11 bankruptcy and new ownership of the company. .

Nicolai Creek Unit #11 Remedial Workover

As mentioned previously, the Lower Completion in the NCU #11 well is plugged off by sand and silt in the tubing. A coiled tubing cleanout of the well is recommended in the 43rd plan period, depending upon resolution of Aurora's Chapter 11 bankruptcy and new ownership of the company.

Exploration Plans

Apache Alaska Corporation purchased deep rights under the Nicolai Creek Unit (onshore) from Aurora Gas, LLC, to evaluate and possibly drill exploration well(s) for the deeper oil and gas prospects in the Nicolai Creek Unit, with Aurora retaining certain rights and interests. New 3-D seismic was acquired over the Unit acreage during the Thirty-Eighth Plan Period, in early 2012, by Apache. However, Apache has withdrawn from active pursuit of exploration in Alaska. Nonetheless, Aurora continues to be interested in purchasing this new seismic and expects to negotiate the purchase of a license from Apache in the Forty-Third Plan period, with plans to interpret and evaluate this new seismic, and other geologic data, to determine possible exploration, development, and extension drilling targets at all depths. However, no drilling of exploration wells is expected during the Forty-third Plan Period in 2017, but this Plan will be revised if that changes.

H. OWNERSHIP / OPERATORSHIP CHANGES EXPECTED DURING THE FORTY-THIRD PLAN OF DEVELOPMENT AND OPERATIONS:

No additional changes of ownership of the Unit per se are expected during the Forty-third Plan of Development period. However, Aurora Gas, LLC is currently in Chapter 11 bankruptcy and the resolution will be either purchase of the all membership ("stock") of the company by a new owner or shut-in and abandonment of the wells. Two prospective purchasers have made proposals for the purchase, but neither have made firm offers. If the sale of the membership is not successful, the wells will be shut-in and abandoned. A plan to shut-in the wells is being submitted to the AOGCC in the next few days, with a copy to the DNR.

I. LONG-RANGE PLANS INCLUDING WELL AND LEASE ABANDONMENT

Subject to the resolution of the Chapter 11 bankruptcy by the purchase of membership as stated above, it appears that, unless there is further development (drilling or gas storage), the field will become uneconomic to operate in late 2020 or early 2021, based on Aurora's production and economic projections. Thus, well abandonment and surface equipment removal would likely be planned for the summer of 2021, unless expedited by the bankruptcy.

J. NOTICES:

To the extent additional information regarding this Plan of Development is desired or notices as to the status of this filing are made, please direct such correspondence to:

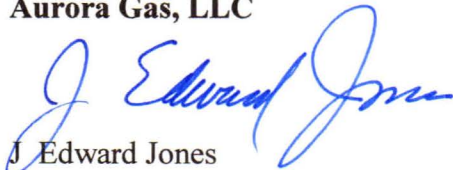
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Aurora Gas, LLC is designated as Unit Operator, reserves the right to modify the Plan of Development and Operations if economic or geological factors warrant; however, such modifications are not to be commenced without prior consent of the Department of Natural Resources, Division of Oil and Gas.

Your approval of this submitted plan, pursuant to 11 AAC 83.343, is respectfully requested.

Sincerely,
Aurora Gas, LLC



J. Edward Jones
President

*CC: Susan Wang, Apache Alaska Corp.
Mike Franger, MHT Land Office
Jason Brune, CIRI*