

BlueCrest Alaska Operating LLC

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Anchorage, AK 99503

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John M Martineck

President & Chief Operating Officer

August 15, 2017

Alaska Department of Natural Resources

Division of Oil & Gas

Attn.: Director Walsh

550 W 7th Avenue, Suite 1100

Anchorage, AK 99501-3560

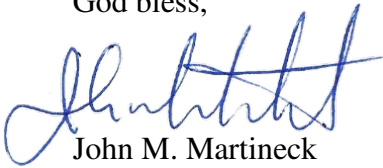
RE: BlueCrest Drilling Update

Dear Director Walsh,

BlueCrest Alaska Operating has recently completed drilling the H14 well within the Cosmopolitan Unit. We will shortly run the production liner into the H14 well in preparation to complete and frac this well. We have learned a great deal of information from drilling and fracturing the H16 well (prior well), and we are applying what we have learned from the H16 to the H14 well. In order to properly evaluate all of these changes we have made on the H14 well, we will take a short pause in our drilling program to study the outcome of the various changes. We will then apply what we have learned to the next well and resume drilling. We anticipate a return to drilling in several months, however are working to even accelerate this return to drilling. We want to take a very discipline and calculated approach in exploring our options on how to best drill and produce this field.

If you have any questions or require additional information please contact me at (214) 697-8802 or by email at John.Martineck@bluecrestenergy.com.

God bless,



John M. Martineck

President & Chief Operating Officer

BlueCrest Alaska Operating LLC

Cc: Kevin Pike