

Aurora Exploration, LLC

***4645 Sweetwater Blvd., Suite 200
Sugar Land, TX 77479***

December 8, 2017

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

RE: **Forty-fourth Plan of Development
State of Alaska
Nicolai Creek Unit Agreement
“EXHIBIT G”**

Forty-fourth Plan of Development and Operations

Dear Ms. Kruse:

Aurora Exploration, LLC is currently in the process of acquiring the Nicolai Creek Unit from Aurora Gas, LLC out of bankruptcy. Although the transaction has not been finalized, Aurora Exploration has processed various applications in anticipation of the ultimate consummation of the transaction. Aurora Exploration submitted a unit agreement endorsement and letter of acceptance of all duties, obligations, and responsibilities from the previous operator. Accordingly, 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 Exploration, LLC, as the proposed designated Unit Operator, hereby submits for approval this Forty-fourth Plan of Development and Operations.

A. DURATION:

This plan shall be in effect from January 1, 2018, through December 31, 2018.

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

General

No development drilling, well workovers, nor significant field modifications were performed during the Forty-third 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. We will evaluate the merits of a coil tubing cleanout to be performed sometime in the 1st Quarter of 2018.

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 Exploration plans to schedule that work, a coiled tubing cleanout and chemical sand control of the Carya 2-4.2 completion, sometime in the 1st Quarter of 2018.

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 performed sometime in the 1st Quarter of 2018.

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

Assuming successful closing during January, 2018, ownership of NCU will be conveyed to Aurora Exploration, LLC effective with the expiration of the Forty-third Plan of Development period.

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 10,295 Mcf for the period of November 1, 2016, through October 31, 2017. Cumulative total production from the NCU #1B well through October 2017 was 477 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 3,515 Mcf for the period of November 1, 2016, through October 31, 2017, from the new completions and previously produced zones. Cumulative total production from the NCU #2 well (all completions) through October 2017 was 1,016 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 remained shut in for the period of November 1, 2016, through October 31, 2017, due to formation sand and silt plugging the tubing. Cumulative total production from the NCU #3 well through October 2017 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 113,499 Mcf for the period of November 1, 2016, through October 31, 2017. Cumulative total production from the NCU #9 well through October 2017 was 2,937 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 41,435 Mcf for the period November 1, 2016, through October 31, 2017. Cumulative total production from NCU #10 through October 2017, was 1,547 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. The well produced 44,270 Mcf for the period of November 1, 2016, through October 31, 2017. Cumulative total production from the NC #11 well through October 2017 was 1,280 MMcf.

E. DRILLING OPERATIONS AND FIELD MODIFICATIONS PLANNED DURING THE FORTY-FOURTH 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 will be 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	(NCU #12)
Completed Workover / Conversion	0	
Producing	6	(NCU #'s 1B, 2, 3, 9, 10, 11)
Shut-in Pending Facility Installation	0	
Suspended	0	
Abandoned	5	(NCU #'s 4, 5, 6, 13, 14)

G. DEVELOPMENT AND REMEDIAL WELL WORK AND 3D SEISMIC WORK PLANNED DURING THE FORTY-FOURTH 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, studies have not yet commenced. Commencement of feasibility studies, leasing, permitting, and implementation are all possible during this 44th 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 will be performed sometime in the 1st Quarter of 2018.

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 will be performed sometime in the 1st Quarter of 2018.

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 Exploration is interested in acquiring and/or accessing this new seismic with plans to interpret and evaluate; and along with other geologic data, determine possible exploration, development, and extension drilling targets at all depths. However, no drilling of exploration wells is expected during the Forty-fourth Plan Period, but this Plan will be revised if that changes.

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

No additional changes of ownership of the Unit per se are expected during the Forty-fourth Plan of Development period. However, Aurora Exploration, LLC is currently in discussions with several entities that could result in a sale of partial working interest in NCU.

I. LONG-RANGE PLANS INCLUDING WELL AND LEASE ABANDONMENT

It appears that, unless there is further development (drilling or gas storage), the field will become uneconomic to operate in 2022, based on Aurora's production and economic projections. Thus, well abandonment and surface equipment removal would likely be planned for the summer of 2022.

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 Exploration, LLC if 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,



G. Scott Pfoff - President
Aurora Exploration, LLC

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