



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

December 28, 2017

CERTIFIED MAIL
RETURN SERVICE REQUESTED

G. Scott Pfoff
President
Aurora Exploration, LLC
4645 Sweetwater Blvd., Suite 200
Sugar Land, TX 77479

Re: Designation of Successor Unit Operator, Nicolai Creek Unit

Dear Mr. Pfoff,

By letter dated December 19, 2017, Aurora Gas, LLC submitted its resignation as operator of the Nicolai Creek Unit to the State of Alaska, Department of Natural Resources (DNR), Division of Oil and Gas (Division) with resignation effective upon posting by Aurora Exploration, LLC a statewide operator bond with DNR. In a separate letter also dated December 19, 2017, Aurora Exploration, LLC, upon its posting a statewide operator bond with DNR, agrees to accept the transfer of operatorship from Aurora Gas, LLC. This includes acceptance of all duties, obligations, and responsibilities from the previous designated operator.

The Nicolai Creek Unit (NCU) was formed effective in 1968. Aurora Gas, LLC, Cook Inlet Energy, LLC, and Apache Alaska Corporation possess varying working interest ownership percentages in the NCU. All working interest owners ratified the unit agreement prior to unit approval.

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 of the Nicolai Creek Unit Agreement states that the unit operator may resign at any time, but the resignation is not effective until DNR approval of a successor unit operator.

The Division approves Aurora Exploration, LLC as successor unit operator of the Nicolai Creek Unit effective December 26, 2017. The Division has determined Aurora Exploration, LLC is qualified under 11 AAC 83.331(a) to fulfill the duties and obligations prescribed in the Nicolai Creek Unit Agreement.

The Division requests copies of the revised unit and participating area exhibits (Exhibits A, B, C, and D) within 30 days from the date of this decision.

A 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: Kyle Smith, DNR
DOL