

April 2, 2018

Becky Kruse, Unit Manager  
State of Alaska, Department of Natural Resources  
Division of Oil & Gas  
550 W. 7<sup>th</sup> Avenue, Suite 1100  
Anchorage, AK 99501-3560

Re: Southern Miluveach Unit 2018 (5<sup>th</sup>) Plan of Development - Quarterly Update

Dear Ms. Kruse,

The December 20, 2017 Approval of the Southern Miluveach Unit (SMU) 5<sup>th</sup> Plan of Development requires BRPC to provide “a written update at the end of each quarter that details the operations it conducted during that quarter and when it conducted them”.

BRPC has updated its strategy and is planning the interim use of an Early Production Facility (EPF) to bring the Mustang Field to production while work continues on the MOC1 facility. The EPF is a modular design, fit for purpose, that is design ready and can be transported easily to the site and begin operations fairly quickly. The modular EPF can be moved to a future development site once the permanent facility is online at Mustang.

BRPC has recently submitted an amendment to the 5<sup>th</sup> Plan of Development to reflect this change in our plans. This amendment includes the following proposed operations for the year:

1. Additional on-pad piles may be installed as early as 3Q2018
2. Cross country pipelines will be installed 4<sup>th</sup> quarter 2018 or 1<sup>st</sup> quarter 2019.
3. CPAI-executed pipeline tie-in work will be executed 4<sup>th</sup> quarter 2018 and/or 1st quarter 2019.
4. Preparation of the Mustang Pad for installation of the EPF may begin as early as 2Q2018.
5. Installation of the EPF on Mustang Pad will begin 3Q2018.
6. Installation and Functional Check-out (FCO) of the EPF will be completed as early as 4Q2018.
7. First oil is expected in 4Q2018 or 1Q2019.
8. Produced oil from the EPF will be transported via tie-in to the common carrier Alpine Pipeline.
9. Drilling activities will be conducted in a manner to best maximize recovery of the Mustang field resources and timed to best utilize the EPF.

During the first quarter of 2018, we have conducted the following activities to advance the development as per the Plan of Development:

Item 2:

- Began planning with EPF contractor and construction vendors for engineering and installation of the pipeline (February to present). This work is expected to continue until 4Q2018.

Item 3:

- Reengaged with ConocoPhillips on starting engineering and communications work required for Alpine tie-in (February). This work will continue for until the tie-in is complete.

Item 5:

- Received and evaluated bids from EPF providers and selected a contractor to design, transport, install and operate for continuous production (January-February).
- Began the initial engineering phase with the EPF contractor (February to present). This initial engineering phase is expected to continue through mid-May.
- Inspections of BRPC owned materials performed by EPF contractor for engineering validation (February).
- Working to amend or revise approved ADEC Air Permit to work with the EPF (February – Present). This work will continue through 2Q2018.
- BRPC engineer site visit to EPF contractor and fabrication facilities (March).

Item 8:

- Began evaluating the viability of trucking produced oil prior to pipeline tie-in (March) to expedite first oil, including:
  - Contacting trucking companies for pricing & logistic considerations
  - Researching connection points on existing infrastructure
  - Discussions with other facilities on options
  - This evaluation will continue

Item 9:

- Reviewed reservoir model/production profile – for transport analysis and well stock planning (February-present). This work is expected to continue throughout the year.

Other work:

- Continued storage, preservation and maintenance of MOC1 modules (Ongoing).
- Evaluated moving MOC1 modules during 2018 barging season and if the modules could be incorporated into the EPF (January-February).
- Continued planning with GCI regarding tower installation on Mustang pad (February-March).

BRPC is continuing to work toward SMU first oil production.

If you have any questions, please give me a call at 907.865.5840.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bart Armfield', with a long horizontal flourish extending to the right.

Bart Armfield  
President, CEO