

BlueCrest Alaska Operating LLC

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John M Martineck
President & Chief Operating Officer

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OCT - 8 2018

DIVISION OF
OIL AND GAS

October 6, 2018

PUBLIC RECORD COPY

State of Alaska, Department of Natural Resources - Division of Oil and Gas
Attn.: Director Walsh
550 West 7th Avenue, Suite 1100
Anchorage, AK 99501-3510

Sent via email with hardcopy to follow

RE: Cosmopolitan Unit – 5th Plan of Development
ADL018790, ADL384403, ADL391903 and ADL391904

Dear Director Walsh:

BlueCrest Alaska Operating LLC is pleased to provide this 5th Plan of Development (“5th POD”) for leases ADL018790, ADL384403, ADL391903 and ADL391904 (the “Cosmopolitan Unit”). This 5th POD is in effect from January 1, 2019 through December 31, 2019.

We will first start with a review of the prior plan:

4th Plan of Development in review - January 1, 2018 through December 31, 2018:

In September of 2017, when the 4th POD was in its final stages of drafting, BlueCrest was preparing to set the final production liner in the H14 Well. This was later successfully completed.

BlueCrest then conducted a Multi-Stage Frac Job on the H14 Well.

This well was then cleaned up and brought into production. The H14 well has been on production since that time.

We then spent some time evaluating the results of the H14 drilling and Frac Job. The decision was made to change our approach in drilling our next well (H12).

BlueCrest developed a program to drill a Fish Bone Well to more efficiently drill to the outer reaches of the reservoir (see Attachment #1). The design of this well essentially drills the frac’s in the well.

BlueCrest then proceeded to secure the necessary Well Spacing Exceptions and the Permits to drill for seven (7) Lateral Wells.

BlueCrest then drilled the H12 Fish Bone Wells with its seven (7) laterals. This well was cleaned up and brought into production. The H12 has been on production ever since that time.

We have now completed our evaluations of the H12 Fish Bone Wells and have made the decision to redrill the H16 well in the same fashion as the H12. The redrill (H16a) will contain eight (8) laterals. This well is scheduled to spud on October 7, 2018

5th Plan of Development - January 1, 2019 through December 31, 2019:

Permitting:

- BlueCrest has currently submitted applications for Well Spacing Exceptions to drill another well at the beginning of 2019. This new well, the H4, is expected to be approximately 3200' south of all existing wells and will begin to test the southern extent of our reservoir. The H4 will also contain eight (8) laterals.
- After the Well Spacing Applications are reviewed, BlueCrest will submit the Permits to Drill (Form 10-401) for the H4 wells.

Well Evaluation:

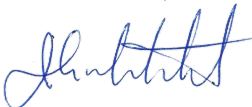
- After evaluating the results of the H16a and H4 Fish Bone Wells, BlueCrest will decide the best possible location for a possible second well in the 2019 drilling program. This well is currently anticipated to be the H11 Fish Bone Well that would step out to the north to evaluate the northern portion of the reservoir. This H11 is also expected to contain approximately eight (8) laterals.

Drilling:

- BlueCrest's plan is to drill at least one well and possibly two wells in the 2019 drilling program.

If you have any questions please feel free to call me at 214-697-8802 or email me at john.martineck@bluecrestenergy.com

God bless,

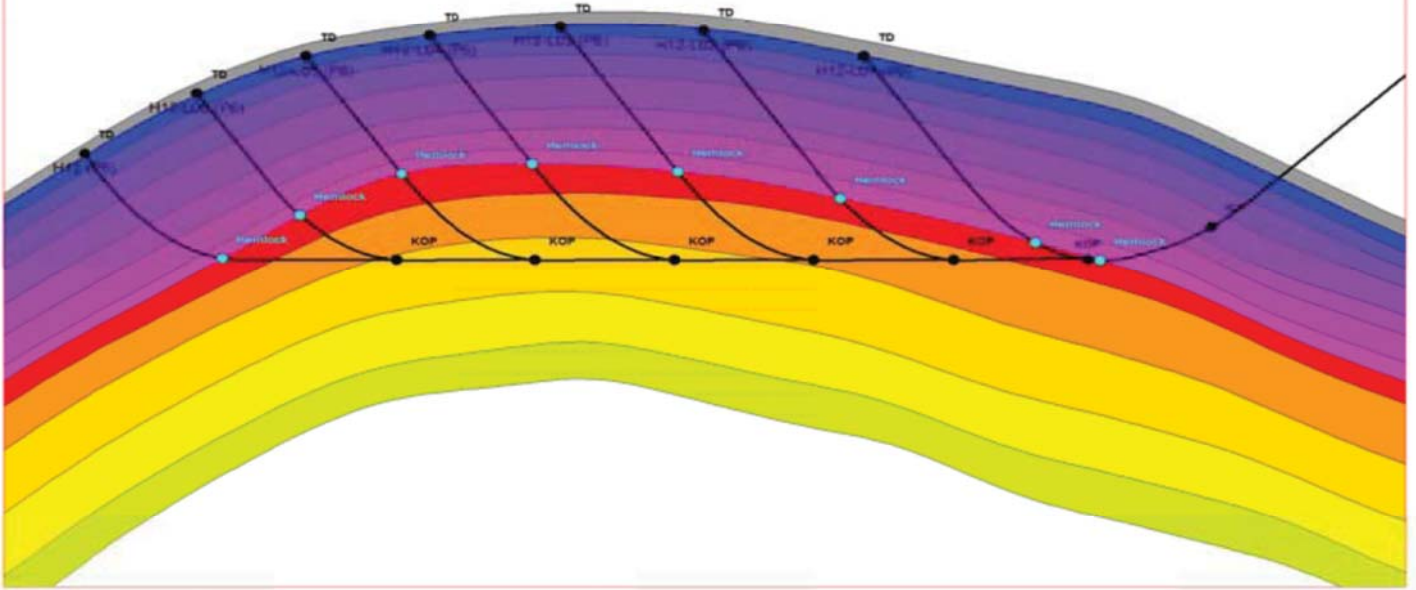


John M Martineck

Cc: Kevin Pike

Attachment #1

H12 Multi-Lateral Section



H12 Multi-Lateral	
Scale	Date
1:10000	03/27/2018
Z-Scale	Field
1:3	Cosmopolitan
Prepared by:	
ABuchanan	

