



3900 C Street, Ste. 1000 | Anchorage, Alaska 99503

August 1, 2018

Ms. Chantal Walsh, Director
Alaska Department of Natural Resources
Division of Oil & Gas
550 W. 7th Ave., Suite 1100
Anchorage, AK 99501-3557

RECEIVED

AUG - 1 2018

DIVISION OF
OIL AND GAS

**Subject: Placer Unit 2nd Plan of Development
Request to Supplement 2nd Plan of Development**

Dear Director Walsh:

In accordance with 11 AAC 83.343 and pursuant to the terms of Article 8 of the Placer Unit Agreement, ASRC Exploration, LLC (AEX), as Operator and on behalf of AEX as the only working interest owner of the Placer Unit, hereby petitions the Department of Natural Resources (the "Department") to approve a supplement to the approved Second Plan of Development (2nd POD) for the Placer Unit.

In light of positive results from our continued geological and geophysical evaluation of the unit area, and our review of early production options, AEX has determined that field operations on the unit area is justified during the term of the 2nd POD to allow for summer studies this year. These operations, once approved by the Department as a supplement to the amended 2nd POD, will be conducted under the existing Placer #3 well plan of operations which is still open and in effect as the well is currently suspended. The proposed revision to the Placer #3 plan of operations is attached.

Reporting and final report writing for this new work will likely continue over into the 3rd POD time period.

We need to conduct this additional work during summer/fall conditions before the snow cover occurs, so your expeditious review and approval of this request is most appreciated. We cannot conduct these operations after the snow covers the area.

If you have any questions or require additional information, please contact me at (907) 339-6014 or timm@asrc.com.

Sincerely,

A handwritten signature in blue ink that reads 'Teresa Imm'.

Teresa Imm - President
ASRC Exploration, LLC

Cc: Mr. Ken Diemer, State Petroleum Land Manager



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Proposed Revision to the Placer #3 Plan of Operation and supplement to the Placer Unit 2nd Plan of Development for the period of September 9, 2017 through September 8, 2018

ASRC Exploration, LLC. (AEX) proposes the following Revision to the Placer #3 Plan of Operation and supplement to the Placer Unit 2nd Plan of Development (POD) to potentially expedite production from the Placer Unit as per 11 ACC 83.346 (d)

- 1) The sequence and schedule of the operations to be conducted on or in the unit area, including the date operations are proposed to begin and their proposed duration;

AEX plans to perform a range of field operations during August/September 2018. AEX plans to conduct and accomplish the following activities, (weather dependent):

- Conduct visual inspection of Placer #1 and Placer #3 wellhead for thaw subsidence.
- Inspect area of previously identified impact along the 2015-2016 Placer #3 ice road.
- Additionally AEX's contractor will conduct the following operations:
 - Reconnoiter gravel and ice pad areas at Placer #1 and Placer #3 well locations for fitting a potential future Early Production Facility (EPF).
 - Investigate and determine ice road routes for potential future Early Production Facility (EPF) and will perform an assessment over these routes.
 - Ice road routes are as follows:
 - Ice Road route to DS-3S from Placer #1
 - Ice Road route to Mustang pad from Placer #1
 - Ice Road route to DS-3S from Placer #3
 - Ice Road route to Mustang pad from Placer #3
 - Reconnoitered four gravel road routes for potential long-term development.
 - Gravel road routes are as follows (gravel routes are not necessarily aligned with ice road routes):
 - Gravel Road route to DS-3S from Placer #1
 - Gravel Road route to Mustang pad from Placer #1
 - Gravel Road route to DS-3S from Placer #3
 - Gravel Road route to Mustang pad from Placer #3
 - Additionally, time permitting, AEX's contractor will fly over the proposed Miluveach river crossing between Placer and the proposed Nanushuk facilities for potential pipeline crossing.
 - 2) Projected use requirements directly associated with the proposed operations, including but not limited to the location and design of well sites, material sites, water supplies, solid waste sites, buildings, roads, utilities, airstrips, and all other facilities and equipment necessary to conduct the proposed operations
 - AEX hired contractor will be using a helicopter out of Deadhorse to perform aerial and/or on-ground inspection of the proposed routes as appropriate.

- 3) Plans for rehabilitation of the affected unit area after completion of operations or phases of those operations; and
- All activity will be conducted via a helicopter in order to limit impacts to vegetation and habitat. The only likelihood of being on tundra (time permitting) will be:
 - The contractor will inspect two areas of tundra disturbance caused by DNR inspector at the time Placer #3 was drilled.
 - To reconnoiter possible pipeline river crossing locations along the Miluveach River and at the Placer well sites.
- 4) A description of operating procedures designed to prevent or minimize adverse effects on other natural resources and other uses of the unit area and adjacent areas, including fish and wild-life habitats, historic and archeological sites, and public use areas.
- Proposed activities involve aerial inspection and very limited on-ground activity and should not cause any adverse effects to fish and wild-life habitats, historic and archeological sites and public use areas.

-End-