



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

August 17, 2018

Ms. Chantal Walsh, Director
Alaska Department of Natural Resources
Division of Oil and Gas
550 W. 7th. Avenue, Suite 1400
Anchorage, AK 99501

Subject: Placer Unit Proposal for 3rd Plan of Development (Amended)

Dear Ms. Walsh,

In accordance with 11 AAC 83.341(d) and 11 AAC 83.343 and pursuant to the terms of Article 8 of the Placer Unit Agreement (PLU), 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 acknowledge receipt of the Placer Unit 3rd Plan of Development Amended (3rd POD - Amended) and its approval for the Placer Unit.

In accordance with 11 AAC 83.343 and Article 8 of the PLU, AEX submitted a proposal for the 3rd POD on June 11th, 2018. The Department requested AEX to amend and re-submit the 3rd POD with regards to addressing all requirements in 11 AAC 83.343(c). AEX re-submitted the amended 3rd POD on July 3rd, 2018.

AEX proposes amendment to the previously submitted 3rd POD to address questions raised by the Department of Natural Resources with respect to 11 AAC 83.343(a)(3) criteria.

Please see attached proposed revision to the 3rd POD submitted on July 2, 2018.

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

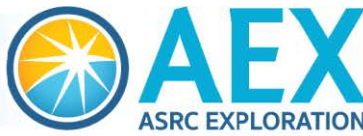
Sincerely,

A handwritten signature in blue ink, appearing to read 'Teresa Imm', with a stylized flourish at the end.

Teresa Imm - President
ASRC Exploration, LLC

Cc: Mr. Ken Diemer, State Petroleum Land Manager

Enclosures: Proposed Placer Unit 3rd Plan of Development (Amended)



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Proposed Placer Unit 3rd Plan of Development (Amended) for the period of September 9, 2018 through September 8, 2019

ASRC Exploration, LLC. (AEX) proposes the following 3rd Plan of Development (3rd POD - Amended) to bring the Placer Unit in to production per 11 ACC 83.343

- 1) The long-range proposed development activities for Placer Unit include plans to delineate all underlying oil or gas reservoirs, bring the reservoirs into production, and maintain and enhance production once established.
 - a. Currently the Kuparuk C is the only productive interval identified within the Placer Unit.
 - b. Analysis of an Early Production Facility (EPF) for potentially early production in 2019/2020.
- 2) The plans for the exploration or delineation of any land in the unit not included in a participating area.
 - a. No Participating Area is currently proposed.
 - b. Plan will be to define the initial participating area through detailed mapping, reservoir analysis and engineering, utilizing the three Placer Unit wells and the merged seismic dataset.
- 3) The proposed operations for the Placer Unit for the 3rd POD for the period September 9, 2018 through September 8, 2019 are detailed as follows:
 - a. Complete reservoir description utilizing our 3-D interpretations and use the results of the reservoir mapping and seismic data analysis to generate a 3-D Geologic model (static model).
 - b. Complete full field dynamic reservoir simulation model targeting the entire Kuparuk C accumulation and complete simulations to optimize Development Plan.
 - c. AEX plans to conduct winter operations by re-entering the suspended Placer #3 well.
 - d. Progress Memorandum of Understanding (MOU) with adjacent operators for joint Kuparuk C development and facility access.

- 4) The surface location of proposed facilities, drill pads, roads, docks, causeways, material sites, base camps, waste disposal sites, water supplies, airstrips, and any other operation or facility necessary for Placer Unit operations will be studied as follows:
- a. Following completion of initial reservoir mapping and reservoir modeling a well plan will be developed to optimally produce the Kuparuk C in the PLU.
 - b. Pending favorable results of facility access/sharing negotiations; finalize review of adjacent facilities access options to determine location of roads and three- phase pipelines to processing facility.

-End-