

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

RESOURCE ASSESSMENT & DEVELOPMENT SECTION

SARAH PALIN, GOVERNOR

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August 12, 2008

Mari Montgomery
University of Alaska
1815 Bragaw St. Suite 101
Anchorage, AK 99508

Dear Ms Montgomery,

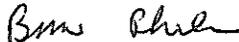
The Division of Oil and Gas (DO&G) received a request from Doyon to extend the term of the Nenana Basin Exploration License, ADL 390079, for three years. Exploration licenses may be issued for up to ten years as allowed by law. The Nenana Basin license was issued to Andex Corporation effective October 1, 2002 for a seven year term and expires September 30, 2009. The work commitment has been met; however, the new assignees, Doyon Ltd., ASRC, and Usibelli Energy LLC have requested the extension in order to do additional exploration work and would like to get DNR approval of the extension before they expend any additional funds. DO&G has agreed to consider this extension request.

A significant portion of the exploration license area, the Nenana Oil and Gas Tracts, was selected by the University of Alaska for conveyance under the 2005 University of Alaska Land Grant Act. In accordance with Department Order 148, DNR needs University concurrence on the extension of the license prior to taking any action, other than conversion of the license to leases. It is my understanding that on July 14, 2008 DO&G representatives met with you and Kristi Sherman and that you informally agreed to DOG proceeding with the license extension, conditioned on consultation with your legal department, which has occurred.

This is a formal request for your concurrence on the proposed license extension. Please sign and return this letter directly to me following your review.

DO&G is very interested in proceeding with the license extension and your prompt action on this matter would be appreciated. A copy of the Doyon request is enclosed.

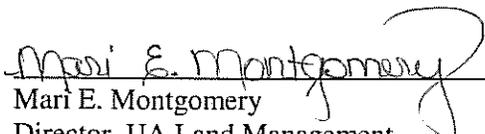
Sincerely,



Bruce Phelps, Chief

UNIVERSITY OF ALASKA

Concurrence:



Mari E. Montgomery
Director, UA Land Management

08-12-08
Date