

KITCHEN LIGHTS UNIT

**APPROVAL OF THE EXTENSION OF, AND AMENDMENTS TO, THE
KITCHEN LIGHTS UNIT AGREEMENT, AND REVISED PLAN OF EXPLORATION**

**FINDINGS AND DECISION OF THE DIRECTOR
OF THE DIVISION OF OIL AND GAS
UNDER DELEGATION OF AUTHORITY FROM THE COMMISSIONER**

AND

**THE COMMISSIONER
OF THE DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA**

March 28, 2012

TABLE OF CONTENTS

I.	INTRODUCTION AND DECISION SUMMARY.....	3
II.	BACKGROUND	3
III.	APPLICATION	4
IV.	DISCUSSION OF DECISION CRITERIA.....	5
	A. Decision Criteria considered under 11 AAC 83.303(b)	
	1. Environmental Costs and Benefits of Unitized Exploration or Development	
	2. Geological and Engineering Characteristics of the Potential Hydrocarbon Accumulation or Reservoir, and Prior Exploration Activities	
	3. Plans of Exploration or Development	
	4. Economic Costs and Benefits to the State	
	5. Other Relevant Factors	
	B. Decision Criteria considered under 11 AAC 83.303(a)	
	1. Promote the Conservation of All Natural Resources	
	2. Promote the Prevention of Economic and Physical Waste	
	3. Provide for the Protection of All Parties, including the State	
V.	FINDINGS AND DECISION.....	9
VI.	ATTACHMENTS.....	11

I. INTRODUCTION AND DECISION SUMMARY

On December 5, 2011, Furie Operating Alaska, LLC (Furie), formerly Escopeta Oil Co., LLC, as Operator of the Kitchen Lights Unit (KLU), and on behalf of the KLU Working Interest Owners (WIOs), filed an application (Application) for the Extension of the KLU Agreement (Agreement) to January 31, 2016 with the State of Alaska (State), Department of Natural Resources (DNR), Division of Oil and Gas (Division). *See* Attachment 5. Furie submitted confidential and public information as part of the Application, which met the requirements for a complete application under 11 AAC 83.306 on December 21, 2011.

The Division gave notice under 11 AAC 83.311 of the proposed extension of the Agreement on December 29, 2011. The period for public comment closed January 30, 2012. Twelve comments were received.

The Division approved the Kitchen Unit Agreement on January 31, 2007. The unit was expanded and re-named the KLU on June 30, 2009. The KLU is located offshore Cook Inlet, Alaska, south of the North Cook Inlet Unit and covers approximately 83,394 acres encompassing 30 state oil and gas leases. Under 11 AAC 83.336 and Article 14.2 of the Agreement, the Agreement automatically expires five years from its effective date unless it is extended by the Commissioner under 11 AAC 83.336(a)(2).

Furie is the first company in roughly 20 years to bring a jack-up drilling rig to the Cook Inlet. It obtained all the permits required for exploration drilling, employment of personnel, and logistical support for drilling the KLU #1 well. Furie spudded the KLU #1 well September 2, 2011, drilled to a depth of 8,805 feet measured depth, ceased drilling on October 28, 2011, and subsequently capped the well on November 13, 2011.

We find that the approval of the Application, approval of the KLU Plan of Exploration, Revised Exhibit G set out as Attachment 1 (POE), and approval of the amendments to the Agreement set out in Attachment 4 meet the criteria set out in 11 AAC 83.303 and are necessary to protect the public interest. This approval constitutes the written findings and decision required under 11 AAC 83.303 and is subject to reconsideration under 11 AAC 02.

II. BACKGROUND

The Division approved the Kitchen Unit on the basis of the applicant's representation that it could execute a plan to bring a jack-up drilling rig to Cook Inlet in 2007 and the Division's belief that approval of the unit would result in drilling and exploration of hydrocarbon potential of the original unit acreage, totaling approximately 40,733 acres, faster than re-leasing the-then expiring five leases, which totaled approximately 19,169 acres. Approval of the Kitchen Unit expansion and re-naming (to the KLU) on June 30, 2009 resolved numerous pending administrative and superior court unit and lease appeals that, without settlement, would have only delayed, for many more years, exploration of this acreage. Furthermore, the WIOs agreed that if work commitments were not met that the KLU would automatically terminate and leases past primary term would be surrendered to the State.

Twenty-eight leases, totaling approximately 77,665 acres, of the current 30 leases within the KLU, that now totals approximately 83,394 acres, are past their primary terms. The other two leases will be past their primary terms on May 31, 2012. See Table I.

Table I

ADL	Acres	State Royalty Interest %	Lease Effective Date	Lease Form	Working Interest Owners and Percentage*	Lease Expiration Date
389189	1,920.00	12.5	2/1/2000	9609(REV 9/99)	Escopeta Oil of Alaska, LLC 77.5% A.L. Berry 7.875% Danny S. Davis 6.875% Taylor Minerals 5.25% The WTF Distribution Trust 2.5%	1/31/2007
389190	2,560	12.5	2/1/2000	9609(REV 9/99)	"	1/31/2007
389191	1,920	12.5	2/1/2000	9609(REV 9/99)	"	1/31/2007
389192	2560	12.5	2/1/2000	9609(REV 9/99)	"	1/31/2007
389193	2560	12.5	2/1/2000	9609(REV 9/99)	"	1/31/2007
389926	5760	12.5	1/1/2002	200004	"	12/31/2008
390548	3193	12.5	6/1/2005	200204(REV 10/03)	"	5/31/2012
389925	3786	12.5	1/1/2002	200004	"	12/31/2008
389924	5020	12.5	1/1/2002	200004	"	12/31/2008
389918	3840	12.5	1/1/2002	200004	"	12/31/2008
390554	2536	12.5	6/1/2005	200204(REV10/03)	"	5/31/2012
389917	1890	12.5	1/1/2002	200004	"	12/31/2008
389914	634	12.5	1/1/2002	200004	"	12/31/2008
389919	640	12.5	1/1/2002	200004	"	12/31/2008
391106	1280	12.5	1/1/2007	200604	"	12/31/2011
389915	634	12.5	1/1/2002	200004	"	12/31/2008
389197	2560	12.5	2/1/2000	9609(Rev. 9/99)	"	1/31/2007
389196	2529	12.5	2/1/2000	9609(Rev. 9/99)	"	1/31/2007
389198	2560	12.5	2/1/2000	9609(Rev. 9/99)	"	1/31/2007
389515	2536	12.5	5/1/2001	200004	"	4/30/2008
389514	2522	12.5	5/1/2001	200004	"	4/30/2008
389513	2560	12.5	5/1/2001	200004	"	4/30/2008
389507	5736	12.5	5/1/2001	200004	"	4/30/2008
389923	5728	12.5	1/1/2002	200004	"	12/31/2008
389927	1280	12.5	1/1/2002	200004	"	12/31/2008
389928	1280	12.5	1/1/2002	200004	"	12/31/2008
389929	2560	12.5	1/1/2002	200004	"	12/31/2008
389930	2560	12.5	1/1/2002	200004	"	12/31/2008
390374	2560	12.5	10/1/2003	200204	"	9/30/2010
390381	5690	12.5	10/1/2003	200204	"	9/30/2010

*Effective as of 10/1/2011

III. APPLICATION

Furie submitted the Application on December 5, 2011 along with an extension application filing fee of \$500.00 in accordance with 11 AAC 83.306 and 11 AAC 05.010(a)(10)(E). The Application included:

Exhibit A, describing the unit area, its leases and ownership interests; Exhibit B, a map of the unit area; and Exhibit G, proposed Amended and Restated Plan of Exploration. The Application also included supporting confidential geological, geophysical and engineering information. Furie submitted supplemental information to complete the Application on December 21, 2011. The Division deemed the Application complete on December 21, 2011 and issued public notice of the Application on December 29, 2011, under 11 AAC 83.311. The period for public comment closed effective 4:30 p.m., Alaska Time, Monday, January 30, 2012.

The public notice was published in the *Anchorage Daily News* and the *Peninsula Clarion*. The public notice was also posted to the Division website and to the DNR website on December 27, 2011. Copies of the public notice were provided to interested parties under 11 AAC 83.311. The Division provided public notice to: the Kenai Peninsula Borough (Mayor's Office, Planning Department, and Assembly Chair); Alaska Department of Environmental Conservation; Alaska Department of Fish and Game; DNR (Division of Mining, Land and Water); Kenai Post Office; Soldotna Post Office; Cook Inlet Region Inc.; Village of Tyonek; Tyonek Native Corporation; Kenai Native Association; Alaska Mental Health Trust; Jonathan E. Iversen; City of Kenai; Kenai Community Library; Salamatoff Native Association; Kenai Chamber of Commerce; Tyonek Post Office; Kenaitze Indian Tribe; Bruce D. Webb; Kenai City Council; KDLL-FM, DSRM, Inc.; Tebughna School; and Edward Page Oliver.

DNR received comments from: Tyler Zollinger, District Manager, and Jennifer Richardson, Branch Administrator, Total Safety; Alaska Representative Charisse Millett; Terry Heikkila; Bradley W. Evans, Chief Executive Officer, Chugach Electric Association, Inc.; Donald M. Fell, President, Maritime Helicopters; Matanuska-Susitna Borough Assembly; Mike Navarre, Mayor, Kenai Peninsula Borough; Alaska Representative Kyle Johansen; Alaska Senator Kevin Meyer; Alaska Representative Mike Hawker; Anchorage Chamber of Commerce; and City of Soldotna. The comments cover a broad spectrum of concerns and a multitude of issues ranging from ensuring energy security on natural gas, creating jobs and in-state economic activity, preventing economic waste, providing opportunity for expeditious exploration and development, allowing for consistent regulations within the area, and conveying a message that Alaska is opened for business and is committed to working cooperatively in developing its natural resources.

We considered the comments in the evaluation of the Application and the issuance of this decision.

Subsequent to closure of the public comment period, DNR and Furie engaged in extended negotiations over the POE terms, configuration of exploration blocks, and amendments to the Agreement. See Attachments 1 through 4. The POE sets out a four-year schedule during which Furie has committed to a multi-well drilling program with the first two exploration wells to be drilled in 2012.

IV. DISCUSSION OF DECISION CRITERIA

The DNR Commissioner (Commissioner) reviews unit-related applications under 11 AAC 83.303 - 11 AAC 83.395. By memorandum dated December 21, 1998, the Commissioner delegated this authority to the Director of the Division. We are co-signing this decision. Our review of the Application, POE, and Agreement amendments is based on the criteria set out in 11 AAC 83.303(a) and (b). A discussion of the

subsection (b) criteria, as they apply to these matters, is set out directly below, followed by a discussion of the subsection (a) criteria.

A. Decision Criteria considered under 11 AAC 83.303(b)

1. Environmental Costs and Benefits of Unitized Exploration or Development

The KLU is located offshore Cook Inlet, Alaska. Alaska statutes and regulations require that DNR provide public notice and issue a written best interest finding before approving a contract for disposal of the State's oil and gas resources. AS 38.05.035(e); AS 38.05.945; 11 AAC 82.415. In preparing the finding, the Commissioner may impose additional conditions or limitations beyond those imposed by law. AS 38.05.035(e). DNR develops lease stipulations through the lease sale process to mitigate the potential environmental, social and cultural impacts from oil and gas activity.

The 30 leases within the KLU contain stipulations designed to protect the environment and to address concerns regarding potential impact to fish and game, to wildlife habitats, and to subsistence. Lease conditions address issues such as construction of pipelines, seasonal restriction on operations, public access to, or use of, the leased lands, and avoidance of seismic hazards. The extension of, and the amendments to, the Agreement, and approval of the POE, will neither change these protective measures, nor result in additional restrictions or limitations.

2. Geological and Engineering Characteristics of the Potential Hydrocarbon Accumulation or Reservoir, and Prior Exploration Activities

The-then unit operator submitted confidential data in support of its 2007 application to form the Kitchen Unit and 2009 application to expand and re-name the Kitchen Unit. *See* Discussion of Decision Criteria, Section 2, January 31, 2007 Findings and Decision approving the Kitchen Unit; Section III.A.2., June 30, 2009 Findings and Decision approving the Kitchen Unit expansion and re-naming. Furie submitted additional data in December 2011 as part of the Application that included petrophysical analysis of the KLU #1 well logs. The Division will hold these data confidential under AS 38.05.035(a)(8)(C) and 11 AAC 96.220.

Twenty-eight of the 30 leases within the KLU are past their primary terms. The last exploration seismic survey shot over the acreage was a 2-D survey acquired by Forcenergy in 1997. No seismic has been shot over the acreage since unit formation. The KLU #1 well was spudded on September 2, 2011 within ADL 389198. The objectives of the well are potential hydrocarbon accumulations down to the pre-Tertiary, on a structure which is known as the Corsair prospect. Furie drilled to a depth of 8,805 feet, ceased drilling on October 28, 2011, and capped KLU #1 on November 13, 2011, without any production testing.

Two other prospects within the KLU, the Kitchen and East Kitchen prospects, are considered highly speculative as discussed in the Division's 2007 and 2009 decisions approving the Kitchen Unit and approving the Kitchen Unit expansion and renaming, respectively. Except for the potential hydrocarbon accumulation underlying the four Corsair leases, the geologic and geophysical data provided by Furie are

insufficient to demonstrate the existence of a potential hydrocarbon accumulation in either the Kitchen or east Kitchen areas.

The Northern Lights prospect lies to the south of the North Cook Inlet Unit. The primary target is the down dip extension of the Tyonek Deep oil reservoirs encountered in most of the deep North Cook Inlet Unit wells. The play depends on the Tyonek Deep sands extending some distance south of the North Cook Inlet Unit and still remaining in the oil column.

3. Plans of Exploration or Development

Furie submitted a proposed POE as part of the Application and met with the Division for technical presentations on October 26, November 9, and December 1, 2011. *See Attachment 5.* Since the submittal of the Application, DNR and Furie negotiated modifications to the proposed POE that set out a four-year schedule during which Furie commits to a multi-well drilling program with the first two exploration wells to be drilled in 2012 on lease ADL 389198. *See Attachment 1, Kitchen Lights Unit Plan of Exploration for 2012-2015, Revised Exhibit G.* Furie commits to production even though it doesn't propose to conduct any production flow tests with fluids to surface until 2013 or 2014, at the latest.

The proposed POE divides the unit acreage into four exploration blocks--North Block, Corsair Block, Central Block, and Southwest Block. *See Attachments 2 and 3.* The POE provides for the termination or contraction of the unit acreage if Furie fails to timely meet its exploration and development obligations. In addition, the POE establishes a \$2,500,000.00 development bond in favor of DNR. The bond would be posted on or before June 1, 2014. Failure to commence sustained production from the Corsair Block on or before December 31, 2014, will result in forfeiture of the bond.

4. Economic Costs and Benefits to the State

The assessment of the hydrocarbon potential will create jobs and in-state economic activity in the short-term and if the exploration activity is successful, the State and its residents will enjoy royalty and tax revenues, and increased employment opportunities over the long-term.

Most of the leases are past their primary terms and no exploration activities were conducted on these leases during their primary terms or during the initial unit term, except for spudding KLU #1. By extending the KLU Agreement, the State forgoes re-offering the leases, bonus bids, and promoting competition. However, Furie has a jack-up rig here, commits to a drilling schedule that explores the entire unit area, and commits to unit termination or acreage contraction if those commitments are not met.

The POE terms provide a benefit to the State, in that drilling will occur sooner than if the leases are returned and re-leased, and if Furie fails to meet its commitments, the unit terminates or contracts under the terms of the POE.

5. Other Relevant Factors

As discussed above, Furie and DNR negotiated a POE that provides for termination of the unit or contraction of acreage from the unit if Furie fails to perform drilling and other work commitments by the

dates required in the POE. To accommodate these termination and contraction provisions, Furie and DNR also negotiated amendments to Articles 13, 14 and 17 of the Agreement that all the WIOs ratified. *See* Attachment 4. These amendments make it clear that failure to abide by POE commitments is not subject to the default provisions, with notice and opportunity to cure, under 11 AAC 83.374. The terms of the POE and amendments to the unit agreement meet the criteria set out in 11 AAC 83.303 and are necessary to protect the public interest.

B. Decision Criteria considered under 11 AAC 83.303(a)

1. Promote the Conservation of All Natural Resources

To conserve the natural resources of all or a part of an oil or gas pool, field, or like area, lessees may join their interests together to operate and develop oil and gas resources under a unit plan. AS 38.05.180(p). A unit must encompass the minimum area required to include all or part of one or more “reservoirs” or “potential hydrocarbon accumulations.” 11 AAC 83.356(a). “Pool” is defined as an underground reservoir containing or appearing to contain, a common accumulation of oil or gas. 11 AAC 88.185(23). “Reservoir” is defined as an oil or gas accumulation which has been discovered by drilling and evaluated by testing and which is separate from any other accumulation of oil and gas. 11 AAC 83.395(4). “Potential hydrocarbon accumulation” is defined as any structural or stratigraphic entrapping mechanism which has been reasonably defined and delineated through geophysical, geological, or other means and which contains one or more intervals, zones, strata, or formations having the necessary physical characteristics to accumulate and prevent the escape of oil and gas. 11 AAC 83.395(5).

As discussed above, the unit was formed and expanded with the only potential hydrocarbon accumulation underlying the four Corsair leases. If that potential hydrocarbon accumulation proves to be capable of producing commercial quantities of hydrocarbons, unitization will maximize the efficient recovery of the oil or gas. Unit operations will allow for minimizing surface impacts of both exploration and production activities.

2. Promote the Prevention of Economic and Physical Waste

Unitization, as opposed to activity on a lease-by-lease basis, may prevent economic and physical waste. Economic waste is often referred to as the drilling of wells in excess of the number necessary for the efficient recovery of the oil and gas in place. Physical waste, among other things, includes the inefficient, excessive, or improper use, or unnecessary dissipation of, reservoir energy.

This unit includes significant acreage in which there has been insufficient geophysical and geological data submitted to define a potential hydrocarbon accumulation outside that delineated potential hydrocarbon accumulation underlying the four Corsair leases. Unitization in this instance has no added benefit in preventing economic waste. If the Corsair prospect and any other discovery prove to contain hydrocarbons that can produce in paying quantities, unitization will promote the prevention of physical waste by allowing for efficient management of the reservoir.

3. Provide for the Protection of all Parties, including the State

The people of Alaska have an interest in the development of the State's oil and gas resources to maximize the economic and physical recovery of the resources. AS 38.05.180(a)(1). It is further in the State's best interest to encourage assessment of oil and gas resources, recognize the costs of exploring in varied geographic regions, and minimize the adverse impact of exploration, development, production, and transportation activity. AS 38.05.180(a)(2).

Unitization protects correlative rights relative to non-unitized development and production operations by providing for an equitable allocation of costs and production among the WIOs.

The WIOs are also protected by the extension of the Agreement and approval of the POE. The leases are extended and Furie may continue to exercise its rights to explore for and develop the State's oil and gas resources. This is a significant benefit for the WIOs as they would otherwise lose the rights to 28 of 30 leases that are past their primary terms. As discussed above, Furie delivered a jack-up rig to Cook Inlet and began drilling the first exploration well on the Corsair prospect.

The State is protected under the terms of the negotiated POE and Agreement amendments. Furie committed in the POE to a four-year drilling program. If Furie fails to timely meet its commitments the unit will either terminate or contract, without notice and an opportunity to be heard.

V. FINDINGS AND DECISION

Based on the above decision criteria discussion, we make the following findings and decision.

1. The Division complied with the public notice requirements of 11 AAC 83.311.
2. To allow Furie the opportunity to continue exploration drilling, as well as pursue an expedited natural gas development plan if a commercial discovery is made, the Agreement extension meets the criteria set out in 11 AAC 83.303 and is necessary to protect the public interest. Thus, the Agreement is extended to January 31, 2016.
3. The extension of the Agreement will not diminish access to public and navigable waters beyond those limitations (if any) imposed by law or already contained in the oil and gas leases covered by the Agreement.
4. The POE (with its work commitments and provisions for termination or contraction) meets the criteria set out in 11 AAC 83.303 and is necessary to protect the public interest. Thus, the POE is approved from March 30, 2012 through December 31, 2015. The POE is all inclusive and supersedes all other POEs, proposals or amendments thereof.
5. The amendments to the Agreement meet the criteria set out in 11 AAC 83.303 and are necessary to protect the public interest. Thus, they are approved. The POE and amendments to Articles 13, 14 and 17 of the Agreement, as negotiated by Furie and DNR, and ratified by all WIOs, protect the State's interest by providing for termination of the unit or contraction of acreage from the unit, both without notice and opportunity to be heard, if Furie fails to meet the plan's drilling and other commitments by the dates required in the plan.

6. If the exploration and delineation activities under the POE result in the discovery of a commercially producible reservoir, there may be environmental impacts associated with reservoir development. All unit development must proceed according to an approved Plan of Development. 11 AAC 83.343. Additionally, before undertaking any specific development operations, Furie shall submit a proposed amended Plan of Operations (POO) to the Division and other appropriate local, state, and federal agencies for review and approval. The POO submittal to the Division must sufficiently describe projected surface use requirements directly associated with the proposed operations. 11 AAC 83.346. Furie may not commence any development operations until all agencies have granted the required permits. Furie shall submit an annual status report on the POE to the Division. The annual status report must describe the status of projects undertaken and the work completed, as well as any proposed changes to the plan. The annual status report on the POE will be due on or before December 31 of years 2012 through 2015.

For the reasons discussed in this Findings and Decision, we hereby approve the extension of the KLU Agreement effective January 31, 2012, subject to the conditions set out in this decision. Unless the unit terminates earlier as provided under the POE and Agreement, the KLU automatically terminates on January 31, 2016, if conditions under 11 AAC 83.336 have not been met. We also hereby approve the POE and the amendments to the Agreement.

A person affected by this decision may request reconsideration, in accordance with 11 AAC 02. Any reconsideration request must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Daniel S. Sullivan, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If reconsideration is not requested by the deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. Failure of the commissioner to act on a request for reconsideration within 30 days after issuance of this decision is a denial of reconsideration and is a final administrative order and decision for purposes of an appeal to Superior Court. The decision may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.


for W.C. Barron
Director
Division of Oil and Gas

3/28/2012
Date



Daniel S. Sullivan
Commissioner
Department of Natural Resources

3/29/2012
Date

VI. ATTACHMENTS

- 1) Kitchen Lights Unit Plan of Exploration for 2012-2015, Revised Exhibit G
- 2) Revised Exhibit A (as of March 5, 2012)
- 3) Exhibit B, map of the unit and tract boundaries, and exploration blocks
- 4) Amendments to Kitchen Lights Unit Agreement
- 5) Extension of Kitchen Lights Unit Agreement, Application

KITCHEN LIGHTS UNIT PLAN OF EXPLORATION FOR 2012-2015

REVISED EXHIBIT G

Four Exploration Blocks as shown in the following attachments: (1) Kitchen Lights Unit, Exhibit A, Kitchen Lights Unit Tracts/Leases; and (2) Kitchen Lights Unit, Exhibit B, Map of KLU With Exploration Blocks

Year 2012

- On or before November 30, 2012, Furie (as unit operator or any successor unit operator) shall drill the KLU #1 and #2 exploration wells.

Failure to timely drill these two wells will result in unit termination on December 1, 2012. Failure to drill one of these two wells will result in an exploration block, of Furie's choosing, contracting from the unit on December 1, 2012.

Year 2013

- On or before November 30, 2013, Furie shall drill two exploration wells in two of the remaining three undrilled exploration blocks (one well per block).

Failure to timely drill these two exploration wells will result in contraction of any undrilled exploration blocks from the unit on January 1, 2014.

- And, on or before December 31, 2013, the working interest owners shall sanction a Corsair block development project and Furie shall submit a plan of development (POD) for that project.

Assuming Furie drills the two exploration wells required above, failure to timely sanction a Corsair block development and submit a POD will result in an exploration block, of Furie's choosing, contracting from the unit on January 1, 2014.

-Or-

- If the unit's working interest owners sanction a Corsair block development project and Furie submits a POD on or before December 31, 2012, then on or before November 30, 2013, Furie shall drill one exploration well in any of the three remaining undrilled exploration blocks and complete, as defined under 20 AAC 25.990(14), one development well in the Corsair block.

If Furie elects this latter alternative and fails to timely drill the one exploration well and complete one development well as required above, the failure will result in contraction of any undrilled exploration blocks from the unit on December 1, 2013.

Year 2014

- If Furie drills two exploration wells in 2013, then on or before November 30, 2014 Furie shall either (i) drill one exploration well in the remaining undrilled exploration block and complete, as defined under 20 AAC 25.990(14), one development well anywhere within the unit or (ii) complete, as defined under 20 AAC 25.990(14), one development well and drill and complete, as defined under 20 AAC 25.990(14), one development well anywhere within the unit.

Failure to either timely drill the exploration well and complete the development well required under (i), above, or complete one development well and drill and complete a second development well under (ii), above, will result in contraction of any remaining undrilled exploration blocks from the unit on December 1, 2014.

-Or-

- If Furie drills one exploration well and completes one development well in the Corsair block in 2013, then on or before November 30, 2014 Furie shall drill one exploration well in an undrilled exploration block and drill and complete, as defined under 20 AAC 25.990(14), one development well anywhere within the unit.

If Furie elects this latter alternative, then failure to timely drill the exploration well and drill and complete the development well will result in contraction of any undrilled exploration blocks from the unit on December 1, 2014.

And

- Regardless of which alternative Furie elects in 2014, on or before December 31, 2014, Furie shall commit to drill delineation or exploration wells in exploration blocks outside the Corsair block or the working interest owners shall sanction a development project in, and submit a POD for, blocks outside the Corsair block.

Failure to commit to these delineation or exploration wells, or sanction development and submit a POD will result in contraction of the blocks outside the Corsair block.

- On or before June 1, 2014, Furie shall post a \$2,500,000.00 Corsair block development bond in favor of the State of Alaska, Department of Natural Resources.
- On or before December 31, 2014, Furie shall commence sustained unit production from the Corsair block. Failure to timely commence sustained production will result in forfeiture of the bond and an exploration block, of Furie's choosing, contracting from the unit on January 1, 2015.
- If sustained production from the Corsair block is timely commenced, the bond will be released on January 1, 2015.
-

Year 2015

- On or before November 30, 2015, Furie shall drill either (i) one exploration well in any remaining undrilled exploration block, or (ii) if all exploration blocks have been drilled, a

delineation or exploration well outside the Corsair block and drill and complete, as defined under 20 AAC 25.990(14), one development well anywhere within the unit.

If Furie elects alternative (i), above, then failure to timely drill the exploration well will result in contraction of any undrilled exploration block from the unit on December 1, 2015; if Furie elects alternative (ii), above, then failure to timely drill the delineation or exploration well and drill and complete the development well will result in an exploration block, of Furie's choosing, contracting from the unit on December 1, 2015.

General Provisions

1. Furie shall drill all exploration wells to a depth sufficient to penetrate the Tyonek Formation base.
2. The Division will evaluate delays caused by drilling complications on a case-by-case basis.
3. Sanctioning means approval by the working interest owners of Authorizations for Expenditure under the terms of the Operating Agreement and signed contracts for engineering and construction.
4. If the unit is further extended under 11 AAC 83.336, Furie shall submit 90 days before the expiration date of this plan of exploration (POE) a new POE or POD that obligates Furie to continue drilling exploration or delineation wells in non-producing exploration blocks. The POE or POD must provide for unit contraction of blocks in which Furie fails to meet its drilling obligations.

**KITCHEN LIGHTS UNIT
STATE OF ALASKA**

REVISED EXHIBIT A (as of March 5, 2012)

KITCHEN LIGHTS UNIT, NORTH BLOCK

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
1	ADL-389928	T. 11 N., R. 10 W., S.M. Sec. 21, Protracted, All Sec. 22, Protracted, All	1.280	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.124980% 5.906245% 5.156245% 3.937500% 1.875000% 12.500033%
2	ADL-389927	T. 11 N., R. 10 W., S.M. Sec. 23, Protracted, All Sec. 24, Protracted, All	1.280	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.124980% 5.906245% 5.156245% 3.937500% 1.875000% 12.500033%
3	ADL-390381	T. 11 N., R. 09 W., S.M. Sec. 19, Protracted, All Sec. 20, Protracted, All Sec. 21, Protracted, All Sec. 28, Protracted, All Sec. 29, Protracted, All Sec. 30, Protracted, All Sec. 31, Protracted, All Sec. 32, Protracted, All Sec. 33, Protracted, All	5.690	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.124980% 5.906245% 5.156245% 3.937500% 1.875000% 12.500033%

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
4	ADL-389930	T. 11 N., R. 10 W., S.M.	2.560	12.50%	Escopeta Oil of Alaska, LLC	77.50000%	58.124980%
		Sec. 27, Protracted, All				7.87500%	5.906245%
		Sec. 28, Protracted, All				6.87500%	5.156245%
		Sec. 33, Protracted, All				5.25000%	3.937500%
		Sec. 34, Protracted, All				2.50000%	1.875000%
		Overriding Royalty Interests	0.00000%	12.500030%			
5	ADL-389929	T. 11 N., R. 10 W., S.M.	2.560	12.50%	Escopeta Oil of Alaska, LLC	77.50000%	58.124980%
		Sec. 25, Protracted, All				7.87500%	5.906250%
		Sec. 26, Protracted, All				6.87500%	5.156250%
		Sec. 35, Protracted, All				5.25000%	3.937500%
		Sec. 36, Protracted, All				2.50000%	1.875000%
		Overriding Royalty Interests	0.00000%	12.500030%			
6	ADL-389514	T. 10 N., R. 10 W., S.M.	2.522	12.50%	Escopeta Oil of Alaska, LLC	77.50000%	58.125010%
		Sec. 05, Protracted, All				7.87500%	5.906250%
		Sec. 06, Protracted, All				6.87500%	5.156250%
		Sec. 07, Protracted, All				5.25000%	3.937500%
		Sec. 08, Protracted, All				2.50000%	1.875000%
		Overriding Royalty Interests	0.00000%	12.500000%			
7	ADL-389513	T. 10 N., R. 10 W., S.M.	2.560	12.50%	Escopeta Oil of Alaska, LLC	77.50000%	58.125010%
		Sec. 03, Protracted, All				7.87500%	5.906250%
		Sec. 04, Protracted, All				6.87500%	5.156250%
		Sec. 09, Protracted, All				5.25000%	3.937500%
		Sec. 10, Protracted, All				2.50000%	1.875000%
		Overriding Royalty Interests	0.00000%	12.499990%			
8	ADL-390374	T. 10 N., R. 10 W., S.M.	2.560	12.50%	Escopeta Oil of Alaska, LLC	77.50000%	58.124980%
		Sec. 01, Protracted, All				7.87500%	5.906245%
		Sec. 02, Protracted, All				6.87500%	5.156245%
		Sec. 11, Protracted, All				5.25000%	3.937500%
		Sec. 12, Protracted, All				2.50000%	1.875000%
		Overriding Royalty Interests	0.00000%	12.50003%			

TOTAL NORTH BLOCK ACRES: 21,012 (25.196057% of Unit Area)

KITCHEN LIGHTS UNIT, CORSAIR BLOCK

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
9	ADL-389197	T. 10 N., R. 11 W., S.M. Sec. 13, Protracted, All Sec. 14, Protracted, All Sec. 23, Protracted, All Sec. 24, Protracted, All	2,560	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125010% 5.906250% 5.156250% 3.937500% 1.875000% 12.499990%
10	ADL-389196	T. 10 N., R. 10 W., S.M. Sec. 17, Protracted, All Sec. 18, Protracted, All Sec. 19, Protracted, All Sec. 20, Protracted, All	2,529	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125020% 5.906250% 5.156250% 3.937500% 1.875000% 12.499980%
12	ADL-389198	T. 10 N., R. 11 W., S.M. Sec. 25, Protracted, All Sec. 26, Protracted, All Sec. 35, Protracted, All Sec. 36, Protracted, All	2,560	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125010% 5.906250% 5.156250% 3.937500% 1.875000% 12.499990%
13	ADL-389515	T. 10 N., R. 10 W., S.M. Sec. 29, Protracted, All Sec. 30, Protracted, All Sec. 31, Protracted, All Sec. 32, Protracted, All	2,536	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125010% 5.906250% 5.156250% 3.937500% 1.875000% 12.499990%

TOTAL CORSAIR BLOCK ACRES: 10,185 (12.213109% of Unit Area)

Kitchen Lights Unit, with Blocks, Exhibit A (Rev. 3/05/12)

KITCHEN LIGHTS UNIT, CENTRAL BLOCK

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
16	ADL-389507	T. 09 N., R. 11 W., S.M. Sec. 01, Protracted, All Sec. 02, Protracted, All Sec. 03, Protracted, All Sec. 10, Protracted, All Sec. 11, Protracted, All Sec. 12, Protracted, All Sec. 13, Protracted, All Sec. 14, Protracted, All Sec. 15, Protracted, All	5.736	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125010% 5.906250% 5.156250% 3.937500% 1.875000% 12.499990%
17	ADL-389923	T. 09 N., R. 10 W., S.M. Sec. 04, Protracted, All Sec. 05, Protracted, All Sec. 06, Protracted, All Sec. 07, Protracted, All Sec. 08, Protracted, All Sec. 09, Protracted, All Sec. 16, Protracted, All Sec. 17, Protracted, All Sec. 18, Protracted, All	5.728	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125010% 5.906250% 5.156250% 3.937500% 1.875000% 12.499990%
18	ADL-391106	T. 09 N., R. 10 W., S.M. Sec. 10, Protracted, All Sec. 15, Protracted, All	1.280	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125000% 5.906250% 5.156250% 3.937500% 1.875000% 12.500000%
21	ADL-389925 (partial lease)	T. 09 N., R. 11 W., S.M. Sec. 21, Protracted, All Sec. 28, Protracted, All Sec. 33, Protracted, All	1.920	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.125000% 5.906250% 5.156250% 3.937500% 1.875000% 12.500000%

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
22	ADL-389926	<u>T. 09 N., R. 11 W., S.M.</u> Sec. 22, Protracted, All Sec. 23, Protracted, All Sec. 24, Protracted, All Sec. 25, Protracted, All Sec. 26, Protracted, All Sec. 27, Protracted, All Sec. 34, Protracted, All Sec. 35, Protracted, All Sec. 36, Protracted, All	5.760	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.50000% 7.87500% 6.87500% 5.25000% 2.50000% 0.00000%	58.1250000% 5.9062500% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
23	ADL-390548	<u>T. 09 N., R. 10 W., S.M.</u> Sec. 19, Protracted, All Sec. 20, Protracted, All Sec. 21, Protracted, All Sec. 29, Protracted, All Sec. 30, Protracted, All	3.193	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.50000% 7.87500% 6.87500% 5.25000% 2.50000% 0.00000%	58.1250000% 5.9062500% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
28	ADL-389915	<u>T. 08 N., R. 11 W., S.M.</u> Sec. 04, Protracted, All	634	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.50000% 7.87500% 6.87500% 5.25000% 2.50000% 0.00000%	58.1250000% 5.9062500% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
29	ADL-389914	<u>T. 08 N., R. 11 W., S.M.</u> Sec. 03, Protracted, All	634	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.50000% 7.87500% 6.87500% 5.25000% 2.50000% 0.00000%	58.1250000% 5.9062500% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
TOTAL CENTRAL BLOCK ACRES:			24,885		(29.840276% of Unit Area)		

KITCHEN LIGHTS UNIT, SOUTHWEST BLOCK

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
11	ADL-390554	<u>T. 10 N., R. 11 W., S.M.</u>	2,536	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 29, Protracted, All				7.875000%	5.9062500%
		Sec. 30, Protracted, All				6.875000%	5.1562500%
		Sec. 31, Protracted, All				5.250000%	3.9375000%
14	ADL-389189	<u>T. 09 N., R. 12 W., S.M.</u>	1,920	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 01, Protracted, All				7.875000%	5.9062500%
		Sec. 11, Protracted, All				6.875000%	5.1562500%
		Sec. 12, Protracted, All				5.250000%	3.9375000%
15	ADL-389924	<u>T. 09 N., R. 11 W., S.M.</u>	5,020	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 05, Protracted, All				7.875000%	5.9062500%
		Sec. 06, Protracted, All				6.875000%	5.1562500%
		Sec. 07, Protracted, All				5.250000%	3.9375000%
19	ADL-389191	<u>T. 09 N., R. 12 W., S.M.</u>	1,920	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 15, Protracted, All				7.875000%	5.9062500%
		Sec. 21, Protracted, All				6.875000%	5.1562500%
		Sec. 22, Protracted, All				5.250000%	3.9375000%
20	ADL-389190	<u>T. 09 N., R. 12 W., S.M.</u>	2,560	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 13, Protracted, All				7.875000%	5.9062500%
		Sec. 14, Protracted, All				6.875000%	5.1562500%
		Sec. 23, Protracted, All				5.250000%	3.9375000%
		<u>T. 09 N., R. 12 W., S.M.</u>			Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000%	58.1250000%
		Sec. 14, Protracted, All				7.875000%	5.9062500%
		Sec. 23, Protracted, All				6.875000%	5.1562500%
		Sec. 24, Protracted, All				5.250000%	3.9375000%

Kitchen Lights Unit, with Blocks, Exhibit A (Rev. 3/05/12)

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
21	ADL-389925 (partial lease)	<u>T. 09 N., R. 11 W., S.M.</u> Sec. 19, Protracted, All Sec. 20, Protracted, All Sec. 30, Protracted, All	1,866	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.906250% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
24	ADL-389193	<u>T. 09 N., R. 12 W., S.M.</u> Sec. 27, Protracted, All Sec. 28, Protracted, All Sec. 33, Protracted, All Sec. 34, Protracted, All	2,560	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.906250% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
25	ADL-389192	<u>T. 09 N., R. 12 W., S.M.</u> Sec. 25, Protracted, All Sec. 26, Protracted, All Sec. 35, Protracted, All Sec. 36, Protracted, All	2,560	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.906250% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
26	ADL-389918	<u>T. 08 N., R. 12 W., S.M.</u> Sec. 04, Protracted, All Sec. 05, Protracted, All Sec. 08, Protracted, All Sec. 09, Protracted, All Sec. 16, Protracted, All Sec. 17, Protracted, All	3,840	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.906250% 5.1562500% 3.9375000% 1.8750000% 12.5000000%
27	ADL-389917	<u>T. 08 N., R. 12 W., S.M.</u> Sec. 02, Protracted, All Sec. 03, Protracted, All Sec. 10, Protracted, All	1,890	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTF Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.906250% 5.1562500% 3.9375000% 1.8750000% 12.5000000%

TRACT NO.	LEASE NO.	LEGAL DESCRIPTION	ACRES	ROYALTY	LESSEES OF RECORD	WORKING INTEREST	NRI
30	ADL-389919	T. 08 N., R. 12 W., S.M. Sec. 20, Protracted, All	640	12.50%	Escopeta Oil of Alaska, LLC A. L. Berry Danny S. Davis Taylor Minerals, LLC The WTP Distribution Trust Overriding Royalty Interests	77.500000% 7.875000% 6.875000% 5.250000% 2.500000% 0.000000%	58.1250000% 5.9062500% 5.1562500% 3.9375000% 1.8750000% 12.5000000%

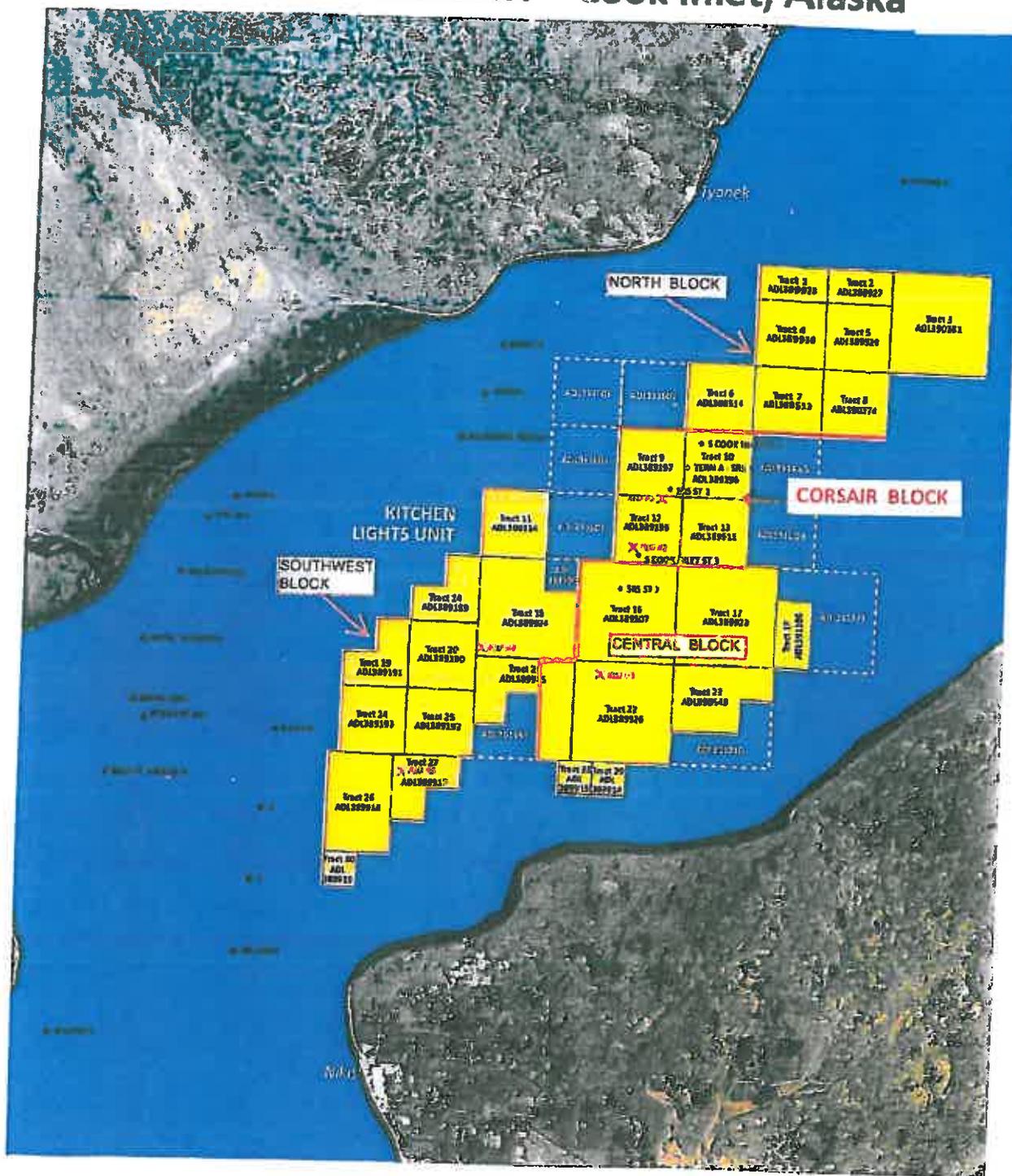
TOTAL SOUTHWEST BLOCK ACRES: 27,312 (32.750558% of Unit Area)

Kitchen Lights Unit – Acreage Summary

North Block: 21,012 acres (25.196057% of Unit Area)
 Corsair Block 10,185 acres (12.213109% of Unit Area)
 Central Block: 24,885 acres (29.840276% of Unit Area)
 Southwest Block: 27,312 acres (32.750558% of Unit Area)
TOTAL UNIT: 83,394 acres (100.00%)

EXHIBIT B

KITCHEN LIGHTS UNIT Cook Inlet, Alaska



LEGEND

- ✕ Proposed Well Location
- Previous Exploration Wells
- ⊙ Oil & Gas Platform
- Kitchen Lights Unit Utilized Acreage
- ▭ Escopete Non-utilized Acreage



AMENDMENT TO KITCHEN LIGHTS UNIT AGREEMENT

Article 13 is amended to add Article 13.7, as follows:

13.7. Notwithstanding the provisions of Article 20, below, the Unit Operator may propose and the Commissioner may approve a plan of exploration that provides for contraction of the Unit Area sooner than 10 years after the effective date of this Agreement if the Unit Operator fails to perform the drilling and other commitments set forth in the plan of exploration by the dates required in the plan of exploration.

Article 14 is amended to add Article 14.6, as follows:

14.6. Notwithstanding the provisions of Article 20, below, the Unit Operator may propose and the Commissioner may approve a plan of exploration that provides for termination of the unit sooner than any unit extension period granted under Article 14.2.2., above, if the Unit Operator fails to perform the drilling and other commitments set forth in the plan of exploration by the dates required in the plan of exploration.

The last sentence of Article 17.1 is amended to read as follows:

Except as provided in Articles 13.7 and 14.6, above, in case of conflicting provisions, statutes and regulations take precedence over this Agreement.

IN WITNESS OF THE FOREGOING, the parties have executed this amendment to the Kitchen Lights Unit Agreement on the dates opposite their respective signatures.

UNIT OPERATOR

By: FURIF OPERATING ALASKA, LLC Date: 3/15/2012
DAMON KADE, PRESIDENT
[Signature]
(Company Name, signatory's printed name and title)

STATE OF TEXAS)
)ss.
COUNTY OF GALVESTON)

This certifies that on the 15 of MARCH, 2012, before me, a notary public in and for the State of Texas, duly commissioned and sworn, personally appeared DAMON KADE, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

[Signature]
NOTARY PUBLIC in and for Texas
My Commission Expires: 10/21/2014



WORKING INTEREST OWNERS

By: CORNUCOPIA OIL & GAS, LLC
DAMON KADE, PRESIDENT
[Signature]
(Company Name, signatory's printed name and title)

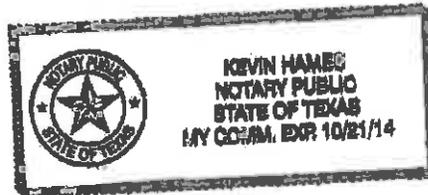
Date: 3/15/2012

STATE OF TEXAS)
)ss.
COUNTY OF EALVESTON)

This certifies that on the 15 of MARCH, 2012, before me, a notary public in and for the State of Texas, duly commissioned and sworn, personally appeared DAMON KADE, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

[Signature]
NOTARY PUBLIC in and for Texas
My Commission Expires: 10/21/2014



WORKING INTEREST OWNERS

By: WTF Distribution Trust Date: March 16, 2012

Robert L. Rouner Trustee
(Company Name, signatory's printed name and title)

Robert L. Rouner

Illinois
STATE OF ~~TEXAS~~)
COUNTY OF Adams) ss.

This certifies that on the 16th of March, 2012, before me, a notary public in and for the State of ~~Texas~~, duly commissioned and sworn, personally appeared Robert L. Rouner ^{Illinois}, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

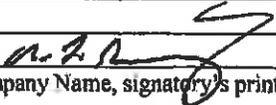
WITNESS my hand and official seal the day and year in this certificate first above written.



Kathryn L. Hull
NOTARY PUBLIC in and for ~~Texas~~ ^{Illinois}
My Commission Expires: 10/31/2012

WORKING INTEREST OWNERS

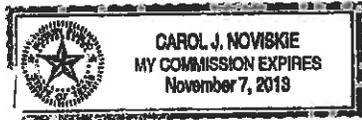
By: Lawrence Berry Date: March 15, 2012

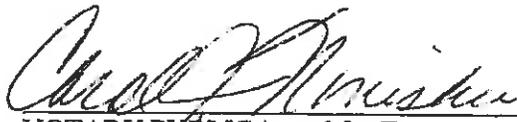

(Company Name, signatory's printed name and title)

STATE OF TEXAS)
)ss.
COUNTY OF HARRIS)

This certifies that on the 15th of March, 2012, before me, notary public in and for the State of Texas, duly commissioned and sworn, personally appeared Lawrence Berry, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.




NOTARY PUBLIC in and for Texas
My Commission Expires: 11-7-13

WORKING INTEREST OWNERS

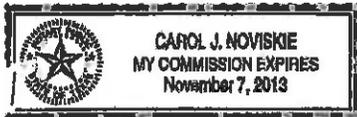
By: Danny S. Davis _____ Date: March 15, 2012 _____

(Company Name, signatory's printed name and title)

STATE OF TEXAS)
)ss.
COUNTY OF HARRIS)

This certifies that on the 15th of March, 2012, before me, notary public in and for the State of Texas, duly commissioned and sworn, personally appeared Danny S. Davis, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.



Carol J. Noviskie
NOTARY PUBLIC in and for Texas
My Commission Expires: 11-7-13

WORKING INTEREST OWNERS

By: Robert G Taylor Date: 3/19/2012
Taylor Minerals LLC
Robert G Taylor II
(Company Name, signatory's printed name and title)

STATE OF TEXAS)
)ss.
COUNTY OF Harris)

This certifies that on the 19th of March, 2012 before me, a notary public in and for the State of Texas, duly commissioned and sworn, personally appeared Robert G. Taylor, known to me to be the person described in, and who executed the foregoing agreement, who then after being duly sworn according to law, acknowledged to me under oath that he executed same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.



Vicki Lynn Earner
NOTARY PUBLIC in and for Texas
My Commission Expires: 5/21/2014



Corporate Headquarters
100 Enterprise Avenue
League City, Texas 77573
(281) 957-9812
Fax (281) 957-9156

Alaska Office
1029 W. 3rd Avenue, Suite 500
Anchorage, AK 99501
(907) 277-3726
Fax (907) 277-3796

December 5, 2011

VIA HAND DELIVERY
VIA EMAIL: bill.barron@alaska.gov

RECEIVED

DEC 06 2011

DIVISION OF
OIL AND GAS

William C. Barron
Director, Division of Oil & Gas
State of Alaska Department of Natural Resources
550 W. 7th Avenue, Suite 1100
Anchorage, AK 99501-3560

Re: Extension of Kitchen Lights Unit Agreement

Dear Director Barron:

Furie Operating Alaska, LLC (Furie), formerly Escopeta Oil Co., LLC, hereby applies for an extension of the Kitchen Lights Unit (KLU) Agreement pursuant to 11 AAC 83.336 to January 31, 2016. Furie's attached Amended and Restated Plan of Exploration (POE) reflects Furie's desire to continue its responsible exploration of the KLU with the intent of assisting Alaska in the development and production of its much needed natural gas reserves. Furie has conducted its drilling operations in a manner consistent with prudent drilling operations and in full compliance with all pertinent regulatory approvals, orders and directives. The testing for the presence of hydrocarbons that was done in conjunction with this drilling activity produced interesting and promising results. This activity, and the testing results, justifies a finding that

extension of the Unit Agreement is in the public interest. Accordingly, DNR should approve extending the Unit Agreement as requested herein.¹

Furie has successfully brought a jack-up drilling rig into Cook Inlet and drilled the KLU #1 well to a depth of 8805 MD. Pursuant to appropriate regulatory approvals, orders and prudent drilling practices, Furie has suspended drilling operations for re-entry of the KLU#1 well in 2012.

In applying to extend the term of the KLU Unit Agreement, Furie seeks to move forward with continued exploration and development of the KLU in a constructive and collaborative manner that benefits all parties and the public and which avoids disputes or appeals regarding the good standing of the Unit Agreement. Please note that in making this application, Furie does not waive any arguments regarding the term, extension or good standing of the Unit Agreement, or the previously approved POE, and expressly reserves the right to make any such arguments in the future, if necessary. Furie is willing to make the commitments reflected in the POE absent an event beyond Furie's reasonable foresight and control as contemplated by 11 AAC 83.336.

Background

Furie has been engaged in frequent discussions with DNR regarding the KLU POE, Unit matters, drilling operations and information requests from DNR, since July 2011.² On October 13, 2011, Furie submitted a revised POE to DNR, which was later amended on November 9, 2011 to accommodate DNR's comments. Furie met with DNR staff to discuss the POE on October 26, 2011 and November 9, 2011 and the POE was also discussed both telephonically and in person with DNR on several other occasions.

Furie understands and shares DNR's commitment to safe and responsible development and has conducted its drilling operations in full compliance with all appropriate regulatory requirements. Furie is committed to following best oilfield practices in exploring and developing the KLU. Furie has fully cooperated with DNR and other regulatory agencies and will continue to work with all appropriate regulatory

¹ DNR should also approve Furie's Amended and Restated Plan of Exploration filed in conjunction with this application.

² This is not to suggest an absence of communication prior to this date regarding the Plan of Operations, permits, required reports and information filings, etc. Rather, the frequency of discussions increased in July 2011 and subsequent months with the jack-up rig's transport to and arrival in Alaska and these discussions were largely focused on the KLU POE, Unit matters, drilling operations and information requests from DNR.

agencies to ensure full regulatory compliance. The attached Chart of Permits shows the permits that were obtained for the 2011 drilling season.

Furie has fully satisfied requests for information from DNR and has on several occasions asked DNR whether additional information was necessary. Furie has gone to great lengths to ensure that it provided all information requested, including but not limited to the following:

- detailed information regarding Furie's business structure and finances;
- information regarding specific personnel including an organizational chart and resumes of core operational personnel;
- detailed information regarding insurance and bonding;
- well data including well logs and analysis;
- a number of structure maps of the KLU;
- daily reports of drilling operations;
- rig location reports including mobilization to Cook Inlet, and then from the well site to Port Graham;
- a shallow hazard survey as well as the underlying data;
- all information required under the Plan of Operations; and
- an operator questionnaire although the company has been operating in Alaska for years.

Attached please find a communications log that references information that was provided to DNR from March 2011 through the date of this application. Also attached is a meetings log that shows the frequency of telephonic and in-person meetings between Furie and DNR from July 2011 through the date of this application.

Discussion

AS 38.05.180(p) authorizes the Commissioner to approve an oil and gas unit. DNR evaluates extensions of unit agreements under 11 AAC 83.336(2) and must consider the criteria specified in 11 AAC 83.303. Furie explored responsibly in 2011 and has planned a responsible exploration program that makes commitments for exploration drilling and timely development of much needed natural gas. Extending the Unit Agreement promotes conservation of all natural resources, promotes the prevention of economic and physical waste, and provides for the protection of all parties in interest, including the State. In evaluating these factors, DNR will consider the criteria set forth in 11 AAC 83.303(b). As discussed below, an extension of the Unit Agreement until January 31, 2016 is in the public interest and should be approved.

1. The Environmental Costs and Benefits of Unitized Exploration or Development.

Furie has taken and will continue to take all necessary measures to prevent or mitigate environmental impacts from its activities. Extending the Unit Agreement does not amend any mitigation measures as stipulated in the leases, the Plan of Operations, or elsewhere. Furie has complied with and will continue to comply with all permitting requirements. Extending the Unit Agreement does not pose any risk to the environment.

Further, exploration and development in a unit will result in fewer environmental impacts than would likely occur if exploration and development were on a lease-by-lease basis, or by multiple operators with varying business models and objectives.

2. The Geological and Engineering Characteristics of the Potential Hydrocarbon Accumulation or Reservoir Proposed for Unitization.

DNR has previously considered the geological and engineering characteristics of the KLU.³ More recently, Furie has provided geological, geophysical and engineering data from the KLU #1 well, including well logs and third-party (NuTech Energy Alliance and Waters Petroleum Advisors) analysis of the logs. Furie provided this information on November 9, 2011 with the assistance of Waters Petroleum Advisors, and met with DNR to discuss the data and the POE on that date. Furie, with both Waters Petroleum Advisors and NuTech Energy Alliance, again met with DNR on December 1, 2011 to provide additional presentations regarding geologic data and a discussion of the well data and analysis. The attached communications log shows that the well data has been provided.

The well logs and geological analysis show significant hydrocarbon intervals and are very encouraging, particularly given that the well was only drilled to 8805 MD, about half the depth to which it ultimately will be drilled. Furie is planning to re-enter the KLU#1 well in 2012 and drill into pre-Tertiary for further evaluation and testing. Furie then plans to drill additional delineation/development and exploration wells. Extending the Unit Agreement will allow the delineation of the size and extent of the accumulation.

The geologic structure of the KLU has been shot with 2-D seismic. Former lessees of this acreage have done considerable geophysical evaluations of the area. Furie, through its predecessor Escopeta Oil Company, LLC has reprocessed over 300 line miles of seismic which covers approximately 160 square miles. The existence of the KLU geologic structures have been well known for several years.

Extending the Unit Agreement will also aid in ensuring that the Unit area is explored earlier than it would be on a lease-by-lease basis. If the Unit were to terminate, the leases would have to be re-leased and the lessees would have to acquire and process seismic data, obtain permits and acquire an appropriate offshore drilling rig to explore the Unit area. Thus, not extending the Unit Agreement would likely delay exploration and development by a number of years.

3. Prior Exploration Activities in the Proposed Unit Area.

DNR has previously considered prior exploration activities in the Unit area.⁴

³ For instance, see pages 5-10 of the June 30, 2009 decision approving the Application for Expansion of the Kitchen Unit Area to Form the Kitchen Lights Unit.

⁴ For instance, see pages 5-10 of the June 30, 2009 decision approving the Application for Expansion of the Kitchen Unit Area to Form the Kitchen Lights Unit.

4. The Applicant's Plans for Exploration or Development of the Unit Area.

Furie has obtained a jack-up rig and put it to work in Cook Inlet. The Amended and Restated Plan of Exploration submitted simultaneously with this Application is a responsible path for exploration and development of the KLU. Furie has invested considerable resources⁵ and fully intends to explore, drill and develop the Unit area to the extent development is justified. The POE reflects Furie's desire to continue responsible exploration of the KLU to assist Alaska in the development and production of much needed natural gas for Alaskans. The POE describes three exploration blocks (North, Central, and Southwest) that are structurally separated by faults and structural lows.⁶ Because of Alaska's need for natural gas and in light of the preliminary results of

⁵ For 2011, the POE reflects the discussions that Furie had with DNR and other regulatory agencies regarding when drilling duration operations could begin and end, and Furie's concern for safe operations. The 2011 drilling season was originally scheduled to end on October 31, 2011. Furie was granted an extension to November 15, 2011 to mobilize the rig from the KLU #1 well. Due to low temperatures, Furie decided to cease drilling on October 28, 2011. The well was safely capped and secured on November 13, 2011. Severe weather delayed the tugs and the rig was ultimately under tow on November 22, 2011. The rig's arrival in Port Graham for winter layup was delayed due to weather and rough seas until November 24, 2011. Furie was in communication regarding the status of the rig with the regulatory agencies throughout these events.

Bringing the rig to Alaska from the Gulf of Mexico was an enormous undertaking, especially given the severe weather conditions that accompanied that voyage. Preparing the rig for transportation, and transporting it around South America (the rig is too large to transit the Panama Canal) to Alaska, all the while being forced to deviate or stop for unanticipated weather and weather related repairs, consumed much of the 2011 drilling season. Approximately 24 days were lost due to extreme weather conditions experienced during transport and associated repairs. This time included:

- deviations from course and sheltering in Montevideo, Uruguay and the Chilean channels due to severe weather, and returning to course;
- time spent deviating from course to British Columbia for inspections of the rig legs and repairs required due to the rig shifting on the transport vessel during storms around South America, and returning to course; and
- time expended holding the tow in Prince William Sound prior to entering Cook Inlet due to severe weather.

⁶ The leases within each block are shown in Kitchen Lights Unit, Exhibit A, Kitchen Lights Unit Tracts/Leases (Confidential) and Kitchen Lights Unit, Exhibit B, Map of KLU With Exploration Blocks (Confidential).

the KLU#1 well which is located in the Central Exploration Block, initial drilling activity is focused on that block.

Furie will re-enter the KLU#1 well in 2012 and continue drilling to evaluate the pre-Tertiary in 2012. Furie also plans to drill another well in 2012 in the Central Block and will continue drilling operations pursuant to appropriate regulatory approvals and prudent drilling practices. Depending on the results of these wells, Furie will, if appropriate, request approval of a Participating Area and Plan of Development and move forward with design and fabrication of production equipment and facilities during the 2012-2013 winter season.

Depending on the results of the 2012 drilling season, in 2013 Furie plans to drill either (1) two development natural gas wells or (2) an exploration well in either the North Exploration Block or the Southwest Exploration Block.

For 2014, Furie plans to drill one exploration well in the exploration block in which Furie has not yet drilled a well. If Furie does not meet this requirement, Furie shall select an exploration block that will contract out of the KLU to the extent that any acreage is not already within the boundary of an approved or pending participating area.

For 2015, Furie plans to drill one exploration well in either the North Exploration Block or the Southwest Exploration Block. If Furie does not meet this requirement, Furie shall select an exploration block that will contract out of the KLU to the extent that any acreage is not already within the boundary of an approved or pending participating area.

The POE requires Furie to conduct timely exploration, evaluation and development activities that will result in production sooner than if the leases were re-leased and explored individually. The commitments for the 2012 and 2013 years reflect the need to evaluate the pre-Tertiary and delineate and develop the natural gas resource that has been discovered, and the need to implement development options with an eye toward accelerated gas production. The commitments for 2014 and 2015 reflect the need to explore other blocks in the Unit and set forth the remedies for not meeting those commitments. Extending the Unit Agreement would ensure that the KLU will be explored and developed more quickly than if the leases were re-leased.

5. The Economic Costs and Benefits to the State and Other Factors.

Extension of the Unit Agreement would benefit the State by creating jobs associated with oil and gas exploration and development. The rig is already in Alaska and Furie has drilled the KLU #1 well. Extending the Unit Agreement would ensure timely exploration and development of the KLU. With timely exploration and development comes economic activity and jobs. Exploration and development will happen sooner if the Unit Agreement is extended than they would on a lease-by-lease basis.

As stated above, if the Unit were to terminate, the leases would have to be re-leased and the lessees would have to evaluate the acreage, obtain the necessary permits and acquire an appropriate offshore drilling rig to explore the Unit area. Furie has obtained a jack-up rig and has set forth a responsible and measured plan for exploration and development. Not extending the Unit Agreement would likely delay exploration and development by a number of years.

Extending the Unit Agreement would greatly benefit the State through additional oil and gas exploration and development in the face of a looming energy crisis. Not only will a commercial discovery lead to additional energy, the State will earn royalty and tax revenues over the life of the field.

Furie is committed to the safety of human health and the environment. Furie has been fully cooperative in providing information to DNR and other agencies and will continue to work with regulatory agencies to ensure full compliance and best oilfield practices.

Unitized development promotes the conservation of all natural resources, protects all parties of interest, and prevents economic and physical waste. The short term benefit of revenue from bonus bids in a lease sale is outweighed by the benefits of unitized development under Furie's POE and the benefits to Alaska residents of an accelerated natural gas development program.

Conclusion

An extension to the Unit Agreement satisfies the criteria in 11 AAC 83.303 by promoting conservation of all natural resources, promoting the prevention of economic and physical waste and providing for the protection of all parties in interest, including the State.

Extension of the Unit Agreement will further the goals of bringing new business and oil and gas activity to Alaska. Members of both the legislative and executive branches have signaled that this is a priority.

Furie intends to use all responsible and commercially reasonable efforts to meet its drilling commitments. Extending the KLU Unit Agreement as proposed will further safe exploration in Cook Inlet and promote the most immediate opportunity for additional gas development and production all of which would benefit the people of Alaska at a time of great need.

Please contact me if you have any questions or would like additional information.

Best regards,



Edward Page Oliver
President

Attachments:

Furie Operating Alaska, LLC/DNR Communications Log
Furie Operating Alaska, LLC/DNR Meetings Log
Furie Operating Alaska, LLC Chart of Permits
Kitchen Lights Unit, Exhibit A, Kitchen Lights Unit Tracts/Leases (Confidential)
Kitchen Lights Unit, Exhibit B, Map of KLU With Exploration Blocks (Confidential)
Kitchen Lights Unit, Exhibit G, Amended and Restated Plan of Exploration Filed in
Conjunction With Application to Extend Unit Agreement December 5, 2011

cc: Patricia Bettis, DNR

Furie Operating Alaska, LLC Kitchen-Lights-Unit-#1 Chart of Permits

Authorizing Agency	Action / Authorization	Status / Date	Agency Contact	Telephone	e-mail
U.S. Army Corps of Engineers	Section 10 Rivers and Harbors Act	Issued 08/12/11, POA-2008-312-M1	Jack Hewitt	(907) 753-2708	jack.j.hewitt@usace.army.mil
NOAA National Marine Fisheries Service	ESA Section 7 Consultation (pelagic)	Concurrence Issued 08/12/11	Barbara Mahoney	(907) 271-3023	barbara.mahoney@noaa.gov
U.S. Coast Guard	Notice of Arrival / Notice to Mariners	Completed	L.T. Nathan Meneses	(907) 271-8956	lathen.s.meneses@uscg.mil
Alaska Oil and Gas Conservation Commission	Permit to Drill	Issued 07/01/2011, PTD # 211-039	Winton Aubert	(907) 793-1231	winton.aubert@alaska.gov
Alaska Dept. of Environmental Conservation	ODPCP (Spill Plan)	Issued 08/30/2011	Laurie Silven	(907) 289-7540	laurie.silven@alaska.gov
U.S. Environmental Protection Agency, Region 10	NPDES General Permit AKG-31-5022	Issued, Notice of Coverage 05/19/11	Hanh Shew	(808) 663-0171	shanh.hanh@epa.gov
Alaska Dept. of Environmental Conservation	Air Quality Permit A00821MS02	Issued 03/03/11 (modified from 07/05/06)	Fathima Stoozek	(907) 465-5303	fathima.stoozek@alaska.gov
Division of Coastal and Ocean Management	ACMP Consistency Analysis & Review	Approved 03/14/11	Nina Brunie	(907) 334-2563	nina.brunie@alaska.gov
DNR Division of Oil and Gas	Unit Plan of Exploration, amended	Approved 03/05/11	Patricia Bettis	(907) 269-8451	patricia.bettis@alaska.gov
DNR Division of Oil and Gas	Unit Plan of Operations LO/CI 06-04	Accepted 05/17/11	Brian Havelock	(907) 269-8807	brian.havelock@alaska.gov
Alaska Oil and Gas Conservation Commission	Shore Bottom Survey Clearance	Completed 05/17/11	Steve Davies	(907) 793-1224	steve.davies@alaska.gov
NOAA National Marine Fisheries Service	Fisheries Impact Analysis	Completed 04/28/11, no impact	Amy Cox	(907) 271-5006	amy.cox@noaa.gov
National Oceanographic and Atmospheric Admin.	Waterway Navigation Report 2008-312-1	Completed 03/01/11	Ben Sherman	(301) 689-0177	ben.sherman@noaa.gov
Kenai Peninsula Borough	Coastal District Consistency	Completed 03/01/11	Gary Williams	(907) 714-2200	gwilliams@kenai.ak.us
Alaska State Historical Preservation Office	Archaeological Consultation	Completed 03/01/11	Judith Bitner	(907) 269-4721	judy.bitner@alaska.gov
Alaska Dept. of Environmental Conservation	Drilling Waste Storage Permit	nd. required	Nate Emery	(907) 269-7590	nathaniel.emery@alaska.gov
Alaska Department of Fish and Game	Title 41 Fish Habitat Permit	nd. required	Patricia Berksham	(907) 714-2476	patricia.berksham@alaska.gov

Permits Issued / Approved

RECEIVED

OFFICE OF THE ATTORNEY GENERAL

DIVISION OF OIL AND GAS

RECEIVED

SEP 05 2011

FURIE OPERATING ALASKA, LLC (f/k/a Escopeta Oil Co., LLC) AND GAS
DNR COMMUNICATIONS¹

DIVISION OF

	DESCRIPTION	DATE
1.	DNR letter dated March 14, 2011 re Kitchen Lights Unit, Approval of Modification to Plan of Exploration	3/14/2011
2.	Email from DNR re requirement to supply proof of rig mobilization	3/21/2011
3.	Emails from/to DNR re response to 3/21/2011 email	3/23/2011
4.	Letter from DNR re Unit Plan of Operations Approval of the Kitchen Lights Unit Exploration with attachments * Final ACMP Consistency Determination and Alternative Measures * ADNR Cook Inlet Offshore Drilling Stipulations * 2010 Cook Inlet Area Wide Mitigation Measures * Well Data Submittal Requirement	5/5/2011
5.	Escopeta filed Report of Shallow Hazard Survey for rig location	5/24/2011
6.	Email from DNR requesting a status update for the rig and the anticipated departure date for the wet tow	7/14/2011
7.	Email from DNR scheduling 7/22/2011 meeting re Kitchen Lights Unit	7/19/2011
8.	Email from DNR rescheduling 7/22/2011 meeting	7/20/2011
9.	Rig Position and Drilling Reports	7/23/2011 – 11/28/2011
10.	Email from DNR re 7/22/2011 meeting re Kitchen Lights Unit with attached sign-in sheet	7/26/2011
11.	Email from/to DNR re Shallow Hazards Report	8/1/2011
12.	Email to/from Escopeta re questions about company name changes	8/4/2011 – 8/9/2011
13.	Email from Escopeta attaching flowchart and ownership summary as well as corporate minutes for the 4 organizations	8/8/2011

¹ This log only reflects communications since March 2011.

	DESCRIPTION	DATE
14.	Email from Escopeta attaching resumes for the core Alaska drilling operations team	8/10/2011
15.	Email from Escopeta attaching Robert Laule's resume	8/10/2011
16.	Email from DNR acknowledging receipt of resumes and requesting roles and responsibilities of individual members of Alaska drilling operations team	8/10/2011
17.	Email from Escopeta forwarding a copy of the High Resolution Geophysical Survey KLU #1 Site	8/10/2011
18.	Email from/to DNR re side scan sonar survey and Section 10 Rivers and Harbors Act Permit	8/10/2011
19.	Email from DNR requesting completion of the Information for Responsible Parties	8/10/2011
20.	Email from/to Escopeta re Rig Location/Site Clearance	8/10/2011 – 8/12/2011
21.	Email from/to Escopeta advising DNR that the Escopeta KLU #1 Hazards Report had been sent to DNR by email and by DVD	8/10/2011 – 8/15/2011
22.	Email exchanges with Watson (Escopeta) and DNR regarding surveys, permits and hazards report, site clearance and DNR visit to rig with the following attachment * KLU #1 High Resolution Geophysical Survey (final report submitted to DNR 8/1/2011)	8/10/2011 – 8/15/2011
23.	Email from/to Escopeta re Escopeta KLU #1 Hazard Survey and notifications to SHPO	8/10/2011 – 8/18/2011
24.	Email from Escopeta forwarding a copy of the Section 10 Rivers and Harbors Act authorization	8/12/2011

	DESCRIPTION	DATE
25.	<p>Letter from DNR regarding Kitchen Lights Unit with the following attachments</p> <ul style="list-style-type: none"> * Glen E. Vereb, U.S. Customs and Border Protection, letter dated November 8, 2010 * Bruce Webb e-mail dated August 10, 2011 * Bruce Webb e-mail dated August 11, 2011 * DOG, Kitchen Light Unit Plan of Operations Approval, dated May 5, 2011 * AOGCC Rig Inspection Spartan 151 e-mail dated March 9, 2011 * USCG e-mail dated July 29, 2011 	8/12/2011
26.	<p>Letter from Escopeta in response to DNR's 8/12/2011 letter with the following attachments</p> <ul style="list-style-type: none"> * Unit Plan of Operations Approval with attachments <ul style="list-style-type: none"> Final ACMP Consistency Determination and Alternative Measures Offshore Stipulations 2010 Cook Inlet Area Wide Mitigation Measures Well Data Submittal Requirement * Correspondence with DNR personnel re Jones Act, with attachments <ul style="list-style-type: none"> Alaska Coastal Management Program Final Consistency Determination Concurrence ADNR Cook Inlet Offshore Drilling Stipulations Mitigation Measures and Other Regulatory Requirements (Lessee Advisories) Cook Inlet 2010 DNR Division of Oil & Gas Well Data Submittal Requirement, January, 2011 * Submission to DNR re Corps of Engineers Section 10 Permit and National Marine Fisheries Service Concurrence, including NMFS Letter of Concurrence and COE permit * Submissions to DNR re Shallow Hazard Survey and reports re same * Resumes of leaders of Escopeta drilling crew * AOGCC Inspection/Spartan 151 pre-inspection requirements 	8/15/2011
27.	Email from Escopeta forwarding a draft copy of the Watson Shallow Hazards Survey Report	8/15/2011
28.	Email from Escopeta forwarding copy of Escopeta Hazards Survey Report titled "High Resolution Geophysical Survey KLU #1 Site"	8/15/2011
29.	<p>Letter from DNR in response to Escopeta's 8/15/2011 letter with the following attachments</p> <ul style="list-style-type: none"> * AOGCC Rig Inspection/Spartan 151 * USCG Outstanding Deficiencies dated March 1, 2011 	8/16/2011

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	DESCRIPTION	DATE
30.	Email from Escopeta with Bruce Webb contact information	8/16/2011
31.	Email from/to Escopeta re Spartan 151 Weekly position report	8/17/2011 – 8/18/2011
32.	Email from/to Escopeta re Spartan 151 Movement Spreadsheet * Spartan 151 Movements.xlsx	8/18/2011
33.	Delivery to DNR of shallow hazard survey data and geophysical activity completion report	8/22/2011
34.	Email from/to Escopeta re acknowledging receipt of a copy of the letter sent to SHPO re Escopeta's KLU #1	8/22/2011
35.	Email to DNR forwarding copy of letter sent to SHPO re Escopeta's KLU #1	8/22/2011
36.	Email from/to DNR re confidentiality of Hazard Survey provided by Watson Company, Inc.	8/23/2011 – 9/01/2011
37.	Email from Escopeta with updated contacts list	8/24/2011
38.	Email from Escopeta advising of titles and responsibilities of key rig personnel	8/24/2011
39.	Letter from Escopeta in response to DNR's 8/16/2011 letter	8/24/2011
40.	Letter from Escopeta re entities involved in the KLU#1 Project and their relationships with the following attachments * Participation Agreement between Escopeta Oil Company, LLC and Taylor Minerals, LLC and Escopeta Oil of Alaska, LLC dated October 22, 2010 * Agreement between Escopeta Oil Company, LLC and Escopeta Oil of Alaska, LLC dated June 29, 2011 * Company minutes regarding Furie Petroleum Company, LLC, Advanced Capital Funding, LLC, Escopeta Oil of Alaska, LLC and Escopeta Oil Co., LLC * Escopeta Ownership Summary * Escopeta Entity Flowchart	8/24/2011
41.	DNR's acknowledgement of Escopeta's 8/24/2011 letter	8/24/2011

	DESCRIPTION	DATE
42.	Letter from Escopeta requesting approval for Escopeta to proceed with certain additional operations over weekend if AOGCC authorization is approved	8/25/2011
43.	Letter from DNR, in response to Escopeta's 8/25/2011 letter, advising that prior to spudding, Escopeta must provide DNR written confirmation that all rig inspection requirements are met and obtain written authorization from DNR to proceed with operations	8/25/2011
44.	Email from DNR regarding confidential information	8/26/2011
45.	Email from Escopeta regarding confidential information	8/29/2011
46.	Email from DNR regarding Operator Questionnaire for Unit Operators, with the following attachment * Operator Questionnaire	8/29/2011
47.	Email from Escopeta with change of members/managers of Escopeta with the following attachment * Notice of Change of Members and/or Managers for Escopeta Oil Company, LLC and Escopeta Oil of Alaska, LLC	8/30/2011
48.	Email from Escopeta regarding documents submitted	8/30/2011
49.	Email from Escopeta following up on 8/29/2011 conversation, requesting meeting and ensuring Escopeta's desire to be cooperative with the following attachment * Insurance coverage summary * May 23, 2011 letter from DNR to Escopeta and Proof of Financial Responsibility	8/30/2011
50.	Letter from DNR re AOGCC 8/29/2011 inspection, requesting additional information, and sending Operator Questionnaire	8/30/2011
51.	Email from Escopeta acknowledging DNR's 8/30/2011 letter	8/31/2011
52.	Email and letter from Escopeta requesting authorization to proceed with the drilling activities at the KLU#1	8/31/2011

	DESCRIPTION	DATE
53.	Email from Escopeta forwarding a letter from Escopeta requesting authorization to proceed with drilling activities * Letter from Escopeta to DNR dated August 31, 2011, requesting authorization to proceed with drilling operations in the Kitchen Lights Unit.	8/31/2011
54.	Email from Escopeta regarding confidential data	9/1/2011
55.	Email from/to Escopeta regarding confidential documents	9/1/2011
56.	Letter from Escopeta providing information and documentation regarding Escopeta and Kitchen Lights Unit Operations in response to DNR's request for information dated August 30, 2011, with the following attachments * Power of attorney * Amended and Restated Company Agreements * Operating Agreement dated October 21, 2010 * Side Letter Agreement, dated October 22, 2010 * DEC Certificate of Financial Responsibility * Insurance summary and declaration pages of insurance policies * Balance sheets dated 12/31/10, 7/31/2011, and 6/30/2011 * Flowchart and summary of the relationships between companies * Corporate resolutions appointing officers and accepting Amended and Restated Company Agreements * Narrative explaining the entities involved in the KLU #1 project and their relationships * Lease Assignment and Participation Agreement * Agreement between Escopeta Oil Co., LLC, and working interest owners * Organization chart * Operator Questionnaire * Current Alaska business license (11/18/10 – 12/31/12) * Unanimous Written Consent of the Board of Managers of companies	9/1/2011
57.	Email from DNR with attached DNR authorization to initiate drilling operations dated 9/2/2011	9/2/2011
58.	Email from Escopeta advising that Escopeta has spudded the KLU#1 well	9/2/2011
59.	Letter from DNR re DNR authorization to initiate drilling operations	9/2/2011
60.	Email from Escopeta notifying DNR that the well had been spudded	9/2/2011

	DESCRIPTION	DATE
61.	Email from DNR forwarding a pdf copy of DNR's authorization to initiate drilling operations * DNR letter dated September 2, 2011, authorizing Escopeta to initiate drilling operations based on the drilling plan approved by the AOGCC on July 1, 2011	9/2/2011
62.	Email from DNR regarding confidential information	9/6/2011
63.	Email and letter from Escopeta filing Application to Amend KLU Plan of Exploration with the following attachments * Amended Plan of Exploration for Kitchen Lights Unit Submitted October 13, 2011 * Letter from DNR dated September 2, 2011, authorizing initiation of drilling operations * Decision Approving the Application for Expansion of the Kitchen Unit Area to Form the Kitchen Lights Unit effective as of June 30, 2009 * Resumes of Core Personnel Thomas E. Hord Ed M. Ferguson Jerry L. Cloud Robert Laule Vladimir Katic	10/13/2011
64.	Email and letter from DNR authorizing continued drilling upon successful testing of the casing integrity and approval by AOGCC	10/13/2011
65.	Email from DNR re Kitchen Lights Unit Plan of Operation LOCI 06-004 with the following attachment * Letter from DNR dated October 13, 2011, authorizing Escopeta to continue drilling operations based on the drilling plan approved by AOGCC	10/13/2011
66.	Email from/to Escopeta re meeting re Escopeta's proposed Amended Plan of Exploration	10/13/2011 – 10/14/2011
67.	Email from DNR re meeting to discuss the Kitchen Lights Unit Plan of Exploration proposal with Escopeta	10/24/2011
68.	Email from Escopeta attaching additional personnel information	10/24/2011
69.	Email from DNR rescheduling meeting	10/24/2011
70.	Email from DNR attaching attendance sheet from meeting	10/26/2011

	DESCRIPTION	DATE
71.	Email from DNR following up on conversation concerning activities according to the Unit Plan of Operations Approval dated May 5, 2011	10/27/2011
72.	Email from DNR re Escopeta Activities and requirements	10/27/2011
73.	Email from DNR scheduling 11/9/2011 meeting	10/28/2011
74.	Email from Escopeta re Status Report due on or before November 1 for the Plan of Operations with the following attachment * Kitchen Lights Unit Status Report dated October 31, 2011	10/31/2011
75.	Email string from/to Furie re Spartan 151 Rig Winter Storage	11/02/2011 – 11/16/2011
76.	Revised Plan of Exploration * KLU map with exploration blocks * KLU #1 well analysis * Forest Oil Corporation Alaska Business Unit Review Presentation	11/9/2011
77.	Email from Furie re Seismic Locations #1, #2, #3, and #4 – Kitchen Lights Unit, Cook Inlet Basin with the following attachments * Cover letter from Escopeta re Seismic Locations #1, #2, #3, and #4 – Kitchen Lights Unit, Cook Inlet Basin * KLU #1 Drilling Update – Maps and 2D Seismic Data * KLU #2 Proposed Location – Maps and 2D Seismic Data * KLU #3 Proposed Location – Maps and 2D Seismic Data * KLU #4 Proposed Location – Maps and 2D Seismic Data	11/10/2011
78.	Email from/to Furie, re weather forecast for Stacey Foss, route from Prince William Sound to Inside Passage and location of winter storage of rig	11/10/2011 – 11/14/2011
79.	Email from/to Furie re current location of Spartan 151 Rig	11/21/2011
80.	Letter to DNR re KLU Confidential Data, Structure Map and KLU#1 Log Analysis * Kitchen Lights Unit, Top of Tyonek Structure Map with Exploration Blocks * Kitchen Lights Unit Amended Plan of Exploration Submitted October 13, 2011, Revised November 9, 2011 * Reports by NuTech Energy Alliance	11/28/2011

	DESCRIPTION	DATE
81.	Email from/to Furie re Status of Spartan 151 Rig	11/28/2011
82.	Email from Furie re additional info re KLU POE for 2014 and 2015	11/29/2011
83.	Letter from Furie re Kitchen Lights Unit #1 well, Confidential data with certain confidential data attachments	12/1/2011
84.	Email to DNR re Port Graham location	12/2/2011

**FURIE OPERATING ALASKA, LLC MEETINGS/TELEPHONE
CONFERENCES WITH DNR¹**

DATE	FORUM	TOPIC
7/15/11	Telephone	unit matters, plan of exploration
7/19/11	Telephone	unit matters, rig status
7/20/11	Telephone	rig status
7/21/11	DNR	unit matters, plan of exploration
7/22/11	DNR	unit matters, plan of exploration
7/22/11	Telephone	unit matters
7/23/11	Telephone	unit matters
7/25/11	Telephone	unit matters, plan of exploration, information needs
7/25/11	DOL – Telephone	unit matters, plan of exploration
7/26/11	Telephone	effects of name change, unit issues and information needs
7/28/11	Telephone	information needs
8/5/11	Telephone	information needs, unit matters, plan of exploration
8/8/11	Telephone	unit matters, plan of exploration
8/16/11	Telephone	rig status and permits
8/31/11	Telephone	authorization to proceed with drilling
9/1/11	DNR	drilling operations, unit matters, plan of exploration
9/1/11	Telephone	unit matters, plan of exploration

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¹ This log only reflects meetings and telephone conversations since July 2011. This is not to suggest an absence of communication prior to this date regarding the Plan of Operations, permits, required reports and information filings, etc. Rather, the frequency of discussions increased in July 2011 and subsequent months with the jack-up rig's transport to and arrival in Alaska and these discussions were largely focused on the KLU POE, Unit matters, drilling operations and information requests from DNR.

DATE	FORUM	TOPIC
9/2/11	DNR	drilling operations, unit matters, plan of exploration
9/7/11	DOL – Telephone	plan of exploration, unit matters
9/12/11	Telephone	unit matters
9/13/11	DOL – Telephone	unit matters, plan of exploration
10/10/11	Telephone	continuing drilling operations
10/11/11	DNR	status of operations, plan of operations
10/17/11	DEC (DNR attended)	extension of drilling operations
10/21/11	Telephone	plan of exploration, unit matters, suspension of operations
10/26/11	DNR	plan of exploration
10/27/11	Telephone	plan of exploration, unit matters
10/31/11	Telephone	unit matters and drilling operations
11/1/11	Telephone	suspending operations
11/3/11	Telephone	plan of exploration
11/8/11	Telephone	meeting re plan of exploration
11/9/11	DNR	plan of exploration, KLU #1 well data
11/28/11	Telephone	plan of exploration, unit matters
11/29/11	Telephone	plan of exploration
12/1/11	DNR	KLU #1 well data

ATTACHMENT 4

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Kitchen Lights Unit, Exhibit A, Kitchen Lights Unit Tracts/Leases

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ATTACHMENT 5

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Kitchen Lights Unit, Exhibit B, Map of KLU With Exploration Blocks

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**KITCHEN LIGHTS UNIT
AMENDED AND RESTATED PLAN OF EXPLORATION FILED IN CONJUNCTION WITH APPLICATION TO EXTEND UNIT AGREEMENT DECEMBER 5, 2011
Revised "Exhibit G"**

Furie Operating Alaska, LLC (Furie), formerly Escopeta Oil Co., LLC hereby submits the following Five-Year Plan of Exploration for the Kitchen Lights Unit (KLU) effective October 13, 2011, to December 31, 2015. Furie makes these commitments absent an event beyond Furie's reasonable foresight and control as contemplated by 11 AAC 83.336 and is not waiving its ability to assert force majeure or any other matter relating to the duration of the KLU.

Furie proposes that the unit acreage be delineated into three exploration blocks. Exhibit A to the KLU Unit Agreement shows Kitchen Lights Unit Tracts/Leases that fall within each block. Exhibit B to the KLU Unit Agreement is a map of the KLU boundary showing the exploration blocks.²

Year 2011

Furie drilled the KLU #1 exploration well in the Central Exploration Block to a depth of 8805 MD. Pursuant to appropriate regulatory approvals, directives and prudent drilling practices, Furie suspended drilling operations for re-entry in 2012.³ This satisfied the prior work commitments for 2011.

Year 2012

1. Furie shall re-enter the KLU #1 and continue drilling the well to evaluate the pre-Tertiary zone.

¹ Furie applied to amend the Plan of Exploration on October 13, 2011 and submitted a revision to that proffered amendment on November 9, 2011 based on discussions with DNR staff. In addition to meetings on October 26, 2011 and November 9, 2011, Furie has discussed the Plan of Exploration, information requests from DNR and drilling operations with DNR telephonically and in person on a number of occasions beginning in July 2011.

² Both of these exhibits are included in this filing and marked confidential.

³ As shown in the DNR communications and meeting logs attached to the Application for an Extension of the KLU Unit Agreement filed simultaneously with this Amended and Restated POE, Furie has been in frequent contact with DNR throughout 2011, particularly from July through December, and has provided all information requested by DNR. Furie has also been in frequent contact with other regulatory agencies, including the AOGCC, ADEC and U.S. Coast Guard, and conducted drilling operations in full compliance with all permitting and regulatory requirements. Ultimately, weather conditions required a suspension of drilling operations for the 2011 season.

2. Furie shall commence drilling a second well in the Central Exploration Block and shall continue drilling operations pursuant to appropriate regulatory approvals, directives and prudent drilling practices.
3. If appropriate, Furie shall request approval of a Participating Area and Plan of Development.

Year 2013

1. Furie shall either (a) drill 2 development gas wells, locations and depths of these wells to be determined, or (b) drill one exploration well to the base of the Hemlock formation in either the North Exploration Block or the Southwest Exploration Block, location to be determined.
2. If appropriate, Furie shall request approval of a Participating Area and Plan of Development.

Year 2014

1. Furie shall drill one exploration well to the base of the Hemlock formation in an exploration block in which Furie has not yet drilled a well, location to be determined.
2. If Furie has failed to meet its 2014 drilling requirement as stated in this POE, Furie shall select an exploration block that will contract out of the KLU, except that any acreage that is contained within the boundary of an approved or pending participating area shall not be subject to contraction.

Year 2015

1. Furie shall drill one exploration well to the base of the Hemlock formation in either the North Exploration Block or the Southwest Exploration Block, location to be determined.
2. If Furie has failed to meet its 2015 drilling requirement as stated in this POE, Furie shall select an exploration block that will contract out of the KLU, except that any acreage that is contained within the boundary of an approved or pending participating area shall not be subject to contraction.