TIGER EYE UNIT AGREEMENT

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DIVISION OF
OIL AND GAS

RECITALS

The purpose of this Agreement is to conserve natural resources and effect efficient and timely production of oil and gas.

The Working Interest Owners who are parties to the Agreement are owners of interest in oil and gas leases subject to this Agreement.

The Commissioner of the Department of Natural Resources, State of Alaska, is authorized by Alaska Statute 38.05.180(p) and (q) and applicable regulations to consent to and approve oil and gas unit agreements to explore, develop and produce state oil and gas resources.

AGREEMENT

In consideration of the mutual promises in this Agreement, the parties commit their respective interests in the Unit Area defined in Exhibit A and depicted in Exhibit B to this Agreement, and agree as follows:

ARTICLE 1: DEFINITIONS

1.1. **Alaska Oil and Gas Conservation Commission** (AOGCC) means the independent quasi-judicial agency of the State of Alaska established by the Alaska Oil and Gas Conservation Act, Alaska Statute 31.05.

1.2. **Approved Unit Plan** means a plan of exploration, plan of development, or plan of operations that the Commissioner has approved under Article 8 of this Agreement.

1.3. **Commissioner** means the Commissioner of the Department of Natural Resources, State of Alaska, or the Commissioner's authorized representative.

1.4. **Effective Date** means the time and date this Agreement becomes effective under Article 14.1 of this Agreement.

1.5. **Exploration Block** means a block of Unit Tracts within the Unit Area that are combined for purposes of exploration.

1.6. **Lease or Leases** means one or more oil and gas leases subject to this Agreement.

1.7. **Oil and Gas Rights** means the rights to explore, develop, and produce Unitized Substances.

1.8. **Outside Unit Substances** means oil, gas, and other hydrocarbons and non-hydrocarbon substances obtained from outside the Unit Area and injected into a Reservoir in the Unit Area with the Commissioner's approval.

1.9. **Outside PA Substances** means oil, gas, and other hydrocarbons and non-hydrocarbon substances obtained from one Participating Area in the Unit Area and injected into a Reservoir in a different Participating Area in the Unit Area with the Commissioner's approval.

1.10. **Overriding Royalty Interest** means an interest in the value of oil and gas produced at the surface. An Overriding Royalty is derived from a Working Interest and is not connected to ownership of the land or minerals. Overriding Royalty Interest owners are not proper parties to this Unit Agreement; nor are they third-party beneficiaries or have any rights to enforce the terms of this Unit Agreement.

1.11. **Participating Area** means all Unit Tracts and parts of Unit Tracts established under the provisions of Article 9 of this Agreement to allocate Unitized Substances produced from a Reservoir.

1.12. **Participating Area Expense** means all costs, expenses or indebtedness, incurred by the Unit Operator under this Agreement or the Unit Operating Agreement for or on account of production from or operations in a Participating Area and allocated solely to the Unit Tracts in that Participating Area.

1.13. **Paying Quantities** means a quantity of Unitized Substances sufficient to yield a return in excess of operating costs, even if drilling and equipment costs may never be repaid and the undertaking considered as a whole may ultimately result in a loss. The quantity is insufficient to yield a return in excess of operating costs unless it will produce sufficient revenue, not considering transportation and marketing, to induce a prudent operator to produce it.

1.14. **Reservoir** means that part of the Unit Area containing an accumulation of Unitized Substances which has been discovered by drilling and evaluated by testing a well or wells, and which is geologically separate from and not in hydrocarbon communication with any other oil and gas accumulation.

1.15. **Royalty Interest** means a mineral owner's right to or interest in the amount or value of Unitized Substances other than a Working Interest.

1.16. **State** means the State of Alaska acting in this Agreement through the Commissioner.

1.17. **Sustained Unit Production** means continuing production of Unitized Substances from a well in the Unit Area into production facilities and transportation to market, but does not include testing, evaluation, or pilot production.

1.18. **Unit Area** means the "state land" or "land", as defined in AS 38.05.965, subject to this Agreement, described in Exhibit A and shown in Exhibit B to this Agreement.

1.19. **Unit Equipment** means all personal property, Lease and well equipment, plants, platforms and other facilities and equipment used, taken over or otherwise acquired for use in Unit Operations.

1.20. **Unit Expense** means all costs, expenses or indebtedness incurred by the Unit Operator for Unit Operations, except for Participating Area Expense.

1.21. **Unit Operating Agreement** means any and all agreements entered into by the Unit Operator and the Working Interest Owners, as described in Article 7 of this Agreement.

1.22. **Unit Operations** means all operations conducted under this Agreement in accordance with a Unit Plan approved under Article 8 of this Agreement.

1.23. **Unit Operator** means the party designated by the Working Interest Owners and approved by the Commissioner to conduct Unit Operations.

1.24. **Unit Plan** means a unit plan of exploration, development, or operation as described in Article 8 of this Agreement.

1.25. **Unit Tract** means each separate parcel of land that is described in Exhibit A and given a Unit Tract number.

1.26. **Unit Tract Participation** means the percentage of Unitized Substances allocated to a Unit Tract in a Participating Area.

1.27. **Unit Well** means a well drilled within the Unit Area after the effective date of this Agreement unless specifically authorized by the Commissioner.

1.28. **Unitized Substances** means all oil, gas and associated substances produced from the Unit Area.

1.29. **Working Interest** means the interest held in lands by virtue of a Lease, operating agreement, fee title or otherwise, under which the owner of the interest is vested with the right to explore for, develop and produce minerals; the right delegated to a Unit Operator by a unit agreement is not a working interest.

1.30. **Working Interest Owner** means a party who owns a Working Interest.

ARTICLE 2: EXHIBITS

2.1. When this Agreement is submitted for approval, only Exhibits A, B, and G must be attached and are made a part of this Agreement. Exhibit F is also required when this Agreement is submitted if the Unit Area includes net profit share leases. Exhibits C, D, E, and F are required when a Participating Area application is submitted for approval and are, upon

approval by the Commissioner, made a part of this Agreement. The Unit Operator shall supply all Exhibits.

2.2. Exhibit A is a table that identifies and describes each Unit Tract, and displays: the Unit Tract numbers, legal descriptions, Lease numbers, Working Interest ownership, Royalty Interest ownership, initial Overriding Royalty Interest ownership, and the applicable royalty and net profit share rates applicable to each Unit Tract. Within 30 days after approval by the Commissioner of any expansion or contraction of the Unit Area under Article 13 of this Agreement, or any change of the Working Interest, Royalty Interest, or any additional separation creating a new Overriding Royalty Interest in any Unit Tract, the Unit Operator shall submit a revised Exhibit A to the Commissioner.

2.3. Exhibit B is a map that shows the boundary lines of the Unit Area and of each Unit Tract, identified by Unit Tract number and Lease number. Within 30 days after the Commissioner approves any expansion or contraction of the Unit Area under Article 13 of this Agreement, the Unit Operator shall submit a revised Exhibit B to the Commissioner.

2.4. Exhibit C is comprised of a table for each Participating Area established under this Agreement. The Exhibit C table for each Participating Area must display the Unit Tract numbers, legal descriptions, Lease numbers, Working Interest ownership, Royalty Interest ownership, initial Overriding Royalty Interest ownership, and the Unit Tract Participation for that Participating Area. Exhibits must be prepared for each Participating Area established in the Unit Area. The Unit Operator shall submit an initial or revised Exhibit C to the Commissioner within 30 days of: 1) the effective date of any Participating Area; 2) any expansion or contraction of a Participating Area; 3) any division of interest or allocation formula establishing or revising the Unit Tract Participation of any Unit Tract or Unit Tracts in a Participating Area; or 4) any change of the Working Interest, Royalty Interest or any additional separation from the working interest of the Lease creating a new Overriding Royalty Interest in any Unit Tract.

2.5. Exhibit D is comprised of a map for each Participating Area. Each Exhibit D map must show the boundary lines of the Unit Area, a Participating Area and the Unit Tracts in that Participating Area identified by Unit Tract number and Lease number. Within 30 days after approval by the Commissioner of a Participating Area or any expansion or contraction of a Participating Area under Article 9 of this Agreement, the Unit Operator shall submit a revised Exhibit D to the Commissioner.

2.6. Exhibit E is comprised of a table for each Participating Area that displays the allocation of Participating Area Expense to each Unit Tract in the Participating Area, identified by Unit Tract number and Lease number. Exhibits must be prepared for each Participating Area established in the Unit Area. The Unit Operator shall submit an initial or revised Exhibit E to the Commissioner whenever an initial or revised Exhibit C is required.

2.7. Exhibit F is a table that displays the allocation of Unit Expense to each Unit Tract in the Unit Area, identified by Unit Tract number and Lease number. The Unit Operator shall submit an initial or revised Exhibit F to the Commissioner whenever an initial or revised Exhibit A is required if the Unit Area includes net profit share leases. The Unit Operator may submit a revised Exhibit F anytime, but any revisions to Exhibit F are not effective until approved by the Commissioner.

2.8. Exhibit G is the unit plan of exploration or unit plan of development described in Article 8 of this Agreement.

ARTICLE 3: CREATION AND EFFECT OF UNIT

3.1. All Oil and Gas Rights in and to the lands described in Exhibit A and shown in Exhibit B are subject to this Agreement.

3.2. Except as otherwise provided in this Agreement, where only a portion of a lease is committed to this Agreement, that commitment constitutes a severance of the lease into unitized and non-unitized portions. The portion of the leased area not committed to this Agreement will be treated as a separate and distinct lease and may be maintained only in accordance with the terms and conditions of the lease, statutes, and regulations. Any portion of the leased area not committed to this Agreement will not be affected by the unitization, by operations in the Unit Area, or by a suspension approved or ordered by the Commissioner.

3.3. Production of Unitized Substances from any part of a Participating Area will be considered production from each Unit Tract in the Participating Area as if a well were producing from each Unit Tract in the Participating Area.

3.4. The provisions of a Lease committed to this Agreement and of any other agreement regarding that Lease are modified to conform to the provisions of this Agreement but only to the extent that there is conflict in provisions and only for so long as the Lease remains committed to this Agreement. Otherwise, the provisions of such a Lease and agreements will remain in full force and effect.

3.5. This Agreement is not intended to transfer title to Oil and Gas Rights by any party to any other party or to the Unit Operator.

3.6. All data, information, and interpretations of those data and information determined by the Commissioner to be necessary for the administration of this Agreement or for the performance of statutory responsibilities related to this Agreement must be provided by the Unit Operator, or Working Interest Owners, or both, upon written request. The Commissioner shall keep confidential all such data and information provided to the Commissioner, if the data or information is of a type entitled to confidentiality protection, in accordance with applicable law.

ARTICLE 4: DESIGNATION OF UNIT OPERATOR

4.1. NordAq Energy Inc. is designated as the Unit Operator until such time, if any, that a successor Unit Operator is designated under the terms and provisions of this Agreement agrees to accept the rights and obligations of the Unit Operator to conduct Unit Operations and to explore for, develop and produce Unitized Substances as provided in this Agreement.

4.2. Except as otherwise provided in this Agreement, including but not limited to Article 7.4, and subject to the terms and conditions of Approved Unit Plans, the exclusive rights and obligations of the Working Interest Owners to conduct operations to explore for, develop and produce Unitized Substances in the Unit Area are delegated to and shall be exercised by the Unit Operator. This delegation does not relieve a lessee of the obligation to comply with all Lease terms. The Unit Operator shall notify the other Working Interest Owners and the Commissioner of actions taken by the Unit Operator under this Agreement as may be required under a Lease, this Agreement, the Unit Operating Agreement, or applicable laws or regulations.

4.3. The Unit Operator shall minimize and consolidate surface facilities to minimize surface impacts. The Unit Operator must provide performance guarantee, surety bonds, or other mechanisms approved by the Commissioner, adequate to protect of the Unit Area and the State's interests.

4.4. When a Working Interest Owner assigns an interest in a Lease, the Working Interest Owner will provide a copy of the approved assignment to the Unit Operator within 15 days after the Commissioner approves it.

ARTICLE 5: RESIGNATION OR REMOVAL OF UNIT OPERATOR

5.1. The Unit Operator will have the right to resign at any time; however, the resignation will not become effective until: 1) 60 days have passed since the Unit Operator delivers a written notice of an intention to resign to the Working Interest Owners and the Commissioner; and 2) all artificial islands, installations and other devices, including wells, used for operations in the Unit Area are in a condition satisfactory to the Commissioner for suspension or abandonment of operations. However, if a successor Unit Operator is designated and approved under Article 6 of this Agreement, the resignation is effective when approved by the Commissioner.

5.2. The Unit Operator may be removed as provided in the Unit Operating Agreement. This removal will not be effective until: 1) the Working Interest Owners notify the Commissioner and the Unit Operator; and 2) the Commissioner approves a successor Unit Operator.

5.3. The resignation or removal of the Unit Operator will not release it from liability for any failure to meet obligations that accrued before the effective date of the resignation or removal.

5.4. The resignation or removal of the Unit Operator does not terminate its rights, title, interest or obligations as a Working Interest Owner or other interest in the Unit Area. A termination of the Unit Operator's rights, title, interest or obligations may occur independently under the terms of the Leases and governing law. When the resignation or removal of the Unit Operator becomes effective, the Unit Operator shall relinquish possession of all Unit Equipment,

artificial islands, wells, installations, devices, records, and any other assets used for conducting Unit Operations, whether or not located in the Unit Area, to the successor Unit Operator.

ARTICLE 6: SUCCESSOR UNIT OPERATOR

6.1. Whenever the Unit Operator tenders its resignation as Unit Operator or is removed as provided in Article 5 of this Agreement, a successor Unit Operator may be designated as provided in the Unit Operating Agreement. The successor Unit Operator shall accept the rights and obligations of a Unit Operator in writing. The successor Unit Operator will file an executed copy of the designation of successor with the Commissioner. The designation of successor Unit Operator will not become effective until approved by the Commissioner.

6.2. If no successor Unit Operator is designated within 60 days after notice to the Commissioner of the resignation or removal of a Unit Operator, the Commissioner may designate another Working Interest Owner as successor Unit Operator, or declare this Agreement terminated.

ARTICLE 7: UNIT OPERATING AGREEMENT

7.1. The Working Interest Owners and the Unit Operator shall enter into a Unit Operating Agreement. The Unit Operating Agreement shall apportion all costs and liabilities incurred, and all benefits accrued, in maintaining or conducting Unit Operations among the Working Interest Owners.

7.2. Any allocation described in the Unit Operating Agreement will not bind the State in determining or settling royalties and net profit share payments. Allocations of Unit Expense, Participating Area Expense, or Unitized Substances for determining, settling and paying royalties and net profit share payments will be based on Exhibits C, E and F of this Agreement, and must be approved by the Commissioner in writing before taking effect. An original or revised conforming Exhibit C and F shall be submitted to the Commissioner within 30 days of any change in the division of interest or allocation formula establishing or revising the Unit Tract Participation of any Unit Tract or Unit Tracts in a Participating Area.

7.3. The Working Interest Owners and the Unit Operator may establish, through the Unit Operating Agreement and amendments, including any other agreement between the Working Interest Owners concerning Unit Operations, other rights and obligations between the Unit Operator and the Working Interest Owners, in addition to those set out in Article 7.1 of this Agreement. Neither the Unit Operating Agreement nor any other agreement between the Working Interest Owners modifies this Agreement. If the terms of this Agreement and the Unit Operating Agreement conflict, this Agreement will prevail.

7.4. With the approval of the Commissioner, any Working Interest Owner is entitled to drill a well on the unitized portion of its Lease when the Unit Operator declines to drill that

well. A Working Interest Owner shall have an approved permit to drill before commencement of drilling operations and the well must be part of an Approved Unit Plan. If the Commissioner determines any such well to be capable of producing Unitized Substances in Paying Quantities, the land upon which that well is situated must be included in a Participating Area. The Participating Area will be formed or an existing Participating Area enlarged as provided in this Agreement. The Unit Operator shall thereafter operate the well in accordance with this Agreement and the Unit Operating Agreement.

7.5. The Unit Operator shall file a copy of the Unit Operating Agreement with the Commissioner when this Agreement is submitted for approval. The copy of the Unit Operating Agreement is for informational purposes only. Approval of the Unit Agreement is not approval of the Unit Operating Agreement. Complete copies of any amendments to the Unit Operating Agreement, including all other agreements between the Working Interest Owners that affect the rights and duties of some or all of the parties to this Agreement, must also be filed with the Commissioner within 30 days of execution and at least 30 days before their effective dates.

ARTICLE 8: PLANS OF EXPLORATION, DEVELOPMENT AND OPERATIONS

8.1. Any Unit Plan and any amendment to a Unit Plan will not be effective until the Commissioner approves it. Unit Plans are incorporated into this Agreement and become effective on the date of their approval.

8.1.1. Unless a unit plan of development is filed under 11 AAC 83.343, a unit plan of exploration ("Plan of Exploration") shall be filed for approval with the Commissioner. Plans of Exploration must comply with 11 AAC 83.341 and any successor regulation.

8.1.2. A unit plan of development ("Plan of Development") shall comply with 11 AAC 83.343 and any successor regulation.

8.1.3. A unit plan of operations ("Plan of Operations") shall comply with 11 AAC 83.346 and any successor regulation.

8.1.4. When this Agreement is submitted to the Commissioner for approval, the Unit Operator shall submit an initial Plan of Development or an initial Plan of Exploration (collectively called the "Initial Unit Plan") for approval by the Commissioner.

8.2. The Unit Operator shall not explore, develop or produce on the Unit Area except in accordance with an Approved Unit Plan. The Unit Operator shall obtain a Plan of Operations approval, and any other permits and approvals required before operations begin. A Plan of Operations approval must be consistent with the mitigation measures and lessee advisories developed for the most recent State area wide lease sale in the region that includes the Unit Area as deemed necessary by the Commissioner to protect the resources of the State. The Unit Operator shall submit a complete copy of all such applications to the Commissioner. The Unit

Operator shall give the Commissioner written notice before beginning testing, evaluation, or pilot production from a well in the Unit Area.

8.3. After Sustained Unit Production in Paying Quantities begins, Unit Operations shall be maintained with lapses of no more than 90 days per lapse between operations. The lapse may be longer if suspension of operations or production has been ordered or approved by the Commissioner. Approved Unit Plans may provide for a suspension of Unit Operations.

8.4. After giving written notice to the Unit Operator and an opportunity to be heard, the Commissioner may require the Unit Operator to modify from time-to-time the rate of prospecting and development and the quantity and rate of production.

8.5. The Commissioner may approve any injection of Outside Unit Substances or Outside PA Substances within the Unit Area. Any injection of Outside Unit Substances or Outside PA Substances within the Unit Area must be part of an Approved Unit Plan.

ARTICLE 9: PARTICIPATING AREAS

9.1. The Unit Operator shall submit a request for approval of the proposed initial Participating Area to the Commissioner at least 90 days before Sustained Unit Production from a Reservoir in the Unit Area. A Participating Area: 1) shall include only land that is reasonably known to be underlain by Unitized Substances; 2) must be known or reasonably estimated through the use of geological, geophysical and engineering data to be capable of producing or contributing to production of Unitized Substances in Paying Quantities; and 3) must be supported by an approved plan committing the Unit to sustained production. The Unit Operator must receive approval from the Commissioner of a Participating Area before commencement of Sustained Unit Production.

9.2. Each application for approval of a Participating Area shall include Exhibits C, D, E, and G. Exhibit F is also required if the Unit Area includes net profit share leases. If approved by the Commissioner, the area described in Exhibit C and shown in Exhibit D will be a Participating Area, and the allocation of Participating Area Expenses and Unit Expenses described in Exhibits E and F will be effective on the effective date of the Participating Area.

9.3. A separate Participating Area shall be established for each Reservoir in the Unit Area. If one Reservoir underlies another Reservoir in whole or in part, separate Participating Areas may be created for each Reservoir. Any two or more Reservoirs or Participating Areas may be combined into one Participating Area if approved by the Commissioner.

9.4. At the Unit Operator's election or if so directed by the Commissioner, the Unit Operator shall apply to expand or contract the Participating Area if expansion or contraction is warranted by geological, geophysical, or engineering data. Each application for expansion or contraction shall include Exhibits C, D, E, and G. Exhibit F is also required if the Unit Area includes net profit share leases. The application must be submitted to the Commissioner for

approval. Before any directed expansion or contraction of the Participating Area, the Commissioner will give the Unit Operator reasonable notice and an opportunity to be heard.

9.5. The Commissioner will establish the effective date of the initial Participating Area. That effective date will be no later than the date of the first Sustained Unit Production. The Commissioner will establish the effective date of each later Participating Area.

9.6. Land in a Participating Area shall remain in that Participating Area even if its Unitized Substances are depleted.

9.7. A Unitized Substance produced from one Participating Area ("Originating Participating Area") may be used as an Outside PA Substance ("Injected Substance") for repressuring, recycling, storage or enhanced recovery purposes in another Participating Area ("Receiving Participating Area") only if the State is paid royalty as if the Unitized Substance was saved, removed, or sold by the Working Interest Owners, except as follows.

9.7.1. If the Commissioner consents to the transfer of Unitized Substances between Participating Areas without immediate payment of royalties, the Unit Operator shall provide monthly reports to the State of the transferred Unitized Substance volumes in both the Originating and Receiving Participating Areas as specified in 11 AAC 04. These monthly reports shall reflect the volumes of any Unitized Substance transferred and the British thermal units ("Btus") in any natural gas Unitized Substance transferred as an Outside PA Substance during the preceding month.

9.7.2. If the Commissioner consents to the transfer of Unitized Substances between Participating Areas without immediate payment of royalties, the royalties shall be paid when the Injected Substances are produced and sold from the Receiving Participating Area. The first natural gas Unitized Substances produced and sold from the Receiving Participating Area shall be considered to be the Injected Substances until a volume of natural gas containing Btus equal to the Btus contained in the Injected Substances is produced and sold from the Receiving Participating Area. All the Unitized Substances produced and sold from a Receiving Participating Area that are considered to be the Injected Substance shall be allocated to the Originating Participating Area. The Working Interest Owners shall pay the State royalties on Injected Substances produced and sold from a Receiving Participating Area as if those Injected Substances were produced and sold from the Originating Participating Area when they were produced from the Receiving Participating Area.

9.8. All liquid hydrocarbons removed in any equipment or facility in Alaska from produced Injected Substances and not used for fuel shall be allocated to the Receiving Participating Area. If liquid hydrocarbons are removed from the natural gas, the Btu content of the natural gas shall be measured after liquid hydrocarbons are removed.

9.9. The Commissioner's approval must be obtained for the proposed recovery rate and commencement date for recovery before any Outside Unit Substance is injected within the Unit Area.

9.10. After giving written notice to the Unit Operator and an opportunity to be heard, the Commissioner may require the Unit Operator to modify from time-to-time the rate of prospecting and development and the quantity and rate of production from a Participating Area.

9.11. Underground storage will be covered by separate agreement with the Commissioner.

ARTICLE 10: OFFSET WELLS

10.1. Whenever there is a risk of drainage from production operations on property outside the Unit Area, the Unit Operator shall drill wells to protect the State from loss by reason of drainage. The Commissioner may issue a written demand if oil or gas is produced in Paying Quantities, as defined in 11 AAC 83.105, for 30 consecutive days in a well on other land not owned by the State or on which the State receives a lower rate of royalty than under any Lease in the Unit Area, and that well is within 500 feet in the case of an oil well or 1,500 feet in the case of a gas well of lands then subject to this Agreement. If, after notice to the Unit Operator and an opportunity to be heard, the Commissioner finds that production from that well is draining lands then subject to this Agreement, the Unit Operator shall within 30 days after written demand by the Commissioner, begin in good faith and diligently prosecute drilling operations for an offset well on the Unit Area. In lieu of drilling any well required by this paragraph, the Working Interest Owners must compensate the State in full each month for the estimated loss of royalty through drainage in the amount determined by the Commissioner.

ARTICLE 11: ALLOCATION OF PRODUCTION

11.1. Production and costs will be allocated under 11 AAC 83.371 and any successor regulation. The Unit Operator shall submit a proposed allocation plan, with supporting data, to the Commissioner for approval. The allocation plan must be revised whenever a Participating Area is expanded or contracted. Within 30 days after approval by the Commissioner of any division of interest or allocation formula establishing or revising the Unit Tract Participation of any Unit Tract or Unit Tracts in a Participating Area, the Unit Operator shall submit revised Exhibits C and F to the Commissioner. The Unit Operator may submit a revised Exhibit F anytime, but any revisions to Exhibit F are not effective until approved by the Commissioner.

11.2. The Working Interest Owners shall pay royalties for each Unit Tract in proportion to each Working Interest Owner's ownership in that Unit Tract. The amount of Unitized Substances allocated to each Unit Tract will be deemed to have been produced from that Unit Tract.

11.3. The Working Interest Owners may allocate Unitized Substances, Participating Area Expense, and Unit Expense differently than described in Exhibits C, E and F. However, that allocation will not be effective for determining royalty or net profit share payments. The Unit Operator shall submit any allocation that is different than the allocations required in Exhibit

C, E or F to the Commissioner under 11 AAC 83.371(b) for the State's information within 10 days of its effective date with a statement explaining the reason for the different allocation.

11.4. Royalties will not be due or payable to the State for the portion of Unitized Substances unavoidably lost or used in the Unit Area for development and production in accordance with prudent industry practices. Gas that is flared for any reason other than safety purposes as allowed by the AOGCC will not be deemed to be unavoidably loss, and the Working Interest Owners shall pay royalties for such flared gas as if it had been produced. This exemption does not apply to Unitized Substances that are sold, traded or assigned, including sales, transactions, or assignments among the Working Interest Owners.

11.5. If a Lease provides for a discovery royalty rate reduction for the first discovery of oil or gas, that Lease provision will not apply to a well spudded after the Effective Date.

ARTICLE 12: LEASES, RENTALS AND ROYALTY PAYMENTS

12.1. The Working Interest Owners shall pay rentals and royalty payments due under the Leases. Payments to the State must be made under 11 AAC 04 and 11 AAC 83.110 and any successor regulations.

12.2. Each month, the Unit Operator shall furnish a schedule to the Commissioner. That schedule shall specify, for the previous month: 1) the total amount of Unitized Substances produced; 2) the amount of Unitized Substances used for development and production or unavoidably lost; 3) the total amount of Unitized Substances allocated to each Unit Tract; 4) the amount of Unitized Substances allocated to each Unit Tract and delivered in kind as royalty to the State; and 5) the amount of Unitized Substances allocated to each Unit Tract for which royalty is to be or has been paid to the State. If any of the Leases subject to this Agreement require net profit share payments, the operator shall provide the schedule of development costs in accordance with 11 AAC 83.219.

12.3. Each Working Interest Owner shall pay its share of royalties to the State on Unitized Substances as provided in the Lease, except that any reference in the Lease to the "leased area" will mean the Unit Area.

12.4. Notwithstanding any contrary Lease term, royalties and the share of Unitized Substances attributable to royalties and any payment due must be paid free and clear of all Lease expenses, Unit Expenses and Participating Area Expenses. These excluded expenses include, but are not limited to, separating, cleaning, dehydration, saltwater removal, processing, compression, pumping, and manufacturing costs. These excluded expenses include the costs of preparing the Unitized Substances for transportation off the Unit Area and gathering and transportation costs incurred before the Unitized Substances are delivered to a common carrier. No lien for any expenses will attach to royalty Unitized Substances. The royalty share will bear a proportionate part of any gas shrinkage that occurs during gas processing and blending.

12.5. Notwithstanding any contrary Lease term or provision in 11 AAC 83.228—11 AAC 83.229, all royalty deductions for transportation, including, but not limited to, marine, truck and pipeline transportation, from the Unit Area to the point of sale are limited to the actual and reasonable costs incurred by the Working Interest Owners. Transportation deductions are only allowed for sales quality oil. These transportation costs must be determined by taking into account all tax benefits applicable to the transportation.

12.6. The Unit Operator shall give the Commissioner notice of the anticipated date for commencement of production at least six months before the commencement of Sustained Unit Production from a Participating Area. Once Sustained Unit Production has commenced, every month the Unit Operator shall provide the Commissioner an estimate of Unit production for the following ninety (90) days. The Commissioner may take the State's share of Unitized Substances in-kind in accordance with the following. The Commissioner will give the Unit Operator 90 days written notice of the State's initial election to take all or a portion of its share of Unitized Substances in-kind. After taking has commenced, the Commissioner may increase or decrease the amount of Unitized Substances taken in-kind.

12.6.1. The Commissioner may elect to specify the Unit Tracts from which Unitized Substances taken in-kind are to be allocated. If the Commissioner does not specify any Unit Tracts in the written notice to the Unit Operator, the Unitized Substances taken in-kind will be allocated to all Unit Tracts in accordance with the Unit Tract Participation shown on Exhibit C to this Agreement.

12.6.2. The Unit Operator shall deliver the State's royalty Unitized Substances at the custody transfer meter at a common carrier pipeline capable of carrying those substances, or at any other mutually agreeable place. The Commissioner may designate any individual, firm or corporation to accept delivery.

12.6.3. The State's share of Unitized Substances delivered in-kind shall be delivered in good and merchantable condition and be of pipeline quality. Those substances will be free and clear of all Lease expenses, Unit Expenses, and Participating Area Expenses, and free of any lien for these excluded expenses. These excluded expenses include, but are not limited to, separating, cleaning, dehydration, saltwater removal, processing, compression, pumping, and manufacturing costs. These excluded expenses include the costs of preparing the Unitized Substances for transportation off the Unit Area and gathering and transportation costs incurred before the Unitized Substances are delivered to a common carrier. If a Working Interest Owner processes the Unitized Substances to separate, extract or remove liquids from a Working Interest Owner's share of natural gas Unitized Substances, the Commissioner may require that a Working Interest Owner also process the State's share of natural gas being taken in-kind in the same manner without cost to the State. Under these circumstances, the State, or its buyer, shall only pay any tariffed transportation costs and shrinkage of the volume of gas resulting from processing.

12.6.4. Each Working Interest Owner shall furnish storage in or near the Unit Area for the State's share of Unitized Substances to the same extent that the Working Interest Owner provides storage for its own share of Unitized Substances.

12.7. If a purchaser of the State's share of Unitized Substances does not take delivery of Unitized Substances, the Commissioner may elect, without penalty, to underlift for up to six months. The State may underlift all or a portion of those substances. The State's right to underlift is limited to the portion of those substances that the purchaser did not take delivery of or what is necessary to meet an emergency condition. The Comissioner will give the Unit Operator written notice 30 days before the first day of the month in which the underlifted Unitized Substances are to be recovered. The State may recover at a daily rate not exceeding 25 percent of its share of daily production, unless otherwise agreed.

12.8. The Unit Operator shall maintain records, and shall keep and have in its possession books and records including expense records, of all exploration, development, production, and disposition of all Unitized Substances and Outside Unit Substances and Outside PA Substances. Each Working Interest Owner shall maintain records of the disposition of its portion of the Unitized Substances and Outside Unit Substances and Outside PA Substances including sales prices, volumes, and purchasers. The Unit Operator and the Working Interest Owners shall permit the Commissioner to examine those books and records at all reasonable times. Upon request by the Commissioner, the Unit Operator and the Working Interest Owners shall make the books and records available to the Commissioner at the Commissioner's designated office. They may provide these books and records in a mutually agreeable electronic format. These books and records of exploration, development, production, and disposition must employ methods and techniques that will ensure the most accurate figures reasonably available. The Unit Operator and the Working Interest Owners shall use generally accepted and internally consistent accounting procedures.

12.9. To the extent that the rental provision of a Lease is inconsistent with AS 38.05.180(n), the Lease is amended and rentals will be calculated under AS 38.05.180(n) and paid under 11 AAC 04. If a Lease requires payment of minimum royalty, the Lease is amended to delete that minimum royalty obligation.

12.10. All rights and obligations relating to the State's net profit share will be determined under 11 AAC 83.201 – 11 AAC 83.295. The State may audit the net profit share reports or payments due for any Lease within 10 years of the year of production. The period of limitations for the State to file a lawsuit relating to an audit of a net profit share report or payment will be three years longer than the audit period. The Working Interest Owners holding interests in net profit share Leases shall maintain the records relevant to determination of net profit share for 13 years.

ARTICLE 13: UNIT EXPANSION AND CONTRACTION

13.1. The Unit Operator, at its own election may, or at the direction of the Commissioner shall, apply to expand the Unit Area to include any additional lands determined to overlie a Reservoir that is at least partially within the Unit Area, or to include any additional lands that facilitate production. The Unit Operator shall notify the Working Interest Owners of any expansion proposed by the Unit Operator or any third party, or proposed or directed by the

Commissioner. Any Unit Area expansion will not be effective until approved by the Commissioner.

13.2. A Plan of Exploration or Plan of Development may divide the Unit Tracts into Exploration Blocks and provide a plan for the exploration of the Exploration Blocks by the drilling of a series of wells, as specified in the Plan of Exploration or Plan of Development proposed by the Unit Operator and accepted by the Commissioner. If the Unit Operator fails to drill a well specified in an approved Plan of Exploration or Plan of Development in an Exploration Block by the date required, then any Exploration Blocks not previously drilled shall be contracted from the Unit Area as of that date, without judicial proceedings, except that any acreage that is contained within the boundary of an approved or pending Participating Area shall not be subject to contraction. When an Exploration Block or any portion of an Exploration Block contracts out of the Unit Area, the Working Interest Owners shall surrender all such acreage within Leases whose primary terms have expired to the Commissioner, effective the day that the Unit contracts.

13.3. Ten years after Sustained Unit Production begins, the Unit Area must be contracted to include only those lands then included in an approved Participating Area and lands that facilitate production including the immediately adjacent lands necessary for secondary or tertiary recovery, pressure maintenance, reinjection, or cycling operations. The Commissioner may, after considering the provisions of 11 AAC 83.303, delay contraction of the Unit Area if the circumstances of a particular unit warrant. If any portion of a Lease is included in the Participating Area, the portion of the Lease outside the Participating Area will neither be severed nor will it continue to be subject to the terms and conditions of this Agreement. The portion of the Lease outside the Participating Area will continue in full force and effect so long as production is allocated to the unitized portion of the Lease and the lessee satisfies the remaining terms and conditions of the Lease.

13.4. Not sooner than 10 years after the effective date of this Agreement, the Commissioner will, in the Commissioner's discretion, contract the Unit Area to include only that land covered by an Approved Unit Plan, or that area underlain by one or more oil or gas Reservoirs or one or more potential hydrocarbon accumulations and lands that facilitate production. Before any contraction of the Unit Area under this Article 13.4, the Commissioner will give the Unit Operator, the Working Interest Owners, and the Royalty Interest owners of the Leases or portions of Leases being excluded reasonable notice and an opportunity to be heard.

13.5. The Unit Area may be contracted with the Commissioner's approval and an affirmative vote of the Working Interest Owners.

13.6. Within 30 days after approval by the Commissioner of any expansion or contraction of the Unit Area, the Unit Operator shall submit revised Exhibits A and B to the Commissioner.

ARTICLE 14: UNIT EFFECTIVE DATE, TERM AND TERMINATION

14.1. Upon Commissioner's approval, this Agreement is effective as of 12:01 a.m. on the date the Commissioner designates. At least one copy of this Agreement shall be filed with the Department of Natural Resources, Anchorage, Alaska and one copy shall be filed with the AOGCC.

14.2. Subject to the terms and conditions of the Approved Unit Plan, this Agreement automatically terminates five years from the Effective Date in accordance with 11 AAC 83.336.

14.3. If the Commissioner orders or approves a suspension of production or other Unit Operations, this Agreement will continue in force during the authorized suspension.

14.4. Nothing in this Article holds in abeyance the obligations to pay rentals, royalties, or other production or profit-based payments to the State from operations or production in any part of the Unit Area. Any seasonal restriction on operations or production or other condition required in the Lease is not a suspension of operations or production required by law or force majeure.

14.5. This Agreement may be terminated by an affirmative vote of the Working Interest Owners and the Commissioner's approval. The Working Interest Owners obligation to restore the Lease area, to remove equipment, and to remediate contamination survive unit termination.

ARTICLE 15: EFFECT OF CONTRACTION AND TERMINATION

15.1. If a Lease or portion of a Lease is contracted out of the Unit Area under this Agreement, then it will be maintained only in accordance with State law and the Lease.

15.2. Each Lease committed to this Agreement on the day that this Agreement terminates will remain in force for an extension period of 90 days, or any longer period that the Commissioner may approve. After the extension period expires, the Lease will be maintained only in accordance with State law and the Lease.

15.3. Upon the expiration or earlier termination of this Agreement, the Unit Operator will have the right at any time within a period of one year after the termination, or any extension of that period as may be granted by the Commissioner, to remove from the Unit Area all machinery, equipment, tools, and materials. Upon the expiration of that period or extension of that period and at the option of the Commissioner, any machinery, equipment, tools, and materials that the Unit Operator has not removed from the Unit Area become the property of the State or may be removed by the State at the Working Interest Owners' expense. At the option of the State, improvements such as roads, pads, and wells must either be abandoned and the sites rehabilitated by the Unit Operator to the satisfaction of the State, or be left intact and the Unit Operator absolved of all further responsibility as to their maintenance, repair, and eventual abandonment and rehabilitation. Subject to the above conditions, the Unit Operator shall deliver up the Unit Area in good condition.

ARTICLE 16: COUNTERPARTS

16.1. The signing of counterparts of this Agreement will have the same effect as if all parties had signed a single original of this Agreement. Within 30 days after approval by the Commissioner of any change of the Working Interest ownership of Oil and Gas Rights in any Unit Tract, the Unit Operator shall submit a revised Exhibits A and C to the Commissioner.

ARTICLE 17: LAWS AND REGULATIONS

17.1. This Agreement is subject to all applicable State and federal statutes and regulations in effect on the Effective Date of this Agreement, and insofar as is constitutionally permissible, to all statutes and regulations placed in effect after the Effective Date of this Agreement. A reference to a statute or regulation in this Agreement includes any change in that statute or regulation whether by amendment, repeal and replacement, or other means. This Agreement does not limit the power of the State of Alaska or the United States of America to enact and enforce legislation or to promulgate and enforce regulations affecting, directly or indirectly, the activities of the parties to this Agreement or the value of interests held under this Agreement. In case of conflicting provisions, statutes and regulations take precedence over this Agreement.

ARTICLE 18: APPEARANCES AND NOTICES

18.1. If the State gives the Unit Operator a notice or order relating to this Agreement it will be deemed given to all Working Interest Owners and all persons whose interest in the Unit Area derived from a Working Interest. All notices required by this Agreement shall be given in writing and delivered personally, or by United States mail or by facsimile machine to the Unit Operator at the address or facsimile number listed below. All notices actually received will also be deemed properly given. The Unit Operator shall change its notice address by giving 30 days written notice to the State and the other Working Interest Owners. The State will change its notice address by giving 30 days written notice to the Unit Operator.

Address of the Unit Operator:

NordAq Energy, Inc.
3000 "A" Street, Ste 410
Anchorage, Alaska 99503

Phone: 907-646-9315
Fax: 907-646-9317

Address of the State:

Commissioner, Department of Natural Resources
550 West Seventh Avenue, Suite 1400
Anchorage, Alaska 99501-3554
Fax: (907) 269-8918

with a copy to:

Director, Division of Oil and Gas
550 West Seventh Avenue, Suite 1100
Anchorage, Alaska 99501-3560
Fax: (907) 269-8938

ARTICLE 19: JOINDER

19.1. The Commissioner may order or, upon request, approve a joinder to this Agreement under the expansion provisions of Article 13 of this Agreement. The Unit Operator shall submit a request for joinder with a signed counterpart of this Agreement and a notice of proposed expansion under Article 13 of this Agreement. A joinder is subject to the requirements of the Unit Operating Agreement.

ARTICLE 20: DEFAULT

20.1. The Commissioner may determine that failure of the Unit Operator or the Working Interest Owners to comply with any of the terms of this Agreement, including any Approved Unit Plan or Plan of Operations, is a default under this Agreement. The failure to comply because of force majeure, as defined in 11 AAC 83.395, is not a default, so long as the Unit Operator is working diligently to overcome the force majeure condition.

20.2. The Commissioner will give notice to the Unit Operator and the Working Interest Owners of the default. The notice will describe the default, and include a demand to cure the default by a certain date. The cure period will be at least 30 days for a failure to pay rentals or royalties and 90 days for any other default.

20.3. This Article's remedies are in addition to any other administrative or judicial remedy provided for by Lease, this Agreement, or federal or State law.

IN WITNESS OF THE FOREGOING, the parties have executed this TIGER EYE Unit Agreement on the dates opposite their respective signatures.

UNIT OPERATOR

By: NORDAQ ENERGY INC
ROBERT C. WARTHEN – PRESIDENT
(Company Name, signatory's printed name and title)

Date: 5/21/12

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This certifies that on the 21 of May, 2012, before me, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared Robert C. Warthen, known to me to be the person described in, and who executed the foregoing agreement, whom 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 Alaska
My Commission Expires: 12-15-2015

JOVONNA L. IANNETTA
My Commission Expires
NOTARY PUBLIC
Dec 15, 2015
STATE OF ALASKA

WORKING INTEREST OWNERS

By: NORDAQ ENERGY INC
ROBERT C. WARTHEN - PRESIDENT
Robert C. Warthen

Date: 5/21/12

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

JOVONNA L. IANNETTA
My Commission Expires
NOTARY PUBLIC
Dec 15, 2015
STATE OF ALASKA

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This certifies that on the 21 of May, 2012, before me, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared Robert C. Warthen known to me to be the person described in, and who executed the foregoing agreement, whom 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.

Jovonna Iannetta
NOTARY PUBLIC in and for Alaska
My Commission Expires: 12-15-2015

By: _____

Date: _____

_____

_____

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

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This certifies that on the _____ of _____, 20___, before me, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, known to me to be the person described in, and who executed the foregoing agreement, whom 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 Alaska
My Commission Expires: _____