



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

Office of the Commissioner
Anchorage Office

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Anchorage, Alaska 99501-3650
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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 31, 2012

Thomas Habermann
Controller
Brooks Range Petroleum Corporation
510 L Street, Suite 601
Anchorage, AK 99501

Re: Putu Unit Voluntary Termination Approved

Dear Mr. Habermann:

On October 28, 2011, the Alaska Department of Natural Resources, Division of Oil and Gas (Division) approved the Putu Unit Agreement (the Agreement) effective March 31, 2011, with a condition that if the working interest owners voluntarily terminated the Agreement, the Division would relieve Brooks Range Petroleum Corporation (BRPC) of its \$9,000,000 performance bond obligation. By a decision letter dated August 24, 2012, the Division extended the deadline for BRPC to voluntarily terminate the Putu Unit to August 30, 2012.

On August 30, 2012, BRPC notified the Division that the working interest owners affirmatively voted to voluntarily terminate the Agreement effective August 1, 2012, and agreed to waive the extension provisions of Article 15.2 and 11 AAC 83.140. Under Article 14.5 of the Agreement, the working interest owners may voluntarily terminate the unit with an affirmative vote of the working interest owners and approval from the Commissioner.

I approve the voluntary termination of the Putu Unit Agreement, effective August 30, 2012, in accordance with Article 14.5 and 11 AAC 83.336(c). BRPC is relieved of its obligation under the Putu Promissory Note executed on January 24, 2012, to pay the Department of Natural Resources (DNR) an additional \$9,000,000. DNR will take the necessary actions to collect the \$1,000,000 Certificate of Deposit posted as security under the Putu Promissory Note and the Performance Guaranty approved July 7, 2012.

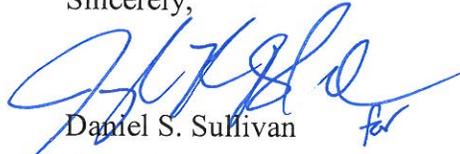
"To responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest."

This unit termination approval does not relieve BRPC from its obligations under Article 15.3 and the individual leases, including to remove all machinery, equipment, tools and materials, and to deliver up the unit area in good condition.

An eligible person affected by this decision may request reconsideration of it, in accordance with 11 AAC 02. Any request for reconsideration 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. An eligible person must first request reconsideration of this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. If the commissioner does not act on a request for reconsideration within 30 days after issuance of this decision, the request for reconsideration is considered denied and this decision becomes a final administrative order and decision on the 31st day after issuance for the purposes of an appeal to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Questions may be directed to Wendy Woolf with the Division at (907) 269-8779.

Sincerely,



Daniel S. Sullivan
Commissioner

Cc: W. C. Barron, DO&G
Jordan R. Smith, Ramshorn Investments, Inc.
C. Edgar Dunne, AVGC, LLC
Bart Armfield, Brooks Range Development Corporation