

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

Division of Oil and Gas

SEAN PARNELL, GOVERNOR

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October 14, 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Greg Vigil
Savant Alaska, LLC
7501 Village Square Drive, Suite 204
Castle Rock, CO 80108

Re: Badami Unit – Approval of Designation of Successor Unit Operator

Dear Mr. Vigil:

The Alaska Department of Natural Resources Division of Oil and Gas (Division) received notice from BP Exploration (Alaska) Inc. (BPXA) tendering its resignation as Badami Unit Operator on August 30, 2011. Pursuant to Article 5 of the Badami Unit Agreement, resignation becomes effective 60 days from receipt, which in this case, is October 29, 2011.

On September 22, 2011, the Division received Savant Alaska LLC's (Savant) notice of unit operator designation and acceptance of rights and obligations specified in the Badami Unit Agreement. Under 11 AAC 83.331(c), no designation or change of the unit operator becomes effective until approved by the Commissioner.

The Division reviewed Savant's submittal and met with Savant on October 7th to discuss the submittal in more detail. Savant is qualified to hold leases as provided in 11 AAC 82.200 – 11 AAC 82.205, is a working interest owner in four Badami Unit State leases, and is qualified to fulfill the duties and obligations prescribed in the Badami Unit Agreement. BPXA's Badami Unit Operator resignation letter states BPXA retains responsibility for decommissioning the existing Badami facilities and for plugging and abandoning all wells not transferred within the farmout agreement to the farmees, Savant and ASRC Exploration LLC.

The Division approves Savant Alaska LLC as Successor Unit Operator of the Badami Unit, effective October 14, 2011.

Abandonment of Badami facilities is the responsibility of the working interest owners as provided by regulation and in the unit operating agreement.¹ Should BPXA relinquish its working interest in the Badami Unit, the Division may require a financial assurance agreement between BPXA and Savant for facilities abandonment at the time of such transfer. Once complete, the Division requires a copy of the facilities baseline survey to be conducted by BPXA and Savant as part of the unit operator transfer.

¹ Article 20. Surrender and Abandonment, Unit Operating Agreement, Badami Unit, 1994

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal 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 Dan 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 no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department. An eligible person must first appeal 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.

If you have any questions regarding this decision, contact Don Perrin with the Division at (907) 269-8813 or via email at donald.perrin@alaska.gov.

Sincerely,



W. C. Barron
Director

Cc: Cammy Taylor, DOG
Alan Dennis, DOG
Don Perrin, DOG