



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

DIVISION OF OIL & GAS

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April 4, 2019

CERTIFIED MAIL
RETURN SERVICE REQUESTED

Erik Opstad
Managing Member
Jade Energy LLC
P.O. Box 112212
Anchorage, AK 99511

RE: Point Thomson Unit Area F 2019 POD—Approved

Dear Mr. Opstad:

Jade Energy LLC (Jade) submitted its proposed 2019 1st Plan of Development for Area F of the Point Thomson Unit (PTU) to the Department of Natural Resources, Division of Oil and Gas (Division) on December 21, 2018. The Division notified Jade by email on December 27, 2018 that the 2019 POD was incomplete pursuant to 11 AAC 83.343. On January 7, 2019, the Division notified Jade and the other working interest owners at PTU that the December 21, 2018 submittal satisfied the requirement that a POD be submitted for Area F before year-end 2018, per the Point Thomson Unit Settlement Agreement (PTUSA), even though the submittal was deemed incomplete.

Jade submitted an amended POD on January 24, 2019, which the Division deemed complete on February 4, 2019. Jade provided a technical presentation on the POD on March 4, 2019 and submitted amended versions of both the public and confidential portions of the POD on March 19 and March 29, 2019, respectively. This decision approves the 2019 Area F POD for a period of one year. This approval constitutes an approved "Brookian POD" for purposes of Section 4.7 of the PTUSA.

Area F of the PTU was created and defined by the terms of the PTUSA. Area F consists of approximately 7,647 non-adjacent acres in the Northeastern and Southeastern corners of the PTU. Jade, by agreement with ExxonMobil Alaska Production Inc. (EMAP), is majority owner and operator of PTU Tract 32, ADL 343112, which constitutes the Southeastern portion of Area F. Potential Brookian reservoirs have been encountered by numerous wells that have been drilled in and near the PTU since the 1970's. BP drilled two prior wells (Sourdough #2 and #3) in ADL 343112 in 1994 and 1996. Sourdough #2 was drilled to a True Vertical Depth (TVD) of 12,562 feet and was plugged and abandoned. Sourdough #3 was drilled to 12,425 feet TVD and the well was suspended. Both Sourdough wells have been granted extended confidentiality. In a 1997 press release, BP announced the discovery of hydrocarbons in the Sourdough wells and stated that the accumulation could contain 100 million barrels of recoverable oil. In addition to the data derived from these wells, Jade acquired new seismic 3D data from the area during the 2017–2018 winter season.

Based on its interpretation of the available data from Area F, Jade plans to drill an appraisal well into ADL 343112 during the 2019–2020 winter drilling season. Access to the well site will require construction of an ice road, but Jade plans to utilize existing PTU infrastructure as well to conduct its operations.

Based on analysis of the appraisal well data, Jade will move forward accordingly with additional development at Area F and adjoining areas in the 2020–2021 winter drilling season. Current plans

include drilling an additional lateral into the Brookian reservoir and production testing. The need for additional delineation wells and the overall economic feasibility of a field development program at Area F will be considered following the 2020–2021 season.

When considering a POD, the Division considers the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties, including the state, environmental costs and benefits, geological and engineering characteristics of reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the state, and any other relevant factors, including mitigation measures. 11 AAC 83.303(a), (b). The Division has previously considered these factors in approving earlier IPS and Expansion Project Planning PODs at PTU and incorporates those findings by reference to the extent they address development at PTU more broadly.

Jade’s plans to conduct exploration drilling operations at Area F has the potential of eventually increasing production at PTU, which protects the State’s interests in developing its resources and fulfills certain requirements of the PTUSA. Increased production also protects the State’s economic interests in development. Jade’s cooperation with EMAP and plans to utilize existing infrastructure and facilities will help to minimize surface impact and potential adverse impacts to the environment.

Considering the 11 AAC 83.303 criteria and the activities proposed in this POD, the Division approves the 2019 Point Thomson Unit Area F POD.

This approval is only for a general plan of development. Specific field operations require separate approval under 11 AAC 83.346, Unit Plan of Operations. Under 11 AAC 83.343, the 2020 POD is due on or before October 2, 2019, 90 days before the 2019 POD expires. During the 2019 POD period, the Division requests that Jade provide updated information as it becomes available in support of its confidential application.

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 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 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 questions regarding this decision, contact Jes Spuhler with the Division at 907-269-8817 or via email at Jes.Spuhler@Alaska.gov.

Sincerely,



James B. Beckham
Acting Director

cc: Darlene Gates, ExxonMobil Alaska Production Inc.