

## Arctic Slope Regional Corporation Exploration, LLC Leases

### Background

ASRC Exploration, LLC (AEX) is an Alaska Limited-Liability Company formed in 2008 as a subsidiary of Arctic Slope Regional Corporation (ASRC). ASRC is owned by and represents the business interests of the Arctic Slope Iñupiat. Corporate headquarters are based in Barrow, Alaska, with administrative and subsidiary offices located in Anchorage and throughout the United States. ASRC, along with its family of companies, is the largest Alaskan-owned company, employing approximately 10,000 people worldwide. The company has six major business segments: petroleum refining and marketing, energy support services, construction, industrial services, government services and resource development.

AEX acquired 21 leases from Shell effective November 30, 2016 and received concurrence from the Bureau of Ocean Energy Management of lease assignments in January 2017. Nineteen of the 21 leases were scheduled to reach the end of their primary terms during the second half of 2017. All 21 leases are located in the Camden Bay area of the Beaufort Sea approximately 8-25 miles off of the northern shore of the Alaska North Slope.

AEX submitted parallel requests on February 10, 2017 to unitize its leases and obtain a suspension of operations.

On July 11, 2017, BSEE approved including 20 of the 21 leases into the newly formed Taktuk unit.

Only 20 of the 21 leases were included in the Taktuk unit as AEX did not submit sufficient seismic data to have the additional lease, lease Y-1945, included in the approved unit. AEX then submitted a second SOO request for the excluded lease Y-1945. Subsequent to that, BSEE has engaged with AEX to refine the schedule of work associated with the SOO requests, culminating in a final submittal from AEX in March 2018.

### Suspension Request Approval

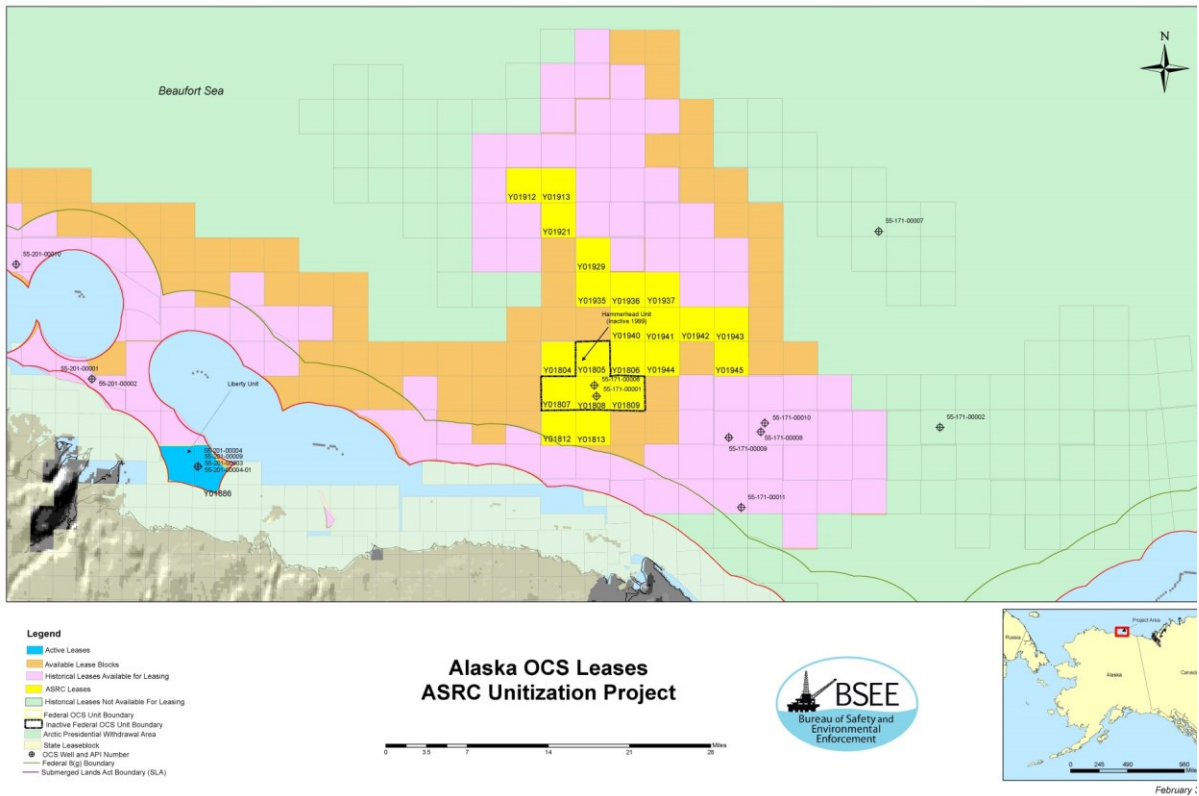
The suspension of operations requests for the 20-lease Taktuk Unit and the separate lease Y-1945 were approved by BSEE April 13, 2018. The Suspension of Operations approvals require AEX to meet certain conditions, to include a quarterly report to BSEE that clearly demonstrates AEX is meeting requirements set forth in the approved SOOs. The first quarterly report is due 15 days after the end of the calendar quarter in which the approval was issued, unless an extension is requested in writing by AEX and approved by BSEE. The approval letter has been posted to BSEE's web site for public viewing.

### Historical Facts

The Taktuk unit contains two historical exploration wells, Hammerhead #1 and Hammerhead #2, which were drilled in 1985 and 1986, respectively. Union Oil Company drilled the two exploratory wells.

Shell re-purchased many of the original previously leased areas again in 2005. In 2006, Shell submitted an exploratory program that proposed drilling four wells (Sivulliq N and Sivulliq G and Torpedo H and Torpedo J). In 2012, Shell began drilling Sivulliq N but due to delays and challenges they were only able to drill a portion of the well before the program was canceled.

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