

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
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Subsurface Agreement; and the State shall have sole responsibility for and the right and power to negotiate and execute any amendment or supplement of or with respect to that **Subsurface Agreement** insofar only as to the interests of the State in the **subsurface** covered or affected by that **Subsurface Agreement**.

4.7. Direct Payment of Subsurface Revenues.

Without the prior written consent of ASRC, the State will not accept payment or delivery of any **subsurface revenues** paid or payable for or becoming due under any **Subsurface Agreement** negotiated or executed by the State in exercise of its **Executive Rights** hereunder if the **subsurface revenue** is attributable to the ASRC percentage interest in the **Nuiqsut subsurface** or the **Point Lay subsurface**. The State shall include in each **Subsurface Agreement** the requirement that all **subsurface revenues** attributable to the ASRC percentage interest be paid directly to ASRC as provided for in subsection 5.1, unless ASRC gives other written directions as to payment. If either the State or ASRC receives **subsurface revenues** attributable to the interest of the other, those **subsurface revenues** shall be held in trust and promptly paid over or delivered to the proper party. An exception to the direct payment requirement of this subsection may be made for bid deposits as set forth in subsection 5.1.

4.8. No Duty of State to Conduct Operations.

The State shall have no duty to ASRC to conduct or perform geological or geophysical studies or surveys or to conduct, perform, or supervise exploration, testing, drilling, mining, development, production, marketing, or other operations on or with respect to any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface**. The parties intend that the State shall discharge its obligations under this agreement solely by issuing **Subsurface Agreement Solicitations** and by entering into **Subsurface Agreements** with third parties and shall not be obligated to undertake exploration, development, production, or marketing directly or for the account of ASRC.

4.9. Separate Rights of ASRC and State to Enforce Subsurface Agreements and to Protect Subsurface Interests.

The State shall have no right, authority, power, obligation, or duty to ASRC to enforce the termination provisions concerning an ASRC interest, or the obligations, duties, or covenants of any third party concerning an ASRC interest under or in connection with any **Subsurface Agreement** authorized herein and shall have no liability as executive to ASRC for failure or refusal by any third party to perform or observe termination provisions, or obligations, duties, or covenants. With respect only to its undivided interests, after execution of any **Subsurface Agreement** authorized herein, ASRC shall have the right and responsibility in its own discretion to enforce directly any termination provisions, obligations, duties, or covenants, express or implied, undertaken by or imposed by virtue of such **Subsurface Agreement** with respect only to ASRC's interests, subject only to the provisions of subsection 5.2 (if applicable); and (likewise subject to the provisions of subsection 5.2, if applicable) the State shall have like rights and responsibilities acting solely in its own behalf as owner of its undivided interests. In any instance where there is a potential drainage of oil or gas from the **Nuiqsut subsurface** or the **Point Lay subsurface** that may affect the rights of ASRC or the State in that **subsurface**, the State, acting in its own behalf and with respect to its interests in that **subsurface**, shall have the right to seek to prevent the drainage by causing development to take place by third parties pursuant to any applicable **Subsurface Agreement** or by petitioning the Alaska Oil and Gas Conservation Commission under AS 31.05 and 20 AAC 25 (or any other applicable statutes and regulations currently in effect or hereafter enacted). Likewise, ASRC, acting in its own behalf and with respect to its interests in the **subsurface**, shall have the independent right to seek to prevent such drainage by causing development to take place by third parties pursuant to any

applicable **Subsurface Agreement** or by petitioning the Alaska Oil and Gas Conservation Commission for such protection and orders as may be issued under AS 31.05 and associated regulations (or any other applicable statutes and regulations currently in effect or hereafter enacted).

4.10. **Interests Included in Lease.**

Any lease or other **Subsurface Agreement** authorized hereby may, as determined by the State:

- (a) cover oil only, gas only, or any other mineral (limited to minerals included in the **subsurface**) only, or any two or more of these substances,
- (b) cover all depths or be limited to a particular stratum or strata,
- (c) cover one or more areas of differing sizes, and
- (d) cover areas that are not contiguous, but subject to subsection 4.14 below.

4.11. **Kuukpik Corporation Consents.**

(a) The State shall endeavor to obtain any consents required under the **Kuukpik Agreement** that are necessary for the exploration and development of the **subsurface** and production of oil, gas, or other minerals pursuant to any **Subsurface Agreement** executed by the State as executive, if, and to the extent that the **Kuukpik Agreement** is valid, enforceable, and applicable; and the State shall also endeavor to obtain any consent required under section 14(f) of **ANCSA**, if applicable. ASRC will likewise exercise its best efforts to obtain Kuukpik Corporation's consent, if its consent is necessary; but ASRC shall not be liable or responsible to the State for failure or inability to obtain this consent, and shall have no obligation to pay or agree to pay any consideration to obtain this consent. Likewise, the State shall not be obligated to pay any consideration for any required consent or be liable to ASRC for any diminution in value of any of ASRC's undivided interest in the **Nuiqsut subsurface** due to the State's failure or inability to obtain a requisite consent; nor shall a failure to do so be deemed not to comply

with the standard set forth in paragraph 4.2(a) of this Settlement Agreement. Nor shall the State be required to lease or contract with respect to all or part of any section of land that includes **subsurface** for which consent was lawfully required but could not be obtained by the State in accordance with this Settlement Agreement. The State shall not have the right or power to commit ASRC to pay any consideration to Kuukpik Corporation for any consent required or asserted to be required under the **Kuukpik Agreement** or under section 14(f) of ANCSA or to grant or assign or commit ASRC to grant or assign to Kuukpik Corporation any interest in ASRC's interests in **Nuiqsut subsurface** or **Point Lay subsurface** or any **subsurface revenues** from them or attributable to them as consideration for or to induce Kuukpik Corporation to grant any consent required or asserted to be required under the **Kuukpik Agreement** or under section 14(f) of ANCSA without ASRC's prior written consent. Subject to paragraph 4.11(b), nothing in this Settlement Agreement is intended or shall be construed as an acknowledgment or agreement that the consent of Kuukpik Corporation is required for any particular activity.

(b) Each of ASRC and the State covenants and agrees that unless Kuukpik Corporation or any authorized representative of Kuukpik Corporation (i) contests or attacks the validity or legality of this Settlement Agreement or of the law approving this Settlement Agreement referred to in section 1 hereof, or (ii) opposes the adoption by the Legislature or the approval by the Governor of the bill approving this Settlement Agreement referred to in section 1 hereof, then neither ASRC nor the State shall at any time question, deny, or contest the validity or legality of any term or provision of the **Kuukpik Agreement** insofar as to any portion of the **Nuiqsut subsurface** therein provided to be covered or affected thereby. However, nothing in this paragraph is intended or shall be construed to limit or in anywise affect the right of ASRC and the State, and either of them, to assert and maintain any position as to the appropriate

and intended meaning, interpretation, construction, or effect of any term or provision of the Kuukpik Agreement.

4.12. Designated Party for Notices.

In the event that ASRC conveys or assigns any of its undivided interest in the Nuiqsut subsurface or the Point Lay subsurface to one or more third parties under subsection 7.3 of this Settlement Agreement, ASRC and the one or more third parties shall be required to designate one party to receive and deliver all communications hereunder, including, but not limited to, notices, agreements, and protests under subsection 4.3 hereof; in the absence of a designation the State shall be entitled to deliver and receive communications solely with ASRC as the designated party to receive notices. In no event will the State be required to communicate both with ASRC and with other parties under this Settlement Agreement. Notices, agreements, or protests to or from the designated party shall constitute notices, agreements, and protests to and from ASRC and the third parties.

4.13. Waiver of Partition.

Both ASRC and the State are co-owners of the Nuiqsut subsurface and the Point Lay subsurface and recognize that circumstances may arise under subsection 6.1 or paragraph 7.3(a) whereby the parties each may own and independently negotiate and execute Subsurface Agreements covering their undivided interest only in portions of the subsurface, and it is not in the interest of the parties that their undivided interests be subject at any time to compulsory or involuntary partition. Therefore, the parties expressly waive any right to seek partition, and agree that partition may not be imposed as a remedy under any circumstance with regard to this Settlement Agreement or the Nuiqsut subsurface or the Point Lay subsurface or any part of or interest in it.

4.14. No Outside Acreage in Leases: No Communitized Leases.

The State as executive shall not have the right, power, or obligation to grant any oil, gas, or mineral lease or other **Subsurface Agreement** covering any part of ASRC's interest in the **Nuiqsut subsurface** or **Point Lay subsurface** and additionally covering any part of or any interest in additional lands that are not included in the **Nuiqsut subsurface** or in the **Point Lay subsurface**, as applicable. Further, the inclusion in one lease or **Subsurface Agreement** of interests in two or more sections of **Nuiqsut subsurface** or **Point Lay subsurface** in which the State and ASRC have varying undivided percentage interests shall not result in communitizing or pooling the interests of the State and ASRC in **subsurface revenues** under that lease or **Subsurface Agreement** from or attributable to such respective sections of **Nuiqsut subsurface** or **Point Lay subsurface**. Notwithstanding Section 14(g) of **ANCSA**, from and after the **Final Effective Date** of this Settlement Agreement, the royalty payable under any oil and gas lease covering any part or parts of the **Nuiqsut subsurface** issued before that date shall not be pooled or communitized. Oil or gas produced from any particular section or part of a section covered by any such lease shall be owned by the **person or persons** who own the **subsurface** in that particular section or part of a section, without regard to ownership of the **subsurface** in any other section or part of a section covered by that lease. The oil and gas is not shared with owners of the **subsurface** in any other section or part of a section of the land that may be contained in that lease. Thus, for example, any oil or gas produced after the **Final Effective Date** of this Settlement Agreement from a section of **Nuiqsut subsurface** in which the State and ASRC then own undivided interests in the **subsurface** as set out in Exhibit E shall be owned by the State and ASRC in proportion to their respective undivided interests in the **Nuiqsut subsurface** in that particular section without regard to the ownership of other sections or parts of sections that may be contained in that particular lease.

4.15. Nuiqsut Subsurface Outside Fully Conveyed Sections.

The State as executive shall not have the right, power, or obligation to grant any oil, gas, or mineral lease or other **Subsurface Agreement** covering, or to exercise any power or authority as holder of executive rights under this Settlement Agreement with respect to, any part of or interest in the Nuiqsut subsurface in any section listed in Exhibit E before the date when that section becomes a **Fully Conveyed Section**. Until a section of Nuiqsut subsurface listed in Exhibit E has become a **Fully Conveyed Section**, no oil, gas, or mineral lease or other **Subsurface Agreement** or grant of any third party rights covering or affecting any interest in Nuiqsut subsurface in that section shall be made or granted by either the State or ASRC without the joint and mutual approval and consent in writing of both ASRC and the State; however, the State may grant or create other third party interests in the form of various types of authorizations (such as land or water use permits) with respect to use of or operations on the surface within any such section.

5. MINIMUM COVENANTS REQUIRED IN ALL SUBSURFACE AGREEMENTS.

Certain minimum covenants, described below, shall be part of and shall be deemed to be included in any **Subsurface Agreement** executed by the State as executive affecting the Nuiqsut subsurface or Point Lay subsurface:

5.1. Direct Payment Covenant.

Whenever the State as executive enters into any **Subsurface Agreement** of any kind with any person which concerns ASRC's interest in the Nuiqsut subsurface or Point Lay subsurface, then in that **Subsurface Agreement** that person will expressly agree and covenant for itself and its successors and assigns to pay in money or in product, as applicable, any and all **subsurface revenues** attributable to the undivided interest owned by ASRC, and payable for or becoming due under the **Subsurface Agreement**, directly to ASRC, with payment in product to be delivered at the location provided for in the **Subsurface Agreement** and with monetary payments to be made to ASRC at

Arctic Slope Regional Corporation
(1230 Agvik Street)
P. O. Box 129
Barrow, Alaska 99723
Attention: President

or at such other address as the ASRC President or any Vice President of ASRC may notify the person of in writing.

Notwithstanding the foregoing provisions of this subsection, however, when the State enters into an agreement with a prospective bidder or bidders at a competitive lease sale or other bidding arrangement concerning offers or bids to enter into a **Subsurface Agreement** with the State as executive for the **Nuiqsut subsurface** or **Point Lay subsurface** under the terms of which arrangement bid deposits are required to be refunded to unsuccessful bidders, the agreement may provide that all of these bid deposits are to be paid to the State; however, each bid deposit will be held by the State in escrow pending its refund or acceptance of the related bid and the applicable ASRC percentage of each bid deposit that is not required to be refunded to the bidder shall constitute trust funds in the hands of the State and shall promptly be paid over by the State to ASRC when a determination is made that the bid deposit is not required to be refunded to the bidder.

5.2. Royalty Valuation.

Notwithstanding the provisions of subsections 4.6, 4.9, and 5.1 of this Settlement Agreement, each **Subsurface Agreement** (if any there be) executed by the State as executive that includes a provision empowering or authorizing the **Commissioner** or the State to determine or establish the monetary value, or the minimum monetary value, of any share of oil, gas, or other substance payable to the State as royalty or otherwise pursuant to that **Subsurface Agreement** (as distinguished from calculating the monetary value solely by reference to specific objective factors described or provided for in the **Subsurface Agreement**) shall provide that if the monetary value, or the minimum monetary value, of any share of oil, gas, or other substance payable to

the State or payable to the State and ASRC under the **Subsurface Agreement** is, under the terms of the **Subsurface Agreement**, determined or established by the **Commissioner** or the State, then such determination or establishment shall be made solely by the **Commissioner** or by the State, as applicable (and not by ASRC or any of its officers), and shall be effective to establish the monetary value or minimum monetary value (as applicable) of the share of the oil, gas, or other substance payable both to ASRC and to the State under the applicable provisions of the **Subsurface Agreement**. If the **Commissioner** or the State determines, or agrees with the third person involved, that the monetary value, or minimum monetary value, of the share of oil, gas, or other substance payable to the State under a **Subsurface Agreement** is not required or permitted to be, or should not be, determined or established by the **Commissioner** or the State under the terms of that **Subsurface Agreement**, the decision of the **Commissioner** or the State in making such determination or agreement shall be binding upon ASRC, and ASRC shall not have the right to require that the monetary value, or minimum monetary value, of the ASRC percentage share of the oil, gas, or other substance payable to ASRC under that **Subsurface Agreement** be determined or established by the **Commissioner** or the State unless the **Commissioner** or the State shall thereafter change such determination or agreement with reference to determining or establishing the monetary value, or minimum monetary value, of the State percentage share of the oil, gas or other substance payable to the State under that **Subsurface Agreement**. Subject to the provisions of the last preceding sentence, if the State shall become involved in litigation or arbitration proceedings with a person holding a **Subsurface Agreement** involving a dispute whether the terms of the **Subsurface Agreement** require or permit the **Commissioner** or the State to determine or establish the monetary value, or the minimum monetary value, of the share of the oil, gas, or other substance payable to the State or ASRC under that **Subsurface Agreement**, the State shall notify ASRC of those

proceedings, and ASRC shall have the right to intervene and participate in the proceedings with reference to that dispute.

Neither the Commissioner nor the State shall have any liability to ASRC for or with respect to a decision made by the Commissioner or the State in fixing or determining the monetary value, or minimum monetary value, of the share of oil, gas, or any other substance payable to ASRC and to the State pursuant to any Subsurface Agreement or for a determination or agreement made by the Commissioner or the State that the Commissioner or the State is not required or permitted to, or should not, establish or determine the monetary value, or the minimum monetary value, of any oil, gas or other substances payable to ASRC and the State under the terms of a Subsurface Agreement.

5.3. Other Covenants.

Whenever the State as executive enters into a Subsurface Agreement with any person that concerns the Nuiqsut subsurface or the Point Lay subsurface, then in that Subsurface Agreement the person will expressly agree and covenant for itself, and its successors and assigns, with respect to that Subsurface Agreement and that Nuiqsut subsurface or Point Lay subsurface and the operations and activities of that person on it and in connection with it, to:

(a) file jointly with ASRC and the State all logs, geological and geophysical surveys taken, a description of all tests run for each well drilled on the leased area, and a plat showing the exact location of each well, within thirty (30) days after each well or survey has been completed, suspended, or abandoned; and, after conducting seismic exploration on the leased area, to provide both to ASRC and to the State the same notification and review privileges as is required to be provided to the State under 11 AAC 91.210 or other applicable regulations hereafter adopted;

(b) exercise reasonable diligence in mining, and in drilling, producing, and operating oil and gas wells;

(c) upon discovery of minerals, including oil or gas, in quantities sufficient to recover reasonable costs of mining, or in the case of oil or gas to recover reasonable costs of drilling, completing, and operating additional

well(s) in the same geological structure at other locations with a reasonable profit to the operator, expand the mining operation or drill such additional wells as a reasonable and prudent operator would;

(d) perform all operations with due care and in a good and workmanlike manner in accordance with modern methods and practices with due regard for the prevention of waste, and for the prevention (in the case of oil and gas) of water drainage to the oil- and gas-bearing sands or strata and to the preservation and conservation of the property for future productive operations, and to carry out at the person's expense all orders and requirements of public officials relative to the prevention of waste and to the preservation of the subsurface area subject to the Subsurface Agreement;

(e) securely plug in an approved manner any oil or gas well before abandoning it;

(f) drill such wells as a reasonable and prudent operator would drill to protect the premises from drainage of hydrocarbons;

(g) use modern geological and geophysical techniques in exploration and development;

(h) cause any identified commercial deposits or reservoirs to be reasonably developed and produced;

(i) subscribe to reasonable cooperative or unit agreements proposed by the State or ASRC, or otherwise legally imposed, provided that no voluntary pooling or unit agreement may be entered into without the written consent of each of ASRC and the State with respect to their respective interests;

(j) keep open for inspection and audit at all reasonable times all mines, wells, improvements, machinery, reports, and records relative to operations, surveys, or investigations, and furnish copies of and extracts from any such reports or records on demand, subject to reasonable confidentiality requirements;

(k) allow ASRC the option to take its ASRC percentage of the royalties or other interest in production in money (measured by such valuation provisions as are contained in the lease or other Subsurface Agreement applicable both to the interests of the State and of ASRC, or, in the absence of such provisions, measured by fair market value) or in product after proper notice as provided for in the Subsurface Agreement whether or not the State elects to do so, and provide further that all agreements for the sale or

mortgage or other disposition of an interest in oil, gas, or other minerals shall be made subordinate to these rights to take such royalty share of production in kind;

(l) allow ASRC to have the right to enforce all the terms of the **Subsurface Agreement** (whether express or implied) directly on its own behalf and with respect only to ASRC's undivided interests in **subsurface** covered thereby, including any provision allowing termination of the **Subsurface Agreement** for a breach of its terms, whether or not the State elects to do so with respect to the undivided interests of the State in that **subsurface**;

(m) allow ASRC to have the right to petition the **Commissioner of Natural Resources** or the **Alaska Oil and Gas Conservation Commission** for such unitization orders and other protections as may be allowed by law; and

(n) acknowledge and agree that the applicable terms of this Settlement Agreement are incorporated by reference.

6. **SUSPENSION OF THE EXECUTIVE RIGHTS.**

6.1. **Suspension of the Executive Rights.**

(a) Suspension of the Executive Rights for Refusal of the State to Act. At any time when ASRC believes that the State would be required by the **Prudent Landowner Standard** to issue a **Subsurface Agreement Solicitation** or execute a **Subsurface Agreement** with respect to any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface**, ASRC may give written notice to the State identifying the portion of the **subsurface** involved and requesting that the State as executive issue or execute an appropriate **Subsurface Agreement Solicitation** or **Subsurface Agreement** with respect to that portion. If the State refuses to issue or execute a **Subsurface Agreement Solicitation** or **Subsurface Agreement** in response to ASRC's request, the State shall inform ASRC in writing whether (i) that refusal is based upon a conclusion by the State that the issuance or execution thereof would not be required under the **Prudent Landowner Standard** or (ii) that refusal is based upon a public interest determination or finding by the State that the State, in application of the **Limited Prudent Landowner Standard** to its conduct as holder of the **Executive Rights**, is prevented from

complying with the Prudent Landowner Standard with reference to issuance or execution of a **Subsurface Agreement Solicitation** or **Subsurface Agreement** as requested by ASRC because of its duties and obligations as sovereign or because of applicable federal or state statutes, regulations, and constitutional provisions. If the State's refusal to issue or execute a **Subsurface Agreement Solicitation** or **Subsurface Agreement** is based upon a public interest determination or finding as described in clause (ii) of the last preceding sentence, then ASRC shall have the right, at its election and at any time prior to the issuance or execution by the State as executive of a **Subsurface Agreement Solicitation** or **Subsurface Agreement** covering the subject portion of the **subsurface**, to give written notice to the State suspending the **Executive Rights** as to the portion of the **subsurface** as to which ASRC had requested that the State issue or execute a **Subsurface Agreement Solicitation** or **Subsurface Agreement**. Said notice shall describe the portion of the **subsurface** as to which the **Executive Rights** are to be suspended and shall be acknowledged by ASRC as required for the recordation of instruments affecting title to real property. Promptly upon receipt of said notice, the State shall execute and shall likewise acknowledge the notice to evidence its receipt thereof and shall record the same in the recording office of the appropriate recording district.

(b) Suspension of the Executive Rights Because of Separate Termination of Subsurface Agreement. As provided in subsections 4.6 and 4.9 and paragraph 5.3(1), ASRC and the State each has the independent right and power to enforce cancellation and termination provisions in **Subsurface Agreements** covered by this Settlement Agreement, insofar as to its undivided percentage interest in the **subsurface** covered or affected by the **Subsurface Agreement**. Upon cancellation and termination of a **Subsurface Agreement**, in whole or in part, by one only of ASRC or the State insofar only as to its undivided interest in a portion of the **Nuiqsut subsurface** or the **Point Lay subsurface** whereby the undivided interest of one only of ASRC or the State in any

portion of the Nuiqsut subsurface or the Point Lay subsurface is no longer subject to that Subsurface Agreement, then the Executive Rights shall be suspended as to that portion of the Nuiqsut subsurface or Point Lay subsurface.

6.2 Rights and Duties During Suspension of the Executive Rights.

Subject to subsection 6.3, it is stipulated and agreed that during any period while the Executive Rights of the State are suspended as to a portion of the Nuiqsut subsurface or Point Lay subsurface pursuant to subsection 6.1, the following shall occur:

(a) The Executive Rights of the State shall be suspended as to the percentage interest of ASRC in that portion of the Nuiqsut subsurface or the Point Lay subsurface and the State shall have no right, power, duty, or obligation as executive as to the interest of ASRC in that portion; and

(b) Each party shall own its undivided interest in that portion of the Nuiqsut subsurface or the Point Lay subsurface as a cotenant having all rights and obligations of ownership of such undivided interest, including, but not limited to, the exclusive power and right to execute Subsurface Agreements covering all or part of its undivided interest as to that portion of the Nuiqsut subsurface or the Point Lay subsurface.

6.3. Return of the Executive Rights.

After the suspension of the Executive Rights as to any portion of the Nuiqsut subsurface or Point Lay subsurface as provided in subsection 6.1, the Executive Rights will return to the State as to such portion under the following circumstances:

(a) If at any time after giving a notice suspending the Executive Rights as to any portion of the subsurface pursuant to paragraph 6.1(a) and prior to the execution by ASRC of a Subsurface Agreement covering ASRC's percentage interest in that portion of the subsurface, ASRC, at its election, executes, acknowledges, and records in the recording office of the appropriate recording district a notice terminating the suspension of the Executive Rights as to the portion of the subsurface described in such notice;

(b) If ASRC executes a Subsurface Agreement covering its undivided interest in a portion of the Nuiqsut

subsurface or Point Lay Subsurface as to which the **Executive Rights** have been suspended pursuant to paragraph 6.1(a), and if at any time thereafter neither ASRC's nor the State's undivided interest in that portion of the **Nuiqsut subsurface or Point Lay subsurface** then remains subject to any **Subsurface Agreement**; or

(c) If at any time after the suspension of the **Executive Rights** as to a portion of the **Nuiqsut subsurface or Point Lay subsurface** pursuant to paragraph 6.1(b) neither ASRC's nor the State's undivided interest in that portion of the **Nuiqsut subsurface or Point Lay subsurface** then remains subject to any **Subsurface Agreement**.

As to the portion of the **subsurface** described in a notice from ASRC terminating the suspension of the **Executive Rights** as to that portion pursuant to paragraph (a) of this subsection 6.3, and in either of the circumstances described in paragraph (b) or paragraph (c) of this subsection 6.3 when neither ASRC's nor the State's undivided interest in a portion of the **Nuiqsut subsurface or the Point Lay subsurface** is then subject to any **Subsurface Agreement**, the **Executive Rights** granted the State under section 4 of this Settlement Agreement shall automatically and immediately return to and be exclusively exercised by the State as to that portion of the **Nuiqsut subsurface or Point Lay subsurface**, subject, however, to the terms and provisions of sections 4, 5, and 7 and (if it thereafter again becomes applicable) this section 6.

7. MISCELLANEOUS RESTRICTIONS ON BOTH PARTIES.

7.1. Prohibitions on Self-Development.

Absent the written consent of the other party, neither the State nor ASRC may alone or in a joint venture or other joint enterprise of any sort with any person, become a lessee of or explore, develop, produce from, or otherwise exploit any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface** as long as that portion is subject to the **Executive Rights** granted in this Settlement Agreement. However, nothing in this section prohibits

(a) ASRC or the State from entering the lands to inspect and observe the activities of a person who has a **Subsurface Agreement** concerning the **Nuiqsut subsurface** or the **Point Lay subsurface**;

(b) ASRC or the State from entering the lands to perform such actions as are reasonably necessary to take its share of **subsurface revenues** earned under this Settlement Agreement in kind;

(c) the State, when acting as the executive, from conducting, at its sole risk and expense or by agreement and in conjunction with ASRC, seismic or other geological or geophysical surveys of the **Nuiqsut subsurface** or the **Point Lay subsurface**; or

(d) the State from exercising any sovereign power it may have over uplands, submerged lands, or water, regardless of any ownership interest in the **Nuiqsut subsurface** or **Point Lay subsurface**, or from conducting resource assessment programs on state-owned lands, subject, however, to the provisions of subsection 8.2 of this Settlement Agreement.

7.2. Assignments of Executive Rights.

The State may not assign or delegate the **Executive Rights** granted under section 4 of this Settlement Agreement without the prior written consent of ASRC, except as allowed under subsection 7.3.

7.3. Conveyances Prohibited.

(a) Except as to **Subsurface Agreements** authorized under subsection 6.2 of this Settlement Agreement, neither the State (acting solely on its own behalf, and not as executive) nor ASRC (acting solely on its own behalf) may convey, by sale, exchange, or otherwise, all or any interest in its undivided percentage interest in all or any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface** without the prior written consent of the other party. Both the State and ASRC may condition consent to a conveyance upon the termination of the **Executive Rights** and rights, duties, and obligations of the executive with respect to the undivided interest of the nonexecutive in the portion of the **Nuiqsut subsurface** or **Point Lay subsurface** to be conveyed. If such consent is given, and the **Executive Rights** are terminated as to that portion of the **Nuiqsut subsurface** or **Point Lay subsurface** affected, then the rights and obligations of the owners of that portion affected will be as described in subsection 6.2 of this Settlement Agreement and

there shall be no return of the **Executive Rights** as provided in subsection 6.3.

(b) If the State (acting solely on its own behalf, and not as executive) or ASRC (acting solely on its own behalf) makes a conveyance, by sale, exchange, or otherwise, to another person of all or any interest in its undivided percentage interest in all or any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface** after having obtained the consent of the other party to make that conveyance as required in paragraph 7.3(a) above, the consideration received by the State or ASRC, as applicable, for the conveyance shall not be deemed to be **subsurface revenues** for purposes of this Settlement Agreement, so that the other party (whose undivided interest in the **Nuiqsut subsurface** or the **Point Lay subsurface** is not being conveyed to that other person) shall have no right to receive any share of that consideration pursuant to this Settlement Agreement.

(c) The State's consent under paragraph 7.3(a) to a transfer of ASRC's entire interest in the **Nuiqsut subsurface** and the **Point Lay subsurface** is not required if the transfer occurs because of ASRC's merger or consolidation with another corporation under AS 10.06.530-10.06.582 or AS 10.06.960 (or any similar or successor corporate merger or consolidation legislation hereafter enacted).

(d) Subject to the terms, conditions, limitations, and provisions of paragraphs (a), (b), and (c) of this subsection 7.3, any assignment or conveyance by ASRC or the State to any person of any interest in its undivided percentage interest in all or any portion of the **Nuiqsut subsurface** or the **Point Lay subsurface** shall, to the extent (and only to the extent) applicable under the terms and provisions of this Settlement Agreement, be made expressly subject to this Settlement Agreement and the assignment of **Executive Rights** provided herein.

8. STATE'S RIGHTS AS SOVEREIGN.

8.1. Neither the State's conveyance to ASRC of an interest in the **Nuiqsut subsurface** or the **Point Lay subsurface**, including submerged lands, nor any term or provision of this Settlement Agreement, is intended or may be construed to waive, give up, alter, or affect in any way any sovereign right of the State (as that right or rights may exist at any time under applicable law) to regulate or manage navigable or nonnavigable rivers, streams, creeks, lakes, or ponds, or other bodies of water extending over submerged lands, or to regulate the appropriation of water, or to manage fish and game resources or other natural resources, including, but not limited to, laws and regulations that govern protection of natural resources and procedural requirements for disposal of interests in State lands for leasing, exploration, and development of natural resources. In exercising or declining to exercise the **Executive Rights** conferred and imposed on the State under this Settlement Agreement, the State shall be entitled to and shall observe and conform to statutes and regulations governing these resources, subject, however, to the provisions of subsection 8.2.

8.2. Nothing in this Settlement Agreement, including this section 8, shall be construed as a waiver by ASRC of its right to challenge the constitutionality of any statute or the validity of any regulation enacted or adopted after the **Final Effective Date** of this Settlement Agreement that singles out the **Nuiqsut subsurface** or the **Point Lay subsurface** for treatment different from that accorded to other lands within the State of Alaska, or that causes any injury-in-fact to any rights expressly granted to ASRC under this Settlement Agreement. It is agreed, however, that such a challenge will not challenge or attempt to void or terminate the rights of a third party under a **Subsurface Agreement** executed by the State in exercise of the **Executive Rights** in accordance with the terms and conditions of this Settlement Agreement.

9. PREEXISTING LEASES OF THE NUIQSUT SUBSURFACE.

9.1. Lease Description.

(a) In 1983, the State waived the right to administer the following oil and gas leases affecting portions of the Nuiqsut subsurface which had already been conveyed to ASRC by the United States:

| <u>LEASE</u> | <u>MONTH/DAY RENTAL DUE DATE</u> | <u>ANNUAL RENTAL</u> | <u>PER DAY ALLOCATION (ANNUAL RENTAL/365=)</u> |
|----------------|--|----------------------|--|
| ADL No. 356000 | Feb. 1 | \$ 3720.00 | \$ 10.19 |
| ADL No. 356001 | Feb. 1 | \$ 3840.00 | \$ 10.52 |
| ADL No. 356002 | Feb. 1 | \$ 1920.00 | \$ 5.26 |
| ADL No. 356003 | Feb. 1 | \$ 5760.00 | \$ 15.78 |
| ADL No. 356004 | Feb. 1 | \$ 1920.00 | \$ 5.26 |
| ADL No. 356005 | Feb. 1 | \$ 3840.00 | \$ 10.52 |
| ADL No. 25540 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25541 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25554 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25555 | Feb. 1 | \$ 2560.00 | \$ 7.01 |

(b) The State has not yet waived the right to administer the following State oil and gas leases affecting portions of the Nuiqsut subsurface which have already been conveyed to ASRC by the United States by interim conveyance or patent:

| <u>LEASE</u> | <u>MONTH/DAY RENTAL DUE DATE</u> | <u>ANNUAL RENTAL</u> | <u>PER DAY ALLOCATION (ANNUAL RENTAL/365=)</u> |
|----------------|--|----------------------|--|
| ADL No. 25526 | Feb. 1 | \$ 1055.00 | \$ 2.89 |
| ADL No. 25529 | Feb. 1 | \$ 2015.00 | \$ 5.52 |
| ADL No. 364469 | Aug. 1 | \$ 10674.00 | \$ 29.24 |
| ADL No. 366201 | Feb. 1 | \$ 1230.00 | \$ 3.37 |
| ADL No. 366202 | Feb. 1 | \$ 1181.00 | \$ 3.24 |
| ADL No. 366203 | Feb. 1 | \$ 640.00 | \$ 1.75 |
| ADL No. 366204 | Feb. 1 | \$ 531.00 | \$ 1.45 |

(c) Additionally, the following State oil and gas leases affect portions of the Nuiqsut subsurface that may in the future be conveyed to ASRC by the United States:

| <u>LEASE</u> | <u>MONTH/DAY RENTAL DUE DATE</u> | <u>ANNUAL RENTAL</u> | <u>PER DAY ALLOCATION (ANNUAL RENTAL/365=)</u> |
|----------------|--|----------------------|--|
| ADL No. 25530 | Feb. 1 | \$ 30.00 | \$ 0.08 |
| ADL No. 25535 | Feb. 1 | \$ 1920.00 | \$ 5.26 |
| ADL No. 25536 | Feb. 1 | \$ 640.00 | \$ 1.75 |
| ADL No. 25537 | Feb. 1 | \$ 2437.00 | \$ 6.68 |
| ADL No. 25539 | Feb. 1 | \$ 1808.00 | \$ 4.95 |
| ADL No. 25556 | Feb. 1 | \$ 1179.00 | \$ 3.23 |
| ADL No. 25560 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25561 | Feb. 1 | \$ 1288.00 | \$ 3.53 |
| ADL No. 25562 | Feb. 1 | \$ 1920.00 | \$ 5.26 |
| ADL No. 25563 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25577 | Feb. 1 | \$ 2560.00 | \$ 7.01 |
| ADL No. 25578 | Feb. 1 | \$ 1949.00 | \$ 5.34 |
| ADL No. 25579 | Feb. 1 | \$ 2491.00 | \$ 6.82 |
| ADL No. 25596 | Feb. 1 | \$ 2501.00 | \$ 6.85 |
| ADL No. 25597 | Feb. 1 | \$ 2512.00 | \$ 6.88 |
| ADL No. 364466 | Aug. 1 | \$ 13029.00 | \$ 35.70 |
| ADL No. 364468 | Aug. 1 | \$ 11112.00 | \$ 30.44 |

9.2. Leases Covering Fully Conveyed Sections on Final Effective Date.

(a) On the **Final Effective Date** of this Settlement Agreement, as to each of the leases identified in paragraphs 9.1(a) and 9.1(b) (subject to the provisions of subsection 9.4 below, if applicable):

(1) as to the applicable State percentage in **Nuiqsut subsurface** covered by each lease, the State shall have the right and responsibility, with respect only to its undivided interests, in its own discretion to administer and enforce directly any termination provisions, duties, and covenants, express or implied, undertaken by or imposed by virtue of each lease as provided in subsections 4.6 and 4.9 of this Settlement Agreement in the same manner as if that lease had been executed pursuant to this Settlement Agreement, and the State shall likewise have the right and responsibility, as contemplated in subsections 4.7 and 5.1 of this Settlement Agreement, to receive payment directly from the lessee of the applicable State percentage of all **subsurface revenues** attributable to the **Nuiqsut subsurface** which the lessee is thereafter obligated to pay under the terms of the lease; and

(2) as to the applicable ASRC percentage in **Nuiqsut subsurface** covered by each lease, ASRC shall have the right and responsibility, with respect only to its undivided interests, in its own discretion to administer and enforce

directly any termination provisions, duties, and covenants, express or implied, undertaken by or imposed by virtue of each lease as provided in subsections 4.6 and 4.9 of this Settlement Agreement in the same manner as if that lease had been executed pursuant to this Settlement Agreement, and ASRC shall likewise have the right and responsibility, as contemplated in subsections 4.7 and 5.1 of this Settlement Agreement, to receive payment directly from the lessee of the applicable ASRC percentage of all **subsurface revenues** attributable to the **Nuiqsut subsurface** which the lessee is thereafter obligated to pay under the terms of the lease.

(b) On the **Final Effective Date** of this Settlement Agreement, each of the leases described in paragraphs 9.1(a) and 9.1(b) of this Settlement Agreement will become subject to the rights of the State and ASRC under and pursuant to sections 4 and 5 and the other provisions of this Settlement Agreement as if those leases had been executed pursuant to and in full compliance with the rights, powers, duties, and obligations of the State as executive under this Settlement Agreement, and any reservation to the State, or any release or transfer from the State to ASRC of rights to "administer" these leases as provided in section 14(g) of **ANCSA** shall thereafter be waived and ineffective to the end that the administration of these leases shall be governed and controlled by the terms and provisions of this Settlement Agreement.

(c) Within thirty (30) days after the **Final Effective Date** of this Settlement Agreement, ASRC and the State will join in executing and will deliver to each of the lessees under the leases described in paragraphs 9.1(a) and 9.1(b) a notice of the provisions of and of the rights of the State and ASRC, respectively, with respect to those leases under this subsection 9.2, in the form set out in Exhibit J.

9.3. Additional Outstanding Leases.

(a) Subject to the provisions of subsection 9.4 below, in each instance after the **Final Effective Date** of this Settlement Agreement when a section of **Nuiqsut subsurface** covered by any lease identified in paragraph 9.1(c) becomes a **Fully**

Conveyed Section, then, effective immediately and automatically as of that date:

(1) as to the applicable State percentage in Nuiqsut subsurface covered by that lease, the State shall have the right and responsibility, with respect only to its undivided interest, in its own discretion to administer and enforce directly any termination provisions, duties, and covenants, express or implied, undertaken by or imposed by virtue of that lease as provided in subsections 4.6 and 4.9 of this Settlement Agreement in the same manner as if the lease had been executed pursuant to and in full compliance with the rights, powers, duties, and obligations of the State as executive under this Settlement Agreement, and the State shall likewise have the right and responsibility, as contemplated in subsections 4.7 and 5.1 of this Settlement Agreement, to receive payment directly from the lessee of the applicable State percentage of all subsurface revenues attributable to the Nuiqsut subsurface that the lessee is thereafter obligated to pay under the terms of the lease; and

(2) as to the applicable ASRC percentage in Nuiqsut subsurface covered by the lease, ASRC shall have the right and responsibility, with respect only to its undivided interest, in its own discretion to administer and enforce directly any termination provisions, duties, and covenants, express or implied, undertaken by or imposed by virtue of that lease as provided in subsections 4.6 and 4.9 of this Settlement Agreement in the same manner as if the lease had been executed pursuant to and in full compliance with the rights, powers, duties, and obligations of the State as executive under this Settlement Agreement, and ASRC shall likewise have the right and responsibility, as contemplated in subsections 4.7 and 5.1 of this Settlement Agreement, to receive payment directly from the lessee of the applicable ASRC percentage of all subsurface revenues attributable to the Nuiqsut subsurface that the lessee is thereafter obligated to pay under the terms of the lease.

(b) When a section of Nuiqsut subsurface covered by a lease described in paragraph 9.1(c) becomes a Fully Conveyed Section after the Final Effective Date of this Settlement Agreement, then (subject to subsection 9.4 below, if applicable) that lease will become subject to the rights of the State and ASRC pursuant to sections 4 and 5 and the other provisions of this Settlement Agreement as if the lease had been executed pursuant to and in full compliance with the rights, powers,

duties, and obligations of the State as executive under this Settlement Agreement, and any reservation to the State or release or transfer from the State to ASRC of rights to "administer" that lease as provided in section 14(g) of ANCSA shall thereafter be waived and ineffective to the end that the administration of the lease shall thereafter be governed and controlled by the terms and provisions of this Settlement Agreement.

(c) Within thirty (30) days after any section of **Nuiqsut subsurface** covered by a lease described in paragraph 9.1(c) becomes a **Fully Conveyed Section** after the **Final Effective Date** of this Settlement Agreement, ASRC and the State will join in executing and will deliver to the lessee under that lease a notice of the provisions of and of the rights of the State and ASRC, respectively, with respect to that lease under this subsection 9.3, in the form set out in Exhibit J.

9.4. Segregation of Leased Lands.

On or before the **Final Effective Date** of this Settlement Agreement as to leases described in paragraph 9.1(b), and effective on or before the date when a section of **Nuiqsut subsurface** covered by a lease described in paragraph 9.1(c) becomes a **Fully Conveyed Section**, the State is entitled to and shall segregate out those leased lands not included in a **Fully Conveyed Section** of **Nuiqsut subsurface** covered by that lease and thereby create two leases out of the lease, so as to make the provisions of subsection 9.2 or 9.3 (as applicable) effective only as to that lease covering the **Nuiqsut subsurface** that is coextensive with the lands included in one or more **Fully Conveyed Sections** of **Nuiqsut subsurface**.

9.5. Division of Revenue From Certain Leases.

Payments of bonus and rentals have been and may be made by lessees under oil and gas leases covering portions of the **Nuiqsut subsurface**. All of these bonus payments have been received by the State, and either or both the State and ASRC have received certain rental payments made under various leases listed in subsection 9.1 of this Settlement Agreement. To avoid any

dispute as to entitlement to receive or retain these bonus or rental payments and any other **subsurface revenues** attributable to the **Nuiqsut subsurface** that the lessees hereafter become obligated or elect to pay under the leases, the parties agree that:

(a) Payments Received Before 1991. The State shall be entitled to retain all bonus payments paid to the State before January 1, 1991, for and in connection with all leases identified in section 9 of this Settlement Agreement.

(b) 9.1(a) Leases. ASRC shall be entitled to retain all annual rentals paid to it under each lease listed in paragraph 9.1(a) of this Settlement Agreement before the **Final Effective Date** of this Settlement Agreement, except that the portion of the annual rentals for the year of the lease term during which the **Final Effective Date** occurs (allocated on a per day basis over that entire year of the lease term) attributable to the period after the **Final Effective Date** of this Settlement Agreement shall be prorated between ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest in the **Nuiqsut subsurface** covered by the lease. All **subsurface revenues** paid under that lease after the **Final Effective Date** of this Settlement Agreement shall be paid directly to and owned by ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest, respectively, in the **Nuiqsut subsurface** covered by that lease.

(c) 9.1(b) Leases. The State shall be entitled to retain all annual rentals paid to it under each lease listed in paragraph 9.1(b) of this Settlement Agreement prior to the **Final Effective Date** of this Settlement Agreement, except that the portion of the annual rentals attributable to **Nuiqsut subsurface** for the year of the lease term during which the **Final Effective Date** occurs (allocated on a per day basis over that entire year of the lease term) attributable to the period after the **Final Effective Date** of this Settlement Agreement shall be prorated between ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest in the **Nuiqsut subsurface** covered by that lease. All **subsurface revenues** paid under that lease attributable to **Nuiqsut subsurface** after the **Final Effective Date** of this Settlement Agreement shall be paid directly to and owned by ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest in the **Nuiqsut subsurface** covered by that lease.

(d) 9.1(c) Leases. The State shall be entitled to retain all annual rentals paid to it under each lease listed in paragraph 9.1(c) of this Settlement Agreement before the later of (i) the **Final Effective Date** of this Settlement Agreement or (ii) the date when a section of **Nuiqsut subsurface** covered by the lease becomes a **Fully Conveyed Section**, except that the portion of the annual rentals attributable to that **Fully Conveyed Section** for the year of the lease term during which that section of **Nuiqsut subsurface** becomes a **Fully Conveyed Section** (allocated on a per day basis over that entire year of the lease term) attributable to the period after that section of **Nuiqsut subsurface** became a **Fully Conveyed Section** shall be prorated between ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest in the **Nuiqsut subsurface** in that **Fully Conveyed Section** covered by that lease. All **subsurface revenues** paid under each lease attributable to **Nuiqsut subsurface** in a **Fully Conveyed Section** after the date when that section has become a **Fully Conveyed Section** shall be paid directly to and owned by ASRC and the State in proportion to the ASRC percentage interest and the State percentage interest in the **Nuiqsut subsurface** in that **Fully Conveyed Section** covered by that lease.

(e) Cash Settlement. A cash settlement shall be made between the State and ASRC within thirty (30) days after the **Final Effective Date** of this Settlement Agreement and within thirty (30) days after each section of **Nuiqsut subsurface** covered or affected by a lease described in paragraph 9.1(c) becomes a **Fully Conveyed Section**, to effect the proration of the **subsurface** rentals required by paragraphs 9.5(b), (c), and (d). In the event that funds have not been appropriated to make any necessary cash payment to ASRC, the State will seek an appropriation in the first available Session of the Legislature.

9.6. No Waiver as Against Lessees.

Nothing in this section 9 is intended or shall be construed as a waiver by ASRC or by the State of any right as against any lessee under any of the leases described in paragraphs 9.1(a), (b), and (c), including, without limitation, any right with respect to rentals or other **subsurface revenues** becoming payable by these lessees under the terms of their leases before the **Final Effective Date** of this Settlement Agreement or, as to leases listed in paragraph 9.1(c), becoming payable by these lessees under the terms of their leases with respect to **Nuiqsut subsurface** in any section before the date when that

section becomes a Fully Conveyed Section. As to leases listed in paragraph 9.1(a), the State shall be entitled to retain all rentals or other subsurface revenues, if any, that the lessees become obligated or elect to pay to the State under the lease terms before the Final Effective Date of this Settlement Agreement. As to leases listed in paragraph 9.1(b), ASRC shall be entitled to retain all rentals or other subsurface revenues, if any, that the lessees become obligated or elect to pay to ASRC under the lease terms before the Final Effective Date of this Settlement Agreement. As to leases listed in paragraph 9.1(c), ASRC shall be entitled to retain all rentals or other subsurface revenues, if any, that the lessees become obligated or elect to pay to ASRC under the lease terms attributable to Nuiqsut subsurface in any section before the date that the section becomes a Fully Conveyed Section.

10. MISCELLANEOUS.

10.1. Confidentiality.

Except as otherwise required by law, all information, including but not limited to geological, geophysical, and well data that either ASRC or the State receives from the other party as a result of either party's respective rights and obligations under this Settlement Agreement that is not otherwise publicly available will be considered proprietary information and kept strictly confidential. Before any disclosure of this information by either party that is made on the grounds that disclosure is "required by law," the party seeking to make disclosure will confer with the other party, identify the information to be disclosed, identify the person(s) to whom disclosure is to be made, and state the basis for its conclusion that disclosure is "required by law."

10.2. Audit and Review.

Upon reasonable notice, ASRC and the State will be entitled to audit and review all books, records, federal or state tax returns, data, and information possessed by the other party that is potentially relevant to the calculation, determination,

or payment of subsurface revenues that have been incorrectly or improperly received or are otherwise required to be held in trust and paid over to the other party under section 4 or 5 of this Settlement Agreement.

10.3. **Subsurface Data Disclosure.**

If, before the Final Effective Date of this Settlement Agreement, ASRC has received or has access to and the right to obtain copies of well logs, reports of well tests, and other geological and geophysical data, obtained from the Nuiqsut subsurface or the Point Lay subsurface, ASRC will provide the State with access to and copies of this information except when restricted by contract or law from doing so. If the State is entitled by law to this information from third parties, it will first seek to obtain the information from them. ASRC will make a good faith effort to obtain the consent of the lessee (if consent is contractually required), to provide the State with access to and copies of all logs, reports, and data concerning the leases, but ASRC will not be required to pay money or any other consideration to a third party to obtain their consent. The State will provide ASRC with access to and copies of well logs, reports of well tests, and other geological and geophysical data it has heretofore obtained or hereafter obtains, or has access to and the right to obtain copies of, except when restricted by contract or by law from doing so. The State will make a good faith effort to obtain consent for release of this information to ASRC when consent is required, but the State will not be required to pay money or any other consideration to a third party to obtain that consent. In each instance when either the State or ASRC grants a license or permit to any person to conduct seismic exploration within the Nuiqsut subsurface area or Point Lay subsurface area (which license or permit is not a Subsurface Agreement as defined in subsection 11.27), any person accepting such a license or permit or conducting or causing to be conducted any seismic exploration operations within the Nuiqsut subsurface area or Point Lay subsurface area pursuant to any such license or

permit shall be conclusively deemed to have, and shall thereby have, (i) expressly consented to and waived any prohibition with respect to (including, without limitation, granting any consent required by and waiving any prohibition imposed by any law, regulation or contract) the disclosure by the one of the parties who granted such license or permit to the other of the parties of all information, data, and materials with respect to such seismic exploration operation and information obtained or developed incident thereto or as a result thereof which is provided or caused to be provided by such licensee or permittee to the one of the parties who granted such license or permit (including, without limitation, the right to make and retain copies of any such information, data, or materials), but provided that the one of the parties to whom such information, data, or materials is thus disclosed shall be obligated to maintain confidentiality with respect to such information, data, or materials as regards all other persons in the same manner and to the same extent (if any) as is required by law, regulation, or contract of the one of the parties who granted such license or permit, and (ii) agreed to permit each of the parties and its representatives to review, examine and (at its expense) copy and retain copies of all raw and all processed geophysical data, information, and materials obtained or developed by such licensee or permittee incident to or as a result of or based upon such seismic survey operation, but provided that, if requested by such licensee or permittee, the parties (or such one of the parties who has reviewed, examined, or copied such data, information, or materials) shall maintain confidentiality with respect to such data, information, and materials and shall not disclose same to other persons other than to its or their employees and consultants (who shall be required to agree that they will likewise maintain confidentiality with respect thereto) or as required by law. As cotenants owning the Nuiqsut subsurface and the Point Lay subsurface, the State and ASRC covenant and agree that the power or right of each of the State and ASRC to authorize other persons

to conduct seismic exploration operations on the **Nuiqsut subsurface** area or **Point Lay subsurface** area pursuant to licenses or permits (which are not **Subsurface Agreements** as defined in subsection 11.27) granted by the State or ASRC is and shall be expressly subject to the terms and provisions of the last preceding sentence of this subsection, which shall be deemed covenants running with the land and shall be binding upon any licensee or permittee accepting such a license or permit or conducting or causing to be conducted any seismic exploration operation within the **Nuiqsut subsurface** area or **Point Lay subsurface** area, without the necessity of reference thereto or inclusion thereof in such license or permit.

10.4. Setoff.

Neither ASRC nor the State may claim a setoff against moneys owed either party under this Settlement Agreement, or owed under any other agreement or law, in order to reduce any payment of **oil and gas revenues** due under this Settlement Agreement, except as follows:

(a) If the Legislature fails or refuses, in a timely manner, to appropriate for payment any sum the State might owe ASRC under this Settlement Agreement and for which ASRC has no right to enforce a direct payment from a third person under subsection 5.1, then ASRC may, in making any payment of any sum due the State, deduct (as a setoff from the total amount due) the unappropriated amount the State owes ASRC.

(b) If either ASRC or the State secures a state or federal court judgment against the other party, then the amount of the unpaid judgment (including attorneys' fees and costs awarded by the court) and any post judgment interest, may be set off against any payment otherwise due under this Settlement Agreement.

10.5. Notification and Consultation Concerning Disputes.

(a) Neither ASRC nor the State may initiate litigation against the other party to enforce or to seek a declaration of the effect of any provision of this Settlement Agreement unless a written demand is delivered to the other party describing in reasonable detail:

(1) the nature of the dispute between the parties;

(2) the legal and factual basis for any action or compensation demanded; and

(3) the action or compensation demanded.

The party receiving the demand will have thirty (30) days from receipt to deliver a response, in writing, to the demanding party. If no written response is received within thirty (30) days, the party making the demand may thereafter, but not before, initiate litigation against the other party to enforce or to seek a declaration of the effect of any provision of this Settlement Agreement. If a timely written response is received, the parties will have thirty (30) additional days to consult and to attempt settlement of the dispute. If no settlement is reached within that thirty (30) day period, then either party may thereafter initiate litigation against the other party to enforce or seek a declaration of the effect of any provision of this Settlement Agreement. The notice requirements of this paragraph (a) will not alter the effect of any applicable statute of limitations on ASRC's or the State's claims.

(b) ASRC will notify the State if it has knowledge that a party to a lease or other **Subsurface Agreement** affecting the **Nuiqsut subsurface** or the **Point Lay subsurface** has, in ASRC's judgment, breached a term of that lease or other **Subsurface Agreement**. The notice will be given to the State at least thirty (30) days before ASRC files any suit against any **person** concerning the breach; however, in the case of an emergency or other circumstance in which, in ASRC's good faith judgment, ASRC may suffer irreparable harm if filing of a suit is delayed, ASRC may file **suit** against any such **person** before expiration of the thirty (30) day period. Likewise, the State will notify ASRC if it has knowledge that a party to a lease or other **Subsurface Agreement** affecting the **Nuiqsut subsurface** or the **Point Lay subsurface** has, in the State's judgment, breached a term of that lease or other **Subsurface Agreement**. The notice will be given to ASRC at least thirty (30) days before the State files any suit against any **person** concerning the breach; however, in the case of

an emergency or other circumstance in which, in the State's good faith judgment, the State may suffer irreparable harm if filing of a suit is delayed, the State may file suit against any such person before expiration of the thirty (30) day period.

10.6. Payment of Legal Rate of Interest.

If either the State or ASRC incurs the direct responsibility to make a payment (or delivery of product, if in kind) due under this Settlement Agreement, and is late in doing so, the payee shall be entitled to the legal rate of interest on the amount due from the date payment should have been made or the product delivered. If the delivery was to be in kind, the "amount due" will be its fair market value at the date and place delivery was due.

10.7. Interpretation.

(a) This Settlement Agreement will be construed and enforced in accordance with and governed by the laws of the State of Alaska.

(b) Both ASRC and the State are jointly and equally responsible for the drafting of this Settlement Agreement. An ambiguity, if any, in this Settlement Agreement may not be construed against one party or the other as its drafter. This Settlement Agreement will be construed independently of any draft settlement proposals or draft settlement documents.

(c) In implementing the terms and intent of this Settlement Agreement, ASRC and the State understand that it is an enforceable contract between them. Each will deal with the other to implement it in accordance with its terms in good faith and fairly or in accordance with any applicable higher standard of conduct that may be imposed elsewhere in this Settlement Agreement.

(d) The captions used in this Settlement Agreement are for convenience only and will not control or affect the meaning or construction of any of its provisions.

(e) This Settlement Agreement incorporates all Exhibits that are referred to in it. In turn, when an Exhibit to

this Settlement Agreement, such as a deed, references an attached exhibit, the attached exhibit will be incorporated in the Exhibit.

(f) This Settlement Agreement contains the entire agreement and understanding of the State and ASRC with respect to its subject matter. Except as provided with respect to the 1974 Agreement in subsection 1.3 of this Settlement Agreement, all prior understandings, agreements, promises, warranties, representations, covenants, or other undertakings between the parties with respect to its subject matter are revoked upon the Final Effective Date of this Settlement Agreement.

(g) Nothing in this Settlement Agreement abrogates or limits the State's powers or duties under the common law public trust doctrine, or article VIII, section 14 of the Alaska Constitution, or AS 38.05.127-38.05.128.

(h) This Settlement Agreement does not create, validate, or reinstate any third party interest which is not otherwise valid and extant.

(i) Nothing in this Settlement Agreement shall diminish or affect in any way any rights of the State with respect to Kuukpik Corporation under the 1974 Agreement.

10.8. Amendment; Waiver; Consent.

No amendment or waiver of a right under this Settlement Agreement, or consent required by a provision of this Settlement Agreement, will be effective unless made in a writing signed by each party, and (if required by law) submitted to the Alaska Legislature for approval. For the State, both the Attorney General and the Commissioner must sign for a change or waiver to be effective. For ASRC, its President or any Vice President may sign.

10.9. Notices.

(a) To be effective, any notice or other communication given under this Settlement Agreement must be in writing and will be deemed to have been given if (i) delivered in person or deposited in the United States mail, sent by registered or

certified mail, return receipt requested and first-class postage prepaid, or (ii) sent by telecopy or other electronic transmission and confirmed by a copy deposited in the United States mail, sent by registered or certified mail, return receipt requested and first-class postage prepaid, in each case addressed to the party for whom it is intended, as follows:

(i) If to ASRC: Arctic Slope Regional Corporation
(1230 Agvik Street)
P. O. Box 129
Barrow, Alaska 99723
Attention: Jacob Adams, President
Telecopy No.: (907) 852-5733

With a copy to: Wickwire, Greene, Crosby &
Seward, P.C.
National Building, Suite 506
1008 Western Avenue
Seattle, Washington 98104
Attention: James Wickwire
Telecopy No.: (206) 623-5670

(ii) If to the State: The State of Alaska
Department of Natural Resources
Division of Oil and Gas
P. O. Box 107034
Anchorage, Alaska 99510-7034
Telecopy No.: (907) 562-3852

With a copy to: The State of Alaska
Department of Natural Resources
Division of Oil and Gas
P. O. Box 107034
Anchorage, Alaska 99510-7034
Attention: Carol Wilkinson,
Lease Administration
Telecopy No.: (907) 562-3852

The names and addresses of a party may be changed by written notice to the other party pursuant to this provision.

(b) Each of the parties will, within thirty (30) days, notify the other, in writing (i) if it enters into an agreement or takes an action to amend, supplement, extend, authorize suspension of operations under, or terminate a **Subsurface Agreement** as to its undivided interest in any **Nuiqsut subsurface** or **Point Lay subsurface** covered thereby, (ii) if it makes an

assignment or conveyance to any person permitted under section 7 of any of its rights or duties under this Settlement Agreement or of all or any interest in its undivided percentage interest in all or any portion of the Nuiqsut subsurface or the Point Lay subsurface as described in paragraph 7.3(b), (iii) if it determines that a Subsurface Agreement covering its undivided interest in any portion of the Nuiqsut subsurface or Point Lay subsurface has terminated or expired or been relinquished by the holder thereof as to all or any portion of such subsurface, (iv) if it executes a Subsurface Agreement covering its interest only in any portion of the Nuiqsut subsurface or Point Lay subsurface as to which the Executive Rights have been suspended pursuant to subsection 6.1, or (v) as to ASRC, if it has executed and recorded a notice pursuant to paragraph 6.3(a) terminating the suspension of the Executive Rights as to a portion of the Nuiqsut subsurface or Point Lay Subsurface.

10.10. Attorneys' Fees.

If a court action is commenced to enforce or to seek a declaratory judgment as to the effect of any provision of this Settlement Agreement by either the State or ASRC, then the court as part of its judgment shall award the prevailing party its actual attorneys' fees (measured at a reasonable hourly rate for private practitioners in the locale of the litigation) and costs.

10.11. Defense of Settlement Agreement and Property Interests.

(a) Except as the obligation is solely ASRC's under paragraph (b) below, the State and ASRC will jointly and in good faith defend the legality and enforceability of the provisions of this Settlement Agreement in any litigation brought by any person. In the event that ASRC or the State is named as a party to litigation contesting the legality or enforceability of any provision of this Settlement Agreement under claims other than those that might be made under ANCSA or the 7(1) Agreement, then the other party will seek to intervene and align itself as a party with the named party. The State and ASRC each will bear

its own costs, including attorneys' fees, incurred in such litigation.

(b) ASRC will defend, indemnify, and hold the State harmless from any claims made by any **person** to the interests in the **Nuiqsut subsurface** or to the **subsurface revenues** attributable to such interest in the **Nuiqsut subsurface** that the State is entitled to pursuant to this Settlement Agreement, if those claims are made under **ANCSA** or the **7(i) Agreement**. ASRC will not oppose a timely motion to intervene by the State in that litigation.

(c) ASRC will not, directly or indirectly, support or cause to be brought by itself or by any other **person** any challenge in any forum or proceeding to the State's title to or ownership of the applicable State percentage in and to the **Nuiqsut subsurface** or the **Point Lay subsurface** provided in this Settlement Agreement to be conveyed to or reserved by the State. Likewise, the State will not, directly or indirectly, support or cause to be brought by itself or by any other **person** any challenge in any forum or proceeding to ASRC's title to or ownership of the applicable ASRC percentage in and to the **Nuiqsut subsurface** or the **Point Lay subsurface** provided in this Settlement Agreement to be conveyed to or reserved by ASRC. Except as otherwise expressly provided in subsection 2.3 of this Settlement Agreement, loss or failure of title to any part of or interest in the **Nuiqsut subsurface** or the **Point Lay subsurface** shall not alter or affect the ownership as between ASRC and the State, in undivided interests in proportion to the applicable ASRC percentage and the applicable State percentage, respectively, of the remaining parts of or interests in the **Nuiqsut subsurface** or the **Point Lay subsurface** as provided for in this Settlement Agreement.

(d) Each party will, within thirty (30) days, notify the other, in writing, in the event that the title to all or part of any interest in the **subsurface** (including uplands and submerged lands) affected by this Settlement Agreement is

questioned in an administrative or judicial proceeding. Each party will have the right to intervene at its own expense in any such proceeding.

(e) Each party will, within thirty (30) days, notify the other, in writing, in the event a dispute arises as to the interpretation of a **Subsurface Agreement** concerning either the **Point Lay subsurface** or the **Nuiqsut subsurface** which dispute may affect, directly or indirectly, revenues shared under this Settlement Agreement. In the event the dispute results in an administrative or judicial proceeding involving either party and another person, then the other party will have the right to intervene at its own expense in that proceeding.

(f) A party's decision not to intervene as might be allowed under paragraphs (d) and (e) above will not relieve the other party of any obligation otherwise owed under this Settlement Agreement.

10.12. Rule of Evidence 408.

Alaska Evidence Rule 408 and Federal Rule of Evidence 408 both proscribe the admission into evidence of discussions of compromise and settlement, except under certain circumstances. This Settlement Agreement is in settlement of disputed matters. Accordingly, neither this Settlement Agreement nor any of its provisions may be introduced as evidence in any lawsuit concerning the enforceability of any provision of the 1974 Agreement, be construed to be an admission against either party as to the enforceability of any provision of the 1974 Agreement, or be used for any purpose other than enforcement of this Settlement Agreement. Draft settlement proposals and written or oral statements made with respect to this Settlement Agreement's negotiation (including those that might be made in efforts to secure passage of a law under section 1), are for purposes of settlement only, and may not be deemed admissions by either party, or otherwise deemed admissible as evidence in a lawsuit concerning the enforceability of the 1974 Agreement.

10.13. Assignment; Delegation.

The assignment of any rights and the delegation of any duties under this Settlement Agreement are prohibited except as might be expressly allowed in subsection 7.3 above. Subject to the restrictions of section 7, the terms and provisions of this Settlement Agreement shall inure to the benefit of and be binding upon ASRC and the State, and each party's successors and assigns.

10.14. Other Documents and Actions.

The parties agree to execute and deliver to each other such documents and instruments, including the Exhibits, as provided for herein, and take such other actions as shall be reasonably necessary and appropriate to implement, effectuate, and carry out the intentions of this Settlement Agreement.

10.15. Remedies and Specific Performance.

Both ASRC and the State expressly agree that each may enforce its rights hereunder by any and all remedies available under law or equity. Both ASRC and the State agree that irreparable damage would occur if any of the provisions of this Settlement Agreement were not performed in accordance with their specific terms or were otherwise breached. It is therefore agreed that ASRC and the State shall be entitled to an injunction or injunctions to prevent breaches of this Settlement Agreement and to enforce specifically the terms and provisions of it in a Superior Court of the State of Alaska, in addition to any other remedy to which they are entitled at law or in equity. Nothing in this Settlement Agreement or implementing legislation, however, shall be construed to create any right of action, direct or otherwise, in any person not a party to this Settlement Agreement.

11. DEFINITIONS.

11.1. Action Notice.

"Action Notice" means a written notice given by the State to ASRC, in the absence of an Approval Agreement, setting forth the substantive terms and conditions of a proposed Subsurface Agreement or Subsurface Agreement Solicitation and

describing the **Nuiqsut subsurface** or **Point Lay subsurface** affected by it as more fully set forth in paragraph 4.3(d) of this Settlement Agreement.

11.2. ANCSA.

"ANCSA" means the Alaska Native Claims Settlement Act of 1971 (Pub. L. 92-203, 43 U.S.C. §§ 1601 et seq., as amended), and "ANILCA" means the Alaska National Interest Lands Conservation Act of 1980 (Pub L. 96-487, December 2, 1980).

11.3. Approval Agreement.

"Approval Agreement" means a written agreement executed by the State and ASRC setting forth the **substantive terms and conditions** of a proposed **Subsurface Agreement** or **Subsurface Agreement Solicitation** as more fully set forth in paragraph 4.3(c) of this Settlement Agreement.

11.4. Commissioner.

"Commissioner" means the Commissioner of the Department of Natural Resources of the State of Alaska.

11.5. Consultant Group.

"Consultant Group" means the panel consisting of **Qualified Independent Consultants** established to hear and decide protests of **Action Notices** as more fully set forth in paragraph 4.3(h) of this Settlement Agreement.

11.6. Consultant Opinion.

"Consultant Opinion" means an opinion issued by a **Qualified Independent Consultant** deciding a protest as more fully set forth in paragraph 4.3(j) of this Settlement Agreement.

11.7. Director.

"Director" means the Director of the Division of Oil and Gas within the Department of Natural Resources of the State of Alaska.

11.8. Executive Rights.

"Executive Rights" means the exclusive right, power, and authority to formulate and issue **Subsurface Agreement Solicitations** and to negotiate, formulate, agree upon, execute,

and grant **Subsurface Agreements** pursuant to the terms of this Settlement Agreement.

11.9. Fair Market Value.

"**Fair market value**" means the amount of money that an informed purchaser, willing but not obligated to buy, would pay an informed seller, willing but not obligated to sell, for particular property, goods, or services.

11.10. Final Effective Date.

"**Final Effective Date**" means the effective date, as determined under AS 01.10.070, of a state law approving this Settlement Agreement as set out in Exhibit A or in such other form as may be approved in writing by both ASRC and the Commissioner of Natural Resources.

11.11. Final Partial Section.

"**Final Partial Section**" means a section of **Nuiqsut subsurface** described in Exhibit E as to which the Bureau of Land Management grants to Kuukpik Corporation the surface estate in less than all the lands selected by Kuukpik Corporation in the section in order not to exceed the total number of acres as to which Kuukpik Corporation is entitled to receive a conveyance of the surface estate under ANCSA.

11.12. Fully Conveyed Section.

"**Fully Conveyed Section**" means, as of any relevant date, a section of **Nuiqsut subsurface** described in Exhibit E as to which ASRC has, as of that date, theretofore received one or more interim conveyances or patents from the United States conveying to ASRC the **Nuiqsut subsurface** in all lands in that entire section to which ASRC is or can become entitled pursuant to ANCSA; provided, further, that:

(a) no section of **Nuiqsut subsurface** listed in this paragraph shall be deemed to be a "**Fully Conveyed Section**" before the date when all Alaska Native allotment applications affecting that section and listed in this paragraph have been approved and granted or rejected or withdrawn and all **Nuiqsut subsurface** within that section now covered by those Alaska Native allotment applications has either been patented or tentatively approved to the State or

conveyed to ASRC by an interim conveyance or patent from the United States:

| <u>Township</u> | <u>Section</u> | <u>Native Allotment application</u> |
|-----------------|----------------|-------------------------------------|
| T10N, R5E UM | 16 | F11723, Sarah Kunaknana |
| T10N, R5E UM | 17 | F11723, Sarah Kunaknana |
| T10N, R5E UM | 32 | F14607, Leffingwell Erikloak |
| T10N, R5E UM | 33 | F14607, Leffingwell Erikloak |
| T12N, R6E UM | 1 | F13833, Annie Allen |
| T12N, R6E UM | 1 | F13834, Jim T. Allen |
| T12N, R6E UM | 2 | F13833, Annie Allen |
| T12N, R6E UM | 2 | F13834, Jim T. Allen |
| T12N, R6E UM | 10 | F14315, Lena Baker |
| T12N, R6E UM | 11 | F13833, Annie Allen |
| T12N, R6E UM | 11 | F13835, Neil Allen |
| T12N, R6E UM | 11 | F14315, Lena Baker |
| T12N, R4E UM | 10 | F11949, Abraham Woods |
| T12N, R4E UM | 11 | F11949, Abraham Woods |
| T12N, R4E UM | 14 | F11949, Abraham Woods |
| T12N, R4E UM | 15 | F11949, Abraham Woods |
| T12N, R4E UM | 15 | F11951, Joeb O. Woods |
| T12N, R4E UM | 14 | F11951, Joeb O. Woods |

(b) no section of Nuiqsut subsurface listed in this paragraph shall be deemed to be a "Fully Conveyed Section" before the earlier of (i) the date when all Nuiqsut subsurface within that section now covered by an Alaska Native allotment application listed in this paragraph has been conveyed to ASRC by an interim conveyance or patent from the United States, or (ii) the date when it is finally determined (by final administrative or judicial decision after conclusion of all appeals) or by written acknowledgment by ASRC that ASRC is not entitled to receive an interim conveyance or patent from the United States of the subsurface within that section now covered by that Alaska Native allotment application:

| <u>Township</u> | <u>Section</u> | <u>Native Allotment application</u> |
|-----------------|----------------|-------------------------------------|
| T12N, R4E UM | 15 | F11947, Nany Woods |
| T12N, R4E UM | 15 | F11943, Lydia Woods Sovlik |
| T12N, R4E UM | 22 | F11943, Lydia Woods Sovlik |

and

(c) when ASRC receives an interim conveyance or patent to the Nuiqsut subsurface in all the lands in a Final Partial Section in which the surface estate has been granted to Kuukpik Corporation, that portion of the Final Partial

Section which shall thereupon be deemed to be a Fully Conveyed Section shall be determined by dividing the Final Partial Section into sixteen (16) equal quarter-quarter subsections (each constituting either the NE, NW, SW, or SE quarter of the NE, NW, SW, or SE quarter of the Final Partial Section), with the entirety of each quarter-quarter subsection within which any subsurface is granted to ASRC in the interim conveyance or patent of subsurface from the United States to ASRC to be included in the Fully Conveyed Section, and with the remainder of the Final Partial Section to be excluded from the Nuiqsut subsurface as provided for in paragraph 2.3(b).

11.13. Kuukpik Agreement.

"Kuukpik Agreement" means the agreement a copy of which is attached as Exhibit K.

11.14. Legal Rate of Interest.

"Legal rate of interest" means that rate of simple (not compounded) interest earned on money due and owing as established under AS 45.45.010(a) (or any similar or successor legislation hereafter enacted) at the time the principal sum becomes due and owing.

11.15. Limited Prudent Landowner Standard.

"Limited Prudent Landowner Standard" means the Prudent Landowner Standard except to the extent that the State is prevented from complying with such standard because of its duties and obligations as sovereign or because of applicable federal or state statutes, regulations, and constitutional provisions, including, but not limited to, those that govern protection of natural resources and procedural requirements for disposal of interests in State lands for leasing, exploration, and development of natural resources, subject, however, to the provisions of subsection 8.2.

11.16. Nuiqsut subsurface.

"Nuiqsut subsurface" means the subsurface in all the uplands and submerged lands now and hereafter existing in the following lands, all located within the Umiat Meridian (subject, if applicable, to the provisions of paragraph 2.3(b) above):

T.10N., R.4E., U.M.
Secs. 1, 2, 12, 13.

- T.10N., R.5E., U.M.
Secs. 1-18, 20-29, 32-36.
- T.10N., R.6E., U.M.
Secs. 7, 18, 19, 30, 31.
- T.11N., R.4E., U.M.
Secs. 1-3, 10-16, 22-27, 35, 36.
- T.11N., R.5E., U.M.
Secs. 1, 11-15, 19-36.
- T.11N., R.6E., U.M.
Secs. 1-9, 16-20, 29-31.
- T.12N., R.4E., U.M.
Secs. 1-5, 8-17, 20-27, 34-36.
- T.12N., R.5E., U.M.
Secs. 24, 25, 36.
- T.12N., R.6E., U.M.
Secs. 1-5, 7-36.
- T.13N., R.4E., U.M.
Secs. 25-28, 32-36.

11.17. The parties.

"The parties" means ASRC and the State; unless the context clearly refers to a third party, "party" means either ASRC or the State.

11.18. Person.

"Person" means a natural person and all types of private or governmental entities, including but not limited to all such entities listed in AS 01.10.060(7), and any corporate subsidiary or joint venture.

11.19. Point Lay subsurface.

"Point Lay subsurface" means the subsurface in all uplands and submerged lands now and hereafter existing in the following lands, all located within the Umiat Meridian:

- T.1N., R.45W., U.M.
Secs. 1-36.
- T.1N., R.46W., U.M.
Secs. 1-3, 10-15, 22-27, 34-36.

T.2N., R.45W., U.M.
Secs. 1-36.

T.2N., R.46W., U.M.
Secs. 2, 3, 10, 11, 14, 15, 22-24, 26, 27, 34-36.

T.3N., R.45W., U.M.
Secs. 1, 2, 11, 12.

T.4N., R.45W., U.M.
Secs. 25, 26, 35, 36.

T.6N., R.43W., U.M.
Secs. 1, 2, 11-14, 23-28, 31-36.

T.7N., R.43W., U.M.
Sec. 36.

11.20. Proposed Action Notice.

"Proposed Action Notice" means a written notice given by the State to ASRC describing the portion of **Nuiqsut subsurface** or **Point Lay subsurface** involved in a proposed **Subsurface Agreement** or **Subsurface Agreement Solicitation** and the nature (and, to the extent then known by the State, the proposed terms) of that proposed **Subsurface Agreement** or **Subsurface Agreement Solicitation** as more fully set forth in paragraph 4.3(b) of this Settlement Agreement.

11.21. Protest Notice.

"Protest Notice" means a written notice given by ASRC to the State protesting an **Action Notice** and stating the objections of ASRC to **substantive terms and conditions** of a proposed **Subsurface Agreement** or **Subsurface Agreement Solicitation**, as more fully set forth in paragraph 4.3(e) of this Settlement Agreement.

11.22. Prudent Landowner Standard.

"Prudent Landowner Standard" means the degree of diligence and discretion that would be exercised by an average landowner, acting as a reasonable and prudent person who is familiar with prevailing practices and standards in the oil, gas, and mineral industry in the area at the time, in seeking to cause his **subsurface** to be explored and developed and to maximize

subsurface revenues from such subsurface and protect such subsurface from drainage.

11.23. **Qualified Independent Consultant.**

"Qualified Independent Consultant" means a member of the Consultant Group as more fully set forth in paragraph 4.3(h) of this Settlement Agreement.

11.24. **7(i) Agreement.**

"7(i) Agreement" means the Section 7(i) Settlement Agreement reached in 1982 between ASRC and other ANCSA Regional Corporations.

11.25. **Substantive terms and conditions.**

"Substantive terms and conditions" means, but is not limited to, timing of lease sales, lease tract identification and composition, bid terms, and lease terms, but shall not include (i) the exercise by the State of its duties and obligations as sovereign, (ii) the State's compliance with applicable federal or state statutes, regulations, and constitutional provisions, including, but not limited to, those that govern protection of natural resources and procedural requirements for disposal of interests in State lands for leasing, exploration, and development of natural resources, (iii) the granting of exploration incentive credits against tax obligations or the State's royalty interest (but not ASRC's royalty interest), or (iv) other exercise of the State's taxing power.

11.26. **Subsurface.**

"Subsurface" means all interests in oil, gas, or other minerals, now known or discovered in the future in, on, or under land (including all depths, formations, and horizons), together with all rights, privileges, benefits, and powers conferred upon the owner of that interest with respect to the use and occupation of the surface of, and the subsurface depths under, the lands that may be necessary, convenient, or incidental to the possession and enjoyment (and including, without limitation, exploring, drilling, developing, producing, mining, saving, handling, treating, transporting, marketing, and operating the

oil, gas, or other minerals). However, "subsurface" does not include any "mineral" that on January 3, 1959, was subject to location under the mining laws of the United States, does not include sand and gravel (whether or not of an uncommon variety), and does not include water.

11.27. Subsurface Agreement.

"Subsurface Agreement" means any oil, gas, or mineral lease or other contract or agreement granting or agreeing to grant to any person any right, title, or interest in or to any Nuiqsut subsurface or Point Lay subsurface or any right, license or permit to explore for, develop, produce, or otherwise exploit oil, gas, or other minerals in, on, or under any Nuiqsut subsurface or Point Lay subsurface; however, a contract or agreement to sell, exchange, or otherwise dispose of oil, gas, or minerals after severance or production thereof from the subsurface is not a "Subsurface Agreement." Also, a surface authorization given pursuant to the State's sovereign authority (such as land- or water-use permits) is not a Subsurface Agreement whether or not the authorization is given in support of development of the Nuiqsut Subsurface or the Point Lay Subsurface. Likewise, a license or permit authorizing the licensee or permittee to conduct seismic exploration on the Nuiqsut subsurface area or Point Lay subsurface area (which license or permit does not grant any right to drill exploratory or development wells or otherwise to produce or remove or acquire any right or interest in oil, gas or other minerals or subsurface revenues) is not a Subsurface Agreement, although such license or permit shall be subject to the provisions of subsection 10.3.

11.28. Subsurface Agreement Solicitation.

"Subsurface Agreement Solicitation" means a request for bids, notice of lease sale, or other form of solicitation of bid proposals or offers for Subsurface Agreements; however, for purposes of this Settlement Agreement, the "issuance" of or to "issue" a Subsurface Agreement Solicitation includes, when applicable, the execution and delivery of a Subsurface Agreement

as described in that **Subsurface Agreement Solicitation** in acceptance of a bid or offer received in response to that **Subsurface Agreement Solicitation**.

11.29. Subsurface revenues.

"**Subsurface revenues**" means all bid deposits, bonuses, rents, net profits, royalties, the proceeds of sale or exchanges, benefits, or any other thing of value that is received and is attributable to or generated from the exploration, development, production, or other exploitation of, or lease, sale, exchange, or other disposition of any interest in the **Nuiqsut subsurface** or the **Point Lay subsurface**, as applicable, except as expressly otherwise provided in paragraph 7.3(b) of this Settlement Agreement. **Subsurface revenues** includes all rents, profits, and royalties, the proceeds of sales or exchanges, benefits, or any other thing of value that is received and is attributable to or generated from the oil and gas leases described in section 9 attributable to any part of the **Nuiqsut subsurface**. When **subsurface revenues** are received in a form other than cash or cash equivalents, the cash **fair market value** at the time of the receipt will be included in and considered as **subsurface revenues**.

Subsurface revenues does not include taxes of any kind owed to the State by any person, including ASRC. **Subsurface revenues** also does not include the customary fees charged by the State in connection with the filing of an application for a permit, lease, license, or mining claim, mining lease, or mining leasehold location that are generally applicable to all such applications and are not limited to or different in amount with respect to applications pertaining to **Nuiqsut subsurface** or **Point Lay subsurface** as compared to other **subsurface** areas, or other like generally applicable fees customarily charged by the State for authorizations, publications, or services.

11.30. Unauthorized Action.

"**Unauthorized Action**" means the execution or issuance by the State as executive of any **Subsurface Agreement** or

Subsurface Agreement Solicitation which has not, within six (6) months before execution or issuance thereof, either:

(a) been approved by an Approval Agreement as to its substantive terms and conditions pursuant to paragraph 4.3(c); or

(b) been the subject of an Action Notice received by ASRC pursuant to paragraph 4.3(d) with respect to which ASRC has failed to give a Protest Notice to the State pursuant to paragraph 4.3(e) within ten (10) days after receipt of that Action Notice; or

(c) been the subject of a Consultant Opinion rendered pursuant to paragraph 4.3(j) concluding that execution or issuance thereof either would or would not be consistent with the standard set forth in paragraph 4.2(a) of this Settlement Agreement.

12. SIGNATURES.

This Settlement Agreement is being signed in five (5) counterparts, to be effective as of the date of execution hereof set out below by the last of the parties named below who are executing this Settlement Agreement on behalf of ASRC and the State, respectively. Each will be deemed an original; however, all constitute one and the same agreement.

ARCTIC SLOPE REGIONAL CORPORATION

Executed:
December 17, 1991

By Jacob Adams
Name: Jacob Adams
Title: President

STATE OF ALASKA

BY: ATTORNEY GENERAL
CHARLES E. COLE

Executed:
December 13, 1991

By Charles E. Cole
Name:
Title:

AND

BY: STATE OF ALASKA
DEPARTMENT OF NATURAL
RESOURCES

Executed: 17, 1991
December

By Harold C. Heinze
Harold C. Heinze,
Commissioner

THE STATE OF ALASKA §
 § ss.
3rd JUDICIAL DISTRICT §

This is to certify that on the 17th day of December, 1991, before me appeared Jacob Adams, the person who has been lawfully authorized as the President of Arctic Slope Regional Corporation, a corporation organized and existing under the laws of the state of Alaska, to execute the foregoing document; that Jacob Adams executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

Witness my hand and official seal the day and year in this certificate first above written.

Shirley Haines
Notary Public in and for Alaska

My Commission Expires: July 10, 1994

THE STATE OF ALASKA §
 § ss.
2nd JUDICIAL DISTRICT §

This is to certify that on the 13th day of December, 1991, before me appeared Charles E. Cole, the person who has been lawfully delegated the authority of Charles E. Cole, the Attorney General, State of Alaska, to execute the foregoing document; that he executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

Witness my hand and official seal the day and year in this certificate first above written.

Gyonne Lindblom
Notary Public in and for Alaska
My Commission Expires: 9-11-92

THE STATE OF ALASKA §
 § ss.
3rd JUDICIAL DISTRICT §

This is to certify that on the 17th day of December, 1991, before me appeared Harold C. Heinze, the Commissioner, Department of Natural Resources, State of Alaska; that Harold C. Heinze executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

Witness my hand and official seal the day and year in this certificate first above written.

Shirley Haines
Notary Public in and for Alaska
My Commission Expires: July 10, 1994

NOTE:

EXHIBIT A IS A DRAFT BILL, AND DIFFERS SOMEWHAT
FROM THE BILL INTRODUCED AT THE GOVERNOR'S
REQUEST IN JANUARY 1992.

EXHIBIT A

IN THE _____ BY THE _____ COMMITTEE BY
REQUEST OF THE GOVERNOR

_____ BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE—SECOND SESSION

A BILL

For an Act Entitled: "An Act relating to the approval of an agreement settling litigation between the State of Alaska and Arctic Slope Regional Corporation; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

- * Sec. 1. PURPOSE. The purpose of the Act is to provide for the settlement of certain claims raised in litigation between the State of Alaska and Arctic Slope Regional Corporation in "State of Alaska v. Arctic Slope Regional Corporation," Alaska Superior Court, Third Judicial District, Case No. 3AN-85-15523.
- * Sec. 2. RATIFICATION. Notwithstanding any other provision of Alaska law, the "1991 Settlement Agreement Between Arctic Slope Regional Corporation and the State of Alaska" (including the Exhibits to it) is incorporated herein by reference and is hereby ratified as to the rights, duties, agreements, and obligations of the State of Alaska provided for or contemplated in it. No statutory or common law rules against perpetuities or restraints of alienation of property shall apply to the settlement agreement or to any interest or power created by it.
- * Sec. 3. COMMISSIONER AUTHORITY. The commissioner of natural resources is authorized to carry out and perform the settlement agreement, including, without limitation, executing and delivering patents to Arctic Slope Regional

Corporation as provided for in the settlement agreement, notwithstanding any procedural requirement or other provision of the Alaska Statutes that might otherwise be deemed a restriction on the commissioner's authority to do so. However, the commissioner may not materially amend the settlement agreement without legislative approval.

* Sec. 4. RECORDATION. (a) The commissioner of natural resources shall record a true and authenticated photocopy of the settlement agreement and any conveyance document required thereby in the recording office of the appropriate recording district, and incorporate the settlement agreement in the lands records system maintained by the Department of Natural Resources.

(b) The commissioner of natural resources shall deliver a signed original of the settlement agreement to the Archivist in the Department of Administration for preservation.

* Sec. 5. ACTIONS. (a) No person may bring an action challenging the legality of the settlement agreement, in whole or in part, or a provision of this act, unless the action is commenced in a state superior court within thirty (30) days after the effective date of this act.

(b) The State of Alaska waives its sovereign immunity from suit by Arctic Slope Regional Corporation or its successors or assigns seeking to enforce or protect rights conferred on Arctic Slope Regional Corporation under the settlement agreement, but only if that action is brought in state superior court. Nothing in this act is intended to waive the State of Alaska's U.S. Constitution Eleventh Amendment immunity from suit in federal court.

(c) Nothing in this act is intended to create a right in any person to challenge the legality of all or part of the settlement agreement or this act.

* Sec. 6. This act takes effect immediately in accordance with AS 01.10.070(c).

EXHIBIT B

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

STATE OF ALASKA,

Plaintiff,

vs.

ARCTIC SLOPE REGIONAL
CORPORATION,

Defendant.

§
§
§
§
§
§
§
§
§
§

Case No. 3AN-85-15523

STIPULATION FOR DISMISSAL

The parties, through counsel, hereby stipulate to dismiss this action without prejudice, each party to bear its own costs, including attorney's fees. This dismissal is made pursuant to the terms of the 1991 Settlement Agreement Between Arctic Slope Regional Corporation And The State Of Alaska.

Dated: _____, 1991 WICKWIRE, SEWARD, GREENE & CROSBY

By _____
David C. Crosby

Attorneys for the defendant, Arctic Slope Regional Corporation

CHARLES E. COLE
ATTORNEY GENERAL
STATE OF ALASKA

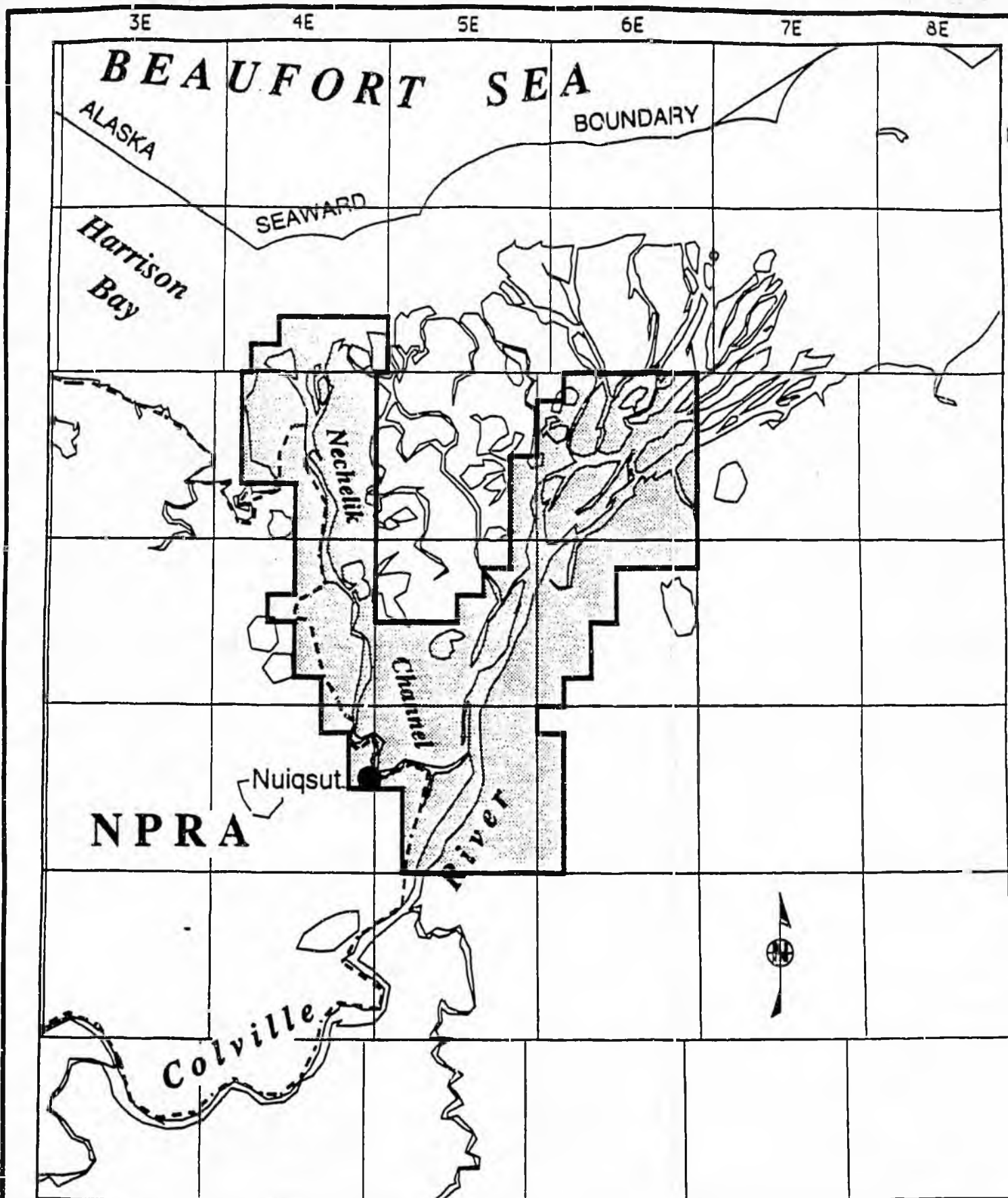
Dated: _____, 1991

By _____
Assistant Attorney General for
plaintiff, State of Alaska

ORDER

It is so ordered this _____ day of _____,
1991, in Anchorage, Alaska.

JUDGE OF THE SUPERIOR COURT

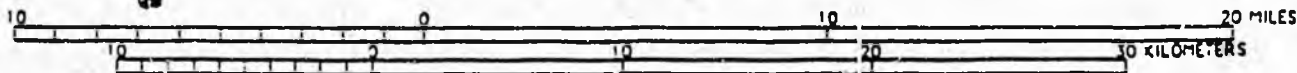


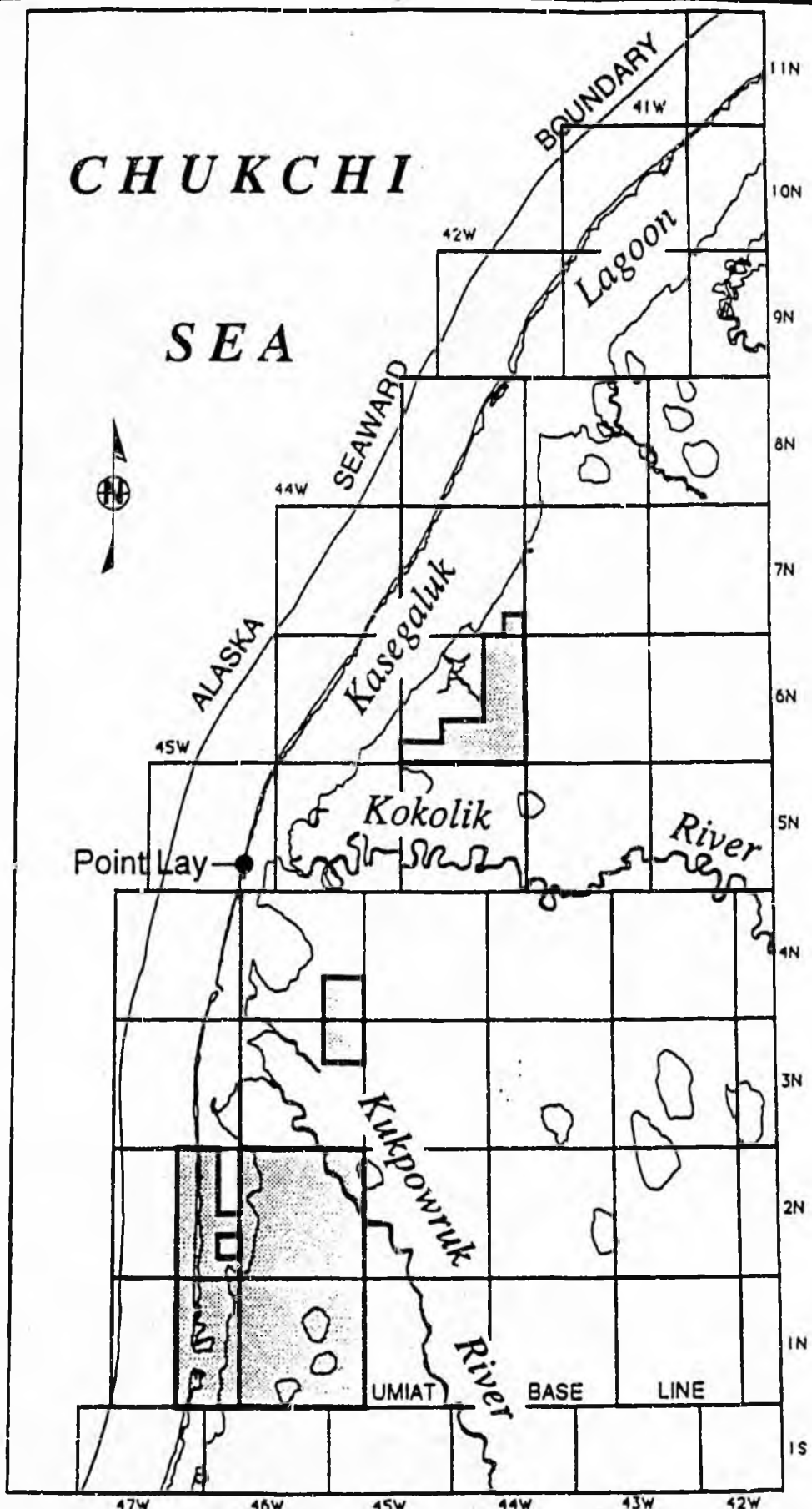
MAP
AREA

Exhibit C Nuiqsut Subsurface

SCALE 1: 317,000 ONE INCH = FIVE MILES APPROX.

Alaska
Department of
Natural Resources
Division of Oil and G
12-4-91





CHUKCHI

SEA

Point Lay

Kasegaluk

Kokolik

River

Kupowruk

River

UMIAT

BASE

LINE

BOUNDARY

SEAWARD

ALASKA

Lagoon

MAP AREA

Exhibit D

Point Lay Subsurface

SCALE 1: 500,000 ONE INCH = EIGHT MILES APPROX.

Alaska
Department of
Natural Resources
Division of Oil and Gas
12-4-91

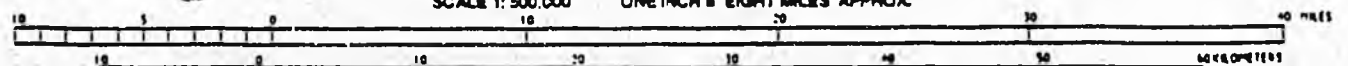


EXHIBIT E

**ASRC AND STATE PERCENTAGE OWNERSHIP
(NUIQSUT SUBSURFACE)**

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|---|--|-------------------------|----------------|
| T10N, R4E Umiat Meridian | | | |
| Section: 1 | 44.93% | 55.07% | 640 |
| 2 | 92.14% | 7.86% | 640 |
| 12 | 79.05% | 20.95% | 640 |
| 13 | 94.45% | 5.55% | 640 |
| T10N, R5E Umiat Meridian | | | |
| Section: 1 | 42.55% | 57.45% | 640 |
| 2 | 36.70% | 63.30% | 640 |
| 3 | 19.25% | 80.75% | 640 |
| 4 | 50.00% | 50.00% | 640 |
| 5 | 50.00% | 50.00% | 640 |
| 6 | 50.00% | 50.00% | 609 |
| 7 | 48.90% | 51.10% | 612 |
| 8 | 49.48% | 50.52% | 640 |
| 9 | 50.00% | 50.00% | 640 |
| 10 | 21.78% | 78.22% | 640 |
| 11 | 42.61% | 57.39% | 640 |
| 12 | 49.75% | 50.25% | 640 |
| 13 | 50.00% | 50.00% | 640 |
| 14 | 49.58% | 50.42% | 640 |
| 15 | 18.00% | 82.00% | 640 |
| 16 | 41.43% | 58.57% | 640 |
| 17 | 79.43% | 20.57% | 640 |
| 18 | 65.13% | 34.87% | 615 |
| 20 | 83.54% | 16.46% | 640 |
| 21 | 43.62% | 56.38% | 640 |
| 22 | 26.61% | 73.39% | 640 |
| 23 | 50.00% | 50.00% | 640 |
| 24 | 50.00% | 50.00% | 640 |
| 25 | 50.00% | 50.00% | 640 |
| 26 | 50.00% | 50.00% | 640 |
| 27 | 45.27% | 54.73% | 640 |
| 28 | 21.42% | 78.58% | 640 |
| 29 | 53.88% | 46.12% | 640 |
| 32 | See Alternative Outcomes for T10N, R5E | | |
| 33 | See Alternative Outcomes for T10N, R5E | | |
| 34 | 48.98% | 51.02% | 640 |
| 35 | 50.00% | 50.00% | 640 |
| 36 | 50.00% | 50.00% | 640 |
| T10N, R5E UM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications | | | |
| Section 33, Native Allotment Application F14607 | | | |
| Approved | 30.18% | 69.82% | 640 |
| Rejected | 41.11% | 58.89% | 640 |
| Section 32, Native Allotment Application F14607 | | | |
| Approved | 24.46% | 75.54% | 640 |
| Rejected | 26.05% | 73.95% | 640 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreege</u> |
|-------------------------|------------------------|-------------------------|----------------|
| 7 | 39.48% | 60.52% | 596 |
| 8 | 44.08% | 55.92% | 640 |
| 9 | 49.84% | 50.16% | 640 |
| 16 | 50.00% | 50.00% | 640 |
| 17 | 44.93% | 55.07% | 640 |
| 18 | 45.77% | 54.23% | 599 |
| 19 | 49.50% | 50.50% | 601 |
| 20 | 45.17% | 54.83% | 640 |
| 29 | 49.21% | 50.79% | 640 |
| 30 | 50.00% | 50.00% | 604 |
| 31 | 50.00% | 50.00% | 607 |

T12N, R4E Umiat Meridian

| | | | |
|------------|--|--------|-----|
| Section: 1 | 44.64% | 55.36% | 640 |
| 2 | 45.38% | 54.62% | 640 |
| 3 | 26.58% | 73.42% | 640 |
| 4 | 42.31% | 57.69% | 640 |
| 5 | 23.81% | 76.19% | 640 |
| 8 | 35.40% | 64.60% | 640 |
| 9 | 48.47% | 51.53% | 640 |
| 10 | See Alternative Outcomes for T12N, R4E | | |
| 11 | See Alternative Outcomes for T12N, R6E | | |
| 12 | 46.68% | 53.32% | 640 |
| 13 | 44.91% | 55.09% | 640 |
| 14 | See Alternative Outcomes for T12N, R4E | | |
| 15 | See Alternative Outcomes for T12N, R4E | | |
| 16 | 53.79% | 46.21% | 640 |
| 17 | 30.37% | 69.63% | 640 |
| 20 | 12.55% | 87.45% | 640 |
| 21 | 73.77% | 26.23% | 640 |
| 22 | See Alternative Outcomes for T12N, R4E | | |
| 23 | 49.95% | 50.05% | 640 |
| 24 | 48.03% | 51.97% | 640 |
| 25 | 44.21% | 55.79% | 640 |
| 26 | 39.82% | 60.18% | 640 |
| 27 | 92.00% | 8.00% | 640 |
| 34 | 99.82% | 0.18% | 640 |
| 35 | 40.76% | 59.24% | 640 |
| 36 | 49.28% | 50.72% | 640 |

T12N, R4E UM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications

| | | | |
|--|--------|--------|-----|
| Section 10, Native Allotment Application F11949 | | | |
| Approved | 29.61% | 70.39% | 640 |
| Rejected | 30.39% | 69.61% | 640 |
| Section 11, Native Allotment Application F11949 | | | |
| Approved | 47.13% | 52.87% | 640 |
| Rejected | 48.30% | 51.70% | 640 |
| Section 14, Native Allotment Applications F11949 and F11951 | | | |
| Both approved | 35.55% | 64.45% | 640 |
| F11949 approved, F11951 rejected | 43.36% | 56.64% | 640 |
| F11949 rejected, F11951 approved | 42.19% | 57.81% | 640 |
| Both rejected | 50.00% | 50.00% | 640 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|-------------------------|------------------------|-------------------------|----------------|
| 23 | 22.61% | 77.39% | 640 |
| 24 | 40.58% | 59.42% | 640 |
| 25 | 44.58% | 55.42% | 640 |
| 26 | 49.26% | 50.74% | 640 |
| 27 | 28.25% | 71.75% | 640 |
| 28 | 31.69% | 68.31% | 640 |
| 29 | 46.40% | 53.60% | 640 |
| 30 | 29.67% | 70.33% | 588 |
| 31 | 33.10% | 66.90% | 591 |
| 32 | 26.59% | 73.41% | 640 |
| 33 | 33.17% | 66.83% | 640 |
| 34 | 50.00% | 50.00% | 640 |
| 35 | 50.00% | 50.00% | 640 |
| 36 | 47.80% | 52.20% | 640 |

T12N, R6E DM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications

Section: 1, Native Allotment Applications F13833 and F13834

| | | | |
|----------------------------------|--------|--------|-----|
| Both approved | 15.48% | 84.52% | 640 |
| F13833 approved, F13834 rejected | 23.29% | 76.71% | 640 |
| F13833 rejected, F13834 approved | 17.12% | 82.88% | 640 |
| Both rejected | 24.93% | 75.07% | 640 |

Section: 2, Native Allotment Applications F13833, F13834, and F13835

| | | | |
|----------------------------|--------|--------|-----|
| All approved | 21.77% | 78.23% | 640 |
| F13833 F13834 F13835 | | | |
| Approved Rejected Rejected | 29.26% | 70.74% | 640 |
| Approved Approved Rejected | 24.58% | 75.42% | 640 |
| Approved Rejected Approved | 26.45% | 73.55% | 640 |
| Rejected Approved Rejected | 33.88% | 66.12% | 640 |
| Rejected Approved Approved | 31.07% | 68.93% | 640 |
| Rejected Rejected Approved | 35.75% | 64.25% | 640 |
| All rejected | 38.56% | 61.44% | 640 |

Section: 10, Native Allotment Applications F14315

| | | | |
|----------|--------|--------|-----|
| Approved | 28.27% | 71.73% | 640 |
| Rejected | 36.79% | 63.21% | 640 |

Section: 11, Native Allotment Applications F13833, F13835, and F14315

| | | | |
|----------------------------|--------|--------|-----|
| All approved | 9.01% | 90.99% | 640 |
| F13833 F13835 F14315 | | | |
| Approved Rejected Rejected | 22.68% | 77.32% | 640 |
| Approved Approved Rejected | 12.99% | 87.01% | 640 |
| Approved Rejected Approved | 18.70% | 81.30% | 640 |
| Rejected Approved Rejected | 14.55% | 85.45% | 640 |
| Rejected Approved Approved | 10.57% | 89.43% | 640 |
| Rejected Rejected Approved | 20.26% | 79.74% | 640 |
| All rejected | 24.24% | 75.76% | 640 |

T13N, R4E Umia Meridian

Section: 25

| | | | |
|----|--------|--------|-----|
| 26 | 1.91% | 98.09% | 640 |
| 27 | 4.26% | 95.74% | 640 |
| 28 | 0.21% | 99.79% | 640 |
| 32 | 10.38% | 89.62% | 640 |
| 33 | 23.04% | 76.96% | 640 |
| 34 | 32.35% | 67.65% | 640 |
| 35 | 39.48% | 60.52% | 640 |
| 36 | 42.65% | 57.35% | 640 |

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

EXHIBIT E

**ASRC AND STATE PERCENTAGE OWNERSHIP
(NUICSUT SUBSURFACE)**

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|---------------------------------|--|-------------------------|----------------|
| T10N, R4E Umiat Meridian | | | |
| Section: 1 | 44.93% | 55.07% | 640 |
| 2 | 92.14% | 7.86% | 640 |
| 12 | 79.05% | 20.95% | 640 |
| 13 | 94.45% | 5.55% | 640 |
| T10N, R5E Umiat Meridian | | | |
| Section: 1 | 42.55% | 57.45% | 610 |
| 2 | 36.70% | 63.30% | 640 |
| 3 | 19.25% | 80.75% | 640 |
| 4 | 50.00% | 50.00% | 640 |
| 5 | 50.00% | 50.00% | 640 |
| 6 | 50.00% | 50.00% | 609 |
| 7 | 48.90% | 51.10% | 612 |
| 8 | 49.48% | 50.52% | 640 |
| 9 | 50.00% | 50.00% | 640 |
| 10 | 21.78% | 78.22% | 640 |
| 11 | 42.61% | 57.39% | 640 |
| 12 | 49.75% | 50.25% | 640 |
| 13 | 50.00% | 50.00% | 640 |
| 14 | 49.58% | 50.42% | 640 |
| 15 | 18.00% | 82.00% | 640 |
| 16 | 41.43% | 58.57% | 640 |
| 17 | 79.43% | 20.57% | 640 |
| 18 | 65.13% | 34.87% | 615 |
| 20 | 83.54% | 16.46% | 640 |
| 21 | 43.62% | 56.38% | 640 |
| 22 | 26.61% | 73.39% | 640 |
| 23 | 50.00% | 50.00% | 640 |
| 24 | 50.00% | 50.00% | 640 |
| 25 | 50.00% | 50.00% | 640 |
| 26 | 50.00% | 50.00% | 640 |
| 27 | 45.27% | 54.73% | 640 |
| 28 | 21.42% | 78.58% | 640 |
| 29 | 53.88% | 46.12% | 640 |
| 32 | See Alternative Outcomes for T10N, R5E | | |
| 33 | See Alternative Outcomes for T10N, R5E | | |
| 34 | 48.98% | 51.02% | 640 |
| 35 | 50.00% | 50.00% | 640 |
| 36 | 50.00% | 50.00% | 640 |

T10N, R5E UM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications

| | | | |
|--|--------|--------|-----|
| Section 33, Native Allotment Application F14607 | | | |
| Approved | 30.18% | 69.82% | 640 |
| Rejected | 41.11% | 58.89% | 640 |
| Section 32, Native Allotment Application F14607 | | | |
| Approved | 24.46% | 75.54% | 640 |
| Rejected | 26.05% | 73.95% | 640 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acres</u> |
|---------------------------------|------------------------|-------------------------|--------------|
| T10N, R6E Umiat Meridian | | | |
| Section: 7 | 50.00% | 50.00% | 612 |
| 18 | 50.00% | 50.00% | 615 |
| 19 | 50.00% | 50.00% | 617 |
| 30 | 50.00% | 50.00% | 620 |
| 31 | 50.00% | 50.00% | 623 |
| T11N, R4E Umiat Meridian | | | |
| Section: 1 | 46.49% | 53.51% | 640 |
| 2 | 42.75% | 57.25% | 640 |
| 3 | 89.75% | 10.25% | 640 |
| 10 | 97.61% | 2.39% | 640 |
| 11 | 29.41% | 70.59% | 640 |
| 12 | 23.13% | 76.87% | 640 |
| 13 | 32.45% | 67.55% | 640 |
| 14 | 46.37% | 53.63% | 640 |
| 15 | 60.20% | 39.80% | 640 |
| 16 | 99.66% | 0.34% | 640 |
| 22 | 78.65% | 21.35% | 640 |
| 23 | 49.33% | 50.67% | 640 |
| 24 | 39.49% | 60.51% | 640 |
| 25 | 36.59% | 63.41% | 640 |
| 26 | 51.25% | 48.75% | 640 |
| 27 | 97.40% | 2.60% | 640 |
| 35 | 69.49% | 30.51% | 640 |
| 36 | 39.03% | 60.97% | 640 |
| T11N, R5E Umiat Meridian | | | |
| Section: 1 | 36.31% | 63.69% | 640 |
| 11 | 42.32% | 57.68% | 640 |
| 12 | 17.22% | 82.78% | 640 |
| 13 | 22.52% | 77.48% | 640 |
| 14 | 37.21% | 62.79% | 640 |
| 15 | 49.99% | 50.01% | 640 |
| 19 | 47.12% | 52.88% | 601 |
| 20 | 44.21% | 55.79% | 640 |
| 21 | 50.00% | 50.00% | 640 |
| 22 | 42.74% | 57.26% | 640 |
| 23 | 31.65% | 68.35% | 640 |
| 24 | 33.89% | 66.11% | 640 |
| 25 | 49.35% | 50.65% | 640 |
| 26 | 20.39% | 79.61% | 640 |
| 27 | 32.39% | 67.61% | 640 |
| 28 | 49.94% | 50.06% | 640 |
| 29 | 49.14% | 50.86% | 640 |
| 30 | 49.83% | 50.17% | 604 |
| 31 | 50.00% | 50.00% | 607 |
| 32 | 50.00% | 50.00% | 640 |
| 33 | 49.80% | 50.20% | 640 |
| 34 | 14.34% | 85.66% | 640 |
| 35 | 30.37% | 69.63% | 640 |
| 36 | 46.60% | 53.40% | 640 |
| T11N, R6E Umiat Meridian | | | |
| Section: 1 | 49.02% | 50.98% | 640 |
| 2 | 50.00% | 50.00% | 640 |
| 3 | 50.00% | 50.00% | 640 |
| 4 | 50.00% | 50.00% | 640 |
| 5 | 41.98% | 58.02% | 640 |
| 6 | 19.22% | 80.78% | 593 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|-------------------------|------------------------|-------------------------|----------------|
| 7 | 39.48% | 60.52% | 596 |
| 8 | 44.08% | 55.92% | 640 |
| 9 | 49.84% | 50.16% | 640 |
| 16 | 50.00% | 50.00% | 640 |
| 17 | 44.93% | 55.07% | 640 |
| 18 | 45.77% | 54.23% | 599 |
| 19 | 49.50% | 50.50% | 601 |
| 20 | 45.17% | 54.83% | 640 |
| 29 | 49.21% | 50.79% | 640 |
| 30 | 50.00% | 50.00% | 604 |
| 31 | 50.00% | 50.00% | 607 |

T12N, R4E Umiat Meridian

| | | | |
|------------|--|--------|-----|
| Section: 1 | 44.64% | 55.36% | 640 |
| 2 | 45.38% | 54.62% | 640 |
| 3 | 26.58% | 73.42% | 640 |
| 4 | 42.31% | 57.69% | 640 |
| 5 | 23.81% | 76.19% | 640 |
| 8 | 35.40% | 64.60% | 640 |
| 9 | 48.47% | 51.53% | 640 |
| 10 | See Alternative Outcomes for T12N, R4E | | |
| 11 | See Alternative Outcomes for T12N, R6E | | |
| 12 | 46.68% | 53.32% | 640 |
| 13 | 44.91% | 55.09% | 640 |
| 14 | See Alternative Outcomes for T12N, R4E | | |
| 15 | See Alternative Outcomes for T12N, R4E | | |
| 16 | 53.79% | 46.21% | 640 |
| 17 | 30.37% | 69.63% | 640 |
| 20 | 12.55% | 87.45% | 640 |
| 21 | 73.77% | 26.23% | 640 |
| 22 | See Alternative Outcomes for T12N, R4E | | |
| 23 | 49.95% | 50.05% | 640 |
| 24 | 48.03% | 51.97% | 640 |
| 25 | 44.21% | 55.79% | 640 |
| 26 | 39.82% | 60.18% | 640 |
| 27 | 92.00% | 8.00% | 640 |
| 34 | 99.82% | 0.18% | 640 |
| 35 | 40.76% | 59.24% | 640 |
| 36 | 49.28% | 50.72% | 640 |

T12N, R4E UM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications

Section 10, Native Allotment Application F11949

| | | | |
|----------|--------|--------|-----|
| Approved | 29.61% | 70.39% | 640 |
| Rejected | 30.39% | 69.61% | 640 |

Section 11, Native Allotment Application F11949

| | | | |
|----------|--------|--------|-----|
| Approved | 47.13% | 52.87% | 640 |
| Rejected | 48.30% | 51.70% | 640 |

Section 14, Native Allotment Applications F11949 and F11951

| | | | |
|----------------------------------|--------|--------|-----|
| Both approved | 35.55% | 64.45% | 640 |
| F11949 approved, F11951 rejected | 43.36% | 56.64% | 640 |
| F11949 rejected, F11951 approved | 42.19% | 57.81% | 640 |
| Both rejected | 50.00% | 50.00% | 640 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acres</u> |
|---|--|-------------------------|---------------------|
| Section 15, Native Allotment Applications F11949, F11951, F11947¹, and F11943¹ | | | |
| F11949 | F11951 | F11947 ¹ | F11943 ¹ |
| Approved | Approved | Approved | Approved |
| 41.66% | | | 58.34% |
| 640 | | | 640 |
| Rejected | Approved | Approved | Approved |
| 45.56% | | | 54.44% |
| 640 | | | 640 |
| Approved | Rejected | Approved | Approved |
| 46.34% | | | 53.66% |
| 640 | | | 640 |
| Approved | Approved | Rejected | Approved |
| 28.33% | | | 71.67% |
| 640 | | | 640 |
| Approved | Approved | Approved | Rejected |
| 38.28% | | | 61.72% |
| 640 | | | 640 |
| Rejected | Rejected | Approved | Approved |
| 50.25% | | | 49.75% |
| 640 | | | 640 |
| Rejected | Approved | Rejected | Approved |
| 33.13% | | | 66.87% |
| 640 | | | 640 |
| Rejected | Approved | Approved | Rejected |
| 42.41% | | | 57.59% |
| 640 | | | 640 |
| Approved | Rejected | Rejected | Approved |
| 34.09% | | | 65.91% |
| 640 | | | 640 |
| Approved | Rejected | Approved | Rejected |
| 43.24% | | | 56.76% |
| 640 | | | 640 |
| Approved | Approved | Rejected | Rejected |
| 23.17% | | | 76.83% |
| 640 | | | 640 |
| Rejected | Approved | Rejected | Rejected |
| 28.31% | | | 71.69% |
| 640 | | | 640 |
| Rejected | Rejected | Approved | Rejected |
| 47.37% | | | 52.63% |
| 640 | | | 640 |
| Rejected | Rejected | Rejected | Approved |
| 38.89% | | | 61.11% |
| 640 | | | 640 |
| Approved | Rejected | Rejected | Rejected |
| 29.34% | | | 70.66% |
| 640 | | | 640 |
| Rejected | Rejected | Rejected | Rejected |
| 34.48% | | | 65.52% |
| 640 | | | 640 |
| Section 22, Native Allotment Application F11943 | | | |
| Approved | 52.63% | 47.37% | 640 |
| Rejected | 40.05% | 50.95% | 640 |
| T12N, R5E Umiat Meridian | | | |
| Section: 24 | 50.00% | 50.00% | 640 |
| 25 | 40.29% | 59.71% | 640 |
| 36 | 41.58% | 50.42% | 640 |
| T12N, R6E Umiat Meridian | | | |
| Section: 1 | See Alternative Outcomes for T12N, R6E | | |
| 2 | See Alternative Outcomes for T12N, R6E | | |
| 3 | 37.42% | 62.58% | 640 |
| 4 | 30.44% | 69.56% | 640 |
| 5 | 39.57% | 60.43% | 640 |
| 7 | 39.12% | 60.88% | 580 |
| 8 | 37.87% | 62.13% | 640 |
| 9 | 36.02% | 63.98% | 640 |
| 10 | See Alternative Outcomes for T12N, R6E | | |
| 11 | See Alternative Outcomes for T12N, R6E | | |
| 12 | 23.74% | 76.26% | 640 |
| 13 | 23.22% | 76.78% | 640 |
| 14 | 32.74% | 67.26% | 640 |
| 15 | 22.43% | 77.57% | 640 |
| 16 | 28.11% | 71.89% | 640 |
| 17 | 36.61% | 63.39% | 640 |
| 18 | 40.59% | 59.41% | 583 |
| 19 | 38.54% | 61.46% | 585 |
| 20 | 25.71% | 74.29% | 640 |
| 21 | 34.35% | 65.65% | 640 |
| 22 | 28.29% | 71.71% | 640 |

¹ Alaska Native Allotment Application F11943 or Alaska Native Allotment Application F11947 (or both, as applicable) shall be deemed to have been "rejected" for purposes of this Exhibit E as to a section of Nuiqsut subsurface affected thereby if that section becomes a Fully Conveyed Section as defined in subsection 11.12 of the Settlement Agreement before all Nuiqsut subsurface within that section covered by that Alaska Native Allotment Application has been conveyed to ASRC by an interim conveyance or patent from the United States.

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acres</u> |
|-------------------------|------------------------|-------------------------|--------------|
| 23 | 22.61% | 77.39% | 640 |
| 24 | 40.58% | 59.42% | 640 |
| 25 | 44.58% | 55.42% | 640 |
| 26 | 49.26% | 50.74% | 640 |
| 27 | 28.25% | 71.75% | 640 |
| 28 | 31.69% | 68.31% | 640 |
| 29 | 46.40% | 53.60% | 640 |
| 30 | 29.67% | 70.33% | 588 |
| 31 | 33.10% | 66.90% | 591 |
| 32 | 26.59% | 73.41% | 640 |
| 33 | 33.17% | 66.83% | 640 |
| 34 | 50.00% | 50.00% | 640 |
| 35 | 50.00% | 50.00% | 640 |
| 36 | 47.80% | 52.20% | 640 |

T12N, R6E UM: Alternate Outcomes for Sections Affected by Alaska Native Allotment Applications

Section: 1, Native Allotment Applications F13833 and F13834

| | | | |
|----------------------------------|--------|--------|-----|
| Both approved | 15.48% | 84.52% | 640 |
| F13833 approved, F13834 rejected | 23.29% | 76.71% | 640 |
| F13833 rejected, F13834 approved | 17.12% | 82.88% | 640 |
| Both rejected | 24.93% | 75.07% | 640 |

Section: 2, Native Allotment Applications F13833, F13834, and F13835

| | | | |
|----------------------------|--------|--------|-----|
| All approved | 21.77% | 78.23% | 640 |
| F13833 F13834 F13835 | | | |
| Approved Rejected Rejected | 29.26% | 70.74% | 640 |
| Approved Approved Rejected | 24.58% | 75.42% | 640 |
| Approved Rejected Approved | 26.45% | 73.55% | 640 |
| Rejected Approved Rejected | 33.88% | 66.12% | 640 |
| Rejected Approved Approved | 31.07% | 68.93% | 640 |
| Rejected Rejected Approved | 35.75% | 64.25% | 640 |
| All rejected | 38.56% | 61.44% | 640 |

Section: 10, Native Allotment Applications F14315

| | | | |
|----------|--------|--------|-----|
| Approved | 28.27% | 71.73% | 640 |
| Rejected | 36.79% | 63.21% | 640 |

Section: 11, Native Allotment Applications F13833, F13835, and F14315

| | | | |
|----------------------------|--------|--------|-----|
| All approved | 9.01% | 90.99% | 640 |
| F13833 F13835 F14315 | | | |
| Approved Rejected Rejected | 22.68% | 77.32% | 640 |
| Approved Approved Rejected | 12.99% | 87.01% | 640 |
| Approved Rejected Approved | 18.70% | 81.30% | 640 |
| Rejected Approved Rejected | 14.55% | 85.45% | 640 |
| Rejected Approved Approved | 10.57% | 89.43% | 640 |
| Rejected Rejected Approved | 20.26% | 79.74% | 640 |
| All rejected | 24.24% | 75.76% | 640 |

T13N, R4E Uniat Meridian

| | | | |
|-------------|--------|--------|-----|
| Section: 25 | 16.32% | 83.68% | 640 |
| 26 | 1.91% | 98.09% | 640 |
| 27 | 4.26% | 95.74% | 640 |
| 28 | 0.21% | 99.79% | 640 |
| 32 | 10.38% | 89.62% | 640 |
| 33 | 23.04% | 76.96% | 640 |
| 34 | 32.35% | 67.65% | 640 |
| 35 | 39.48% | 60.52% | 640 |
| 36 | 42.65% | 57.35% | 640 |

EXHIBIT F

ASRC AND STATE PERCENTAGE OWNERSHIP
(POINT LAY SUBSURFACE)

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|--------------------------|------------------------|-------------------------|----------------|
| T1N, R45W Umiat Meridian | | | |
| Section: 1 | 49.00% | 51.00% | 640 |
| 2 | 49.00% | 51.00% | 640 |
| 3 | 49.00% | 51.00% | 640 |
| 4 | 49.00% | 51.00% | 640 |
| 5 | 49.00% | 51.00% | 640 |
| 6 | 49.00% | 51.00% | 626 |
| 7 | 49.00% | 51.00% | 628 |
| 8 | 49.00% | 51.00% | 640 |
| 9 | 49.00% | 51.00% | 640 |
| 10 | 49.00% | 51.00% | 640 |
| 11 | 49.00% | 51.00% | 640 |
| 12 | 49.00% | 51.00% | 640 |
| 13 | 49.00% | 51.00% | 640 |
| 14 | 49.00% | 51.00% | 640 |
| 15 | 49.00% | 51.00% | 640 |
| 16 | 49.00% | 51.00% | 640 |
| 17 | 49.00% | 51.00% | 640 |
| 18 | 49.00% | 51.00% | 631 |
| 19 | 49.00% | 51.00% | 634 |
| 20 | 49.00% | 51.00% | 640 |
| 21 | 49.00% | 51.00% | 640 |
| 22 | 49.00% | 51.00% | 640 |
| 23 | 49.00% | 51.00% | 640 |
| 24 | 49.00% | 51.00% | 640 |
| 25 | 49.00% | 51.00% | 640 |
| 26 | 49.00% | 51.00% | 640 |
| 27 | 49.00% | 51.00% | 640 |
| 28 | 49.00% | 51.00% | 640 |
| 29 | 49.00% | 51.00% | 640 |
| 30 | 49.00% | 51.00% | 636 |
| 31 | 49.00% | 51.00% | 639 |
| 32 | 49.00% | 51.00% | 640 |
| 33 | 49.00% | 51.00% | 640 |
| 34 | 49.00% | 51.00% | 640 |
| 35 | 49.00% | 51.00% | 640 |
| 36 | 49.00% | 51.00% | 640 |
| T1N, R46W Umiat Meridian | | | |
| Section: 1 | 22.20% | 77.80% | 640 |
| 2 | 3.06% | 96.94% | 640 |
| 3 | 6.51% | 93.49% | 640 |
| 10 | 3.45% | 96.55% | 640 |
| 11 | 2.37% | 97.63% | 640 |
| 12 | 16.46% | 83.54% | 640 |
| 13 | 27.95% | 72.05% | 640 |
| 14 | 11.48% | 88.52% | 640 |
| 15 | 7.27% | 92.73% | 640 |
| 22 | 4.21% | 95.79% | 640 |
| 23 | 15.47% | 84.53% | 640 |
| 24 | 32.16% | 67.84% | 640 |
| 25 | 42.88% | 57.12% | 640 |
| 26 | 9.95% | 90.05% | 640 |

| <u>Township/Section</u> | <u>ASRC Percentage</u> | <u>State Percentage</u> | <u>Acreage</u> |
|---------------------------------|------------------------|-------------------------|----------------|
| 27 | 10.03% | 89.97% | 640 |
| 34 | 7.27% | 92.73% | 640 |
| 35 | 1.68% | 98.32% | 640 |
| 36 | 47.85% | 52.15% | 640 |
| T2N, R45W Umiat Meridian | | | |
| Section: 1 | 49.00% | 51.00% | 640 |
| 2 | 49.00% | 51.00% | 640 |
| 3 | 49.00% | 51.00% | 640 |
| 4 | 49.00% | 51.00% | 640 |
| 5 | 49.00% | 51.00% | 640 |
| 6 | 13.66% | 86.34% | 610 |
| 7 | 1.20% | 98.80% | 613 |
| 8 | 48.23% | 51.77% | 640 |
| 9 | 49.00% | 51.00% | 640 |
| 10 | 49.00% | 51.00% | 640 |
| 11 | 49.00% | 51.00% | 640 |
| 12 | 49.00% | 51.00% | 640 |
| 13 | 49.00% | 51.00% | 640 |
| 14 | 49.00% | 51.00% | 640 |
| 15 | 49.00% | 51.00% | 640 |
| 16 | 49.00% | 51.00% | 640 |
| 17 | 49.00% | 51.00% | 640 |
| 18 | 22.67% | 77.33% | 616 |
| 19 | 7.14% | 92.86% | 618 |
| 20 | 49.00% | 51.00% | 640 |
| 21 | 49.00% | 51.00% | 640 |
| 22 | 49.00% | 51.00% | 640 |
| 23 | 49.00% | 51.00% | 640 |
| 24 | 49.00% | 51.00% | 640 |
| 25 | 49.00% | 51.00% | 640 |
| 26 | 49.00% | 51.00% | 640 |
| 27 | 49.00% | 51.00% | 640 |
| 28 | 49.00% | 51.00% | 640 |
| 29 | 49.00% | 51.00% | 640 |
| 30 | 16.57% | 83.43% | 621 |
| 31 | 32.25% | 67.75% | 623 |
| 32 | 49.00% | 51.00% | 640 |
| 33 | 49.00% | 51.00% | 640 |
| 34 | 49.00% | 51.00% | 640 |
| 35 | 49.00% | 51.00% | 640 |
| 36 | 49.00% | 51.00% | 640 |
| T2N, R46W Umiat Meridian | | | |
| Section: 2 | 1.99% | 98.01% | 640 |
| 3 | 3.06% | 96.94% | 640 |
| 10 | 3.06% | 96.94% | 640 |
| 11 | 3.06% | 96.94% | 640 |
| 14 | 5.90% | 94.10% | 640 |
| 15 | 2.30% | 97.70% | 640 |
| 22 | 3.45% | 96.55% | 640 |
| 23 | 3.60% | 96.40% | 640 |
| 24 | 0.38% | 99.62% | 640 |
| 26 | 5.74% | 94.26% | 640 |
| 27 | 5.36% | 94.64% | 640 |
| 34 | 7.27% | 92.73% | 640 |
| 35 | 1.30% | 98.70% | 640 |
| 36 | 13.40% | 86.60% | 640 |

EXHIBIT G

WARRANTY DEED

This warranty deed is made from Arctic Slope Regional Corporation, an Alaska corporation ("ASRC"), whose mailing address is P. O. Box 129, Barrow, Alaska 99723, to the State of Alaska ("State"), whose mailing address is Chief, Title Administration Section, Division of Land, State of Alaska, Department of Natural Resources, 3601 C Street, Suite 960, Anchorage, Alaska 99503.

W I T N E S S E T H :

This warranty deed is made pursuant to the "1991 Settlement Agreement Between Arctic Slope Regional Corporation and the State of Alaska" ("Settlement Agreement"), which was ratified and approved by the Alaska Legislature in chapter __ SLA 199__ and to which reference is here made for all purposes. The Settlement Agreement has been recorded in the recording office of the Barrow recording district and has been noted in the lands records system maintained by the State's Department of Natural Resources.

Now, therefore, in consideration of the premises, the mutual covenants and agreements contained herein and in the Settlement Agreement, and other good and valuable consideration (the receipt and sufficiency of which are all hereby acknowledged), ASRC and the State hereby agree as follows:

1. Definitions. In this warranty deed, the following definitions apply:

(a) "**Subsurface**" means all interests in oil, gas, or other minerals, now known or discovered in the future in, on, or under land (including all depths, formations, and horizons), together with all rights, privileges, benefits, and powers conferred upon the owner of that interest with respect to the use and occupation of the surface of, and the subsurface depths under, the lands that may be necessary, convenient, or incidental to the possession and enjoyment (and including, without

development, production, or other exploitation of, or lease, sale, exchange, or other disposition of any interest in the Nuiqsut subsurface, except as expressly otherwise provided in paragraph 7.3(b) of the Settlement Agreement. "Subsurface revenues" includes all rents, profits and royalties, the proceeds of sales or exchanges, benefits, or any other thing of value that is received and is attributable to or generated from the oil and gas leases described in section 9 of the Settlement Agreement attributable to any part of the Nuiqsut subsurface. When "subsurface revenues" are received in a form other than cash or cash equivalents, the cash fair market value at the time of the receipt will be included in and considered as "subsurface revenues."

"Subsurface revenues" does not include taxes of any kind owed to the State by any person, including ASRC.

"Subsurface revenues" also does not include the customary fees charged by the State in connection with the filing of an application for a permit, lease, license, or mining claim, mining lease, or mining leasehold location that are generally applicable to all such applications and are not limited to or different in amount with respect to applications pertaining to Nuiqsut subsurface as compared to other subsurface areas, or other like generally applicable fees customarily charged by the State for authorizations, publications or services.

(h) "Fair market value" means the amount of money that an informed purchaser, willing but not obligated to buy, would pay an informed seller, willing but not obligated to sell, for particular property, goods, or services.

2. Conveyance. Pursuant to the Settlement Agreement, ASRC hereby grants, assigns, and conveys to the State the applicable State percentage set out in Exhibit A hereto in and to the subsurface in all those portions of the Nuiqsut subsurface (without regard to whether that Nuiqsut subsurface is within uplands or submerged lands) in the respective parcels of Nuiqsut subsurface in the Barrow recording district in the State of

Alaska described in Exhibit A hereto to which ASRC has heretofore acquired title by virtue of an interim conveyance or patent from the United States, or may hereafter acquire title by virtue of any future change in the boundary, location, or extent of submerged lands or uplands within those respective parcels of Nuiqsut subsurface.

3. Reservation. Pursuant to the Settlement Agreement, in making this grant, assignment, and conveyance, ASRC reserves and excepts to itself and its successors and assigns, the applicable ASRC percentage set out in Exhibit A in and to the subsurface in the portions of the Nuiqsut subsurface now and hereafter existing in the respective parcels of Nuiqsut subsurface described in paragraph 2 above.

4. Future Changes. As provided for in the Settlement Agreement, the State has granted or will grant to ASRC one or more patents (collectively, the "State Patent") conveying to ASRC the applicable ASRC percentage set out in Exhibit A in and to the subsurface in all those portions of the Nuiqsut subsurface (without regard to whether that Nuiqsut subsurface is within uplands or submerged lands) in the respective parcels of Nuiqsut subsurface described in Exhibit A hereto to which the State has heretofore acquired title, or may hereafter acquire title by virtue of any future change in the boundary, location, or extent of submerged lands or uplands within those respective parcels of Nuiqsut subsurface, reserving to the State the applicable State percentage set out in Exhibit A in the subsurface in those portions of the Nuiqsut subsurface now and hereafter existing in those respective parcels of Nuiqsut subsurface. This warranty deed is not intended and shall not be construed to grant to the State any interest in the ASRC percentage in any Nuiqsut subsurface which has been or is conveyed from the State to ASRC pursuant to the State Patent, and it is intended by ASRC and the State that, after giving effect to this warranty deed and the State Patent, the entirety of the Nuiqsut subsurface in each of the parcels described in this warranty deed and in the State

Patent shall be owned by ASRC and the State in undivided interests in proportion to the applicable ASRC percentage and the applicable State percentage, respectively, set out in Exhibit A. Further, pursuant to the Settlement Agreement, it is expressly stipulated and provided that the respective undivided ownership interests of the State (that is, the applicable State percentage set out in Exhibit A) and of ASRC (that is, the applicable ASRC percentage set out in Exhibit A) in the Nuiqsut subsurface in each respective parcel of Nuiqsut subsurface described in Exhibit A will not change by virtue of any future change in the boundary, location, or extent of uplands or submerged lands within that parcel.

5. Leases. To the extent that any oil and gas lease previously granted by the State to any person and described in paragraph 2.2(d) of the Settlement Agreement is presently valid and in force and effect as to the subsurface in any parcel of the Nuiqsut subsurface described in Exhibit A, this conveyance is made subject to that oil and gas lease, and subsurface revenues payable under and in connection with that oil and gas lease as to that parcel of the Nuiqsut subsurface after the effective date of this deed shall be owned by the State and ASRC in proportion to the applicable State percentage and applicable ASRC percentage set out in Exhibit A as more fully provided in the Settlement Agreement. Nothing herein is intended or shall be construed to validate or reinstate any oil or gas lease that is not otherwise valid and extant.

6. Habendum. To have and to hold the applicable undivided State percentage interest set out in Exhibit A in and to the portions of the Nuiqsut subsurface now and hereafter existing in the respective parcels of the Nuiqsut subsurface described in paragraph 2 of this deed, together with all and singular the tenements, hereditaments, and appurtenances thereto appertaining, unto the State and its successors and assigns, forever, subject to and in accordance with the terms and provisions of the Settlement Agreement. ASRC does hereby bind itself and its

successors and assigns, to warrant and forever defend all and singular the interests hereby conveyed unto the State (its successors and assigns) against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under ASRC, but not otherwise, subject in all respects to the Settlement Agreement and to the other matters to which this warranty deed is made subject as set forth herein.

7. Further Assurances. The parties agree to take all further actions and execute, acknowledge, and deliver any further documents that are necessary or useful in carrying out the purposes of this warranty deed. Without limitation to the foregoing, ASRC agrees to execute, acknowledge and deliver to the State all additional instruments, notices, and other documents and to do all other and further acts and things as may be necessary to more fully and effectively grant, convey, and assign to the State the interests conveyed hereby and intended to be so conveyed.

8. Governing Law. The validity of this warranty deed shall be governed by and it shall be construed in accordance with the laws of the State of Alaska.

9. Counterparts. This warranty deed may be executed in any number of counterparts and each counterpart shall be deemed to be an original instrument, but all counterparts shall constitute but one conveyance.

10. Successors and Assigns. Subject to the provisions of the Settlement Agreement, this warranty deed shall bind and enure to the benefit of ASRC and the State and the respective successors and assigns of each of them. The covenants and provisions of this warranty deed and of the Settlement Agreement shall be covenants running with the land.

11. Prior Warranties. ASRC hereby assigns to the State with full right of subrogation, to the extent so transferable, the benefit of and the right to enforce the covenants and warranties, if any, which ASRC is entitled to enforce with respect to the interests in the Nuiqsut subsurface provided

herein to be conveyed to the State, including those against any assignors and other predecessors in title.

12. Deed Effective Date. This warranty deed is effective and takes effect as of [Use, as applicable, in deeds executed pursuant to paragraph 3.1(a) of the Settlement Agreement, _____, 199__, the date SLA 199__ became effective, or in deeds executed pursuant to paragraph 3.1(b) of the Settlement Agreement, _____, 199__, the date the parcels (whether one or more) of Nuiqsut subsurface described in Exhibit A became "Fully Conveyed Sections" as defined in the Settlement Agreement].

ARCTIC SLOPE REGIONAL CORPORATION

By _____
Name: _____
Title: _____

THE STATE OF ALASKA

§
§
§

ss.

_____ JUDICIAL DISTRICT

This is to certify that on the _____ day of _____, 199__, before me appeared Jacob Adams, the person who has been lawfully authorized as the President of Arctic Slope Regional Corporation, a corporation organized and existing under the laws of the state of Alaska, to execute the foregoing document; that Jacob Adams executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

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: _____

EXHIBIT A
TO WARRANTY DEED FROM
ARCTIC SLOPE REGIONAL CORPORATION
TO THE STATE OF ALASKA

1. All of section _____, T_____N, R_____E, Umiat Meridian ("UM"), as described in Interim Conveyance from the United States of America to Arctic Slope Regional Corporation ("ASRC") dated _____, 19_____, recorded in _____.

State percentage—_____%; ASRC percentage—_____%.

2. The following described portion of section _____, T_____N, R_____E, UM, described in _____ from _____ to ASRC dated _____, 19_____, recorded in _____:

INSERT DESCRIPTION

State percentage—_____%; ASRC percentage—_____.

General Format: Each section or portion of a section to be described separately with a reference to the Interim Conveyance, Patent, etc., granting subsurface in all or part of such section or portion of a section to ASRC. State percentage and ASRC percentage to be set out separately for each section or portion of a section.

All references in this Exhibit A and in the foregoing Warranty Deed to a "section" of land shall be construed to refer to the entirety of the area (including any area now or hereafter situated within the Beaufort Sea) encompassed within a full square or rectangular section (protracted or projected to the extent, if any, it is within the Beaufort Sea) containing approximately 640 acres.

SIGNED FOR IDENTIFICATION:

ARCTIC SLOPE REGIONAL CORPORATION

By _____

EXHIBIT H

STATE OF ALASKA

PATENT NO. _____

This patent is made from the State of Alaska, through its Department of Natural Resources ("State"), whose mailing address is Chief, Title Administration Section, Division of Land, State of Alaska, Department of Natural Resources, 3601 C Street, Suite 960, Anchorage, Alaska 99503, pursuant to chapter ___ SLA 199__, to Arctic Slope Regional Corporation, an Alaska corporation ("ASRC"), whose mailing address is P. O. Box 129, Barrow, Alaska 99723.

W I T N E S S E T H :

This patent is made pursuant to the "1991 Settlement Agreement Between Arctic Slope Regional Corporation and the State of Alaska" ("Settlement Agreement"), which was ratified and approved by the Alaska Legislature in chapter ___ SLA 199__ and to which reference is here made for all purposes. The Settlement Agreement has been recorded in the recording office of the Barrow recording district and has been noted in the land records system maintained by the State's Department of Natural Resources.

Now, therefore, in consideration of the premises, the mutual covenants and agreements contained herein and in the Settlement Agreement, and other good and valuable consideration (the receipt and sufficiency of which are all hereby acknowledged), ASRC and the State hereby agree as follows:

1. Definitions. In this patent, the following definitions apply:

(a) "**Subsurface**" means all interests in oil, gas, or other minerals, now known or discovered in the future in, on, or under land (including all depths, formations, and horizons), together with all rights, privileges, benefits, and powers conferred upon the owner of that interest with respect to the use and occupation of the surface of, and subsurface depths under,

the lands that may be necessary, convenient, or incidental to the possession and enjoyment (including, without limitation, exploring, drilling, developing, producing, mining, saving, handling, treating, transporting, marketing, and operating the oil, gas, or other minerals). However, "subsurface" does not include any "mineral" that on January 3, 1959, was subject to location under the mining laws of the United States, does not include sand and gravel (whether or not of an uncommon variety), and does not include water.

(b) "State percentage" means, as to each different section or portion of a section of Nuiqsut subsurface described in Exhibit A hereto, the undivided percentage interest described as the "State percentage" following the description of that particular section or portion of a section in Exhibit A. "State percentage" means, as to each different section of Point Lay subsurface described in Exhibit B hereto, the undivided percentage interest described as the "State percentage" following the description of that particular section in Exhibit B.

(c) "ASRC percentage" means, as to each different section or portion of a section of Nuiqsut subsurface described in Exhibit A hereto, the undivided percentage interest described as the "ASRC percentage" following the description of that particular section or portion of a section in Exhibit A. "ASRC percentage" means, as to each different section of Point Lay subsurface described in Exhibit B hereto, the undivided percentage interest described as the "ASRC percentage" following the description of that particular section in Exhibit B.

(d) "Parcel" means, as to each entire section of Nuiqsut subsurface or Point Lay subsurface described in Exhibit A or B, the entirety of that section; and as to less than all of a section of Nuiqsut subsurface described in Exhibit A, "parcel" means only that portion of the section so described.

(e) "Nuiqsut subsurface" means the subsurface in all the uplands and submerged lands now and hereafter existing in the lands described in subsection 11.16 of the Settlement Agreement

(subject, if applicable, to the provisions of paragraph 2.3(b) of the Settlement Agreement).

(f) **"Point Lay subsurface"** means the subsurface in all the uplands and submerged lands now and hereafter existing in the lands described in subsection 11.19 of the Settlement Agreement.

(g) **"Subsurface revenues"** means all bid deposits, bonuses, rents, net profits, royalties, the proceeds of sales or exchanges, benefits, or any other thing of value that is received and is attributable to or generated from the exploration, development, production, or other exploitation of, or lease, sale, exchange, or other disposition of any interest in the Nuiqsut subsurface or Point Lay subsurface, except as otherwise expressly provided in paragraph 7.3(b) of the Settlement Agreement. **"Subsurface revenues"** includes all rents, profits and royalties, the proceeds of sales or exchanges, benefits, or any other thing of value that is received and is attributable to or generated from the oil and gas leases described in section 9 of the Settlement Agreement attributable to any part of the Nuiqsut subsurface. When **"subsurface revenues"** are received in a form other than cash or cash equivalents, the cash fair market value at the time of the receipt will be included in and considered as **"subsurface revenues."**

"Subsurface revenues" does not include taxes of any kind owed to the State by any person, including ASRC. **"Subsurface revenues"** also does not include the customary fees charged by the State in connection with the filing of any application for a permit, lease, license, or mining claim, mining lease, or mining leasehold application that are generally applicable to all such applications and are not limited to or different in amount with respect to applications pertaining to Nuiqsut subsurface or Point Lay subsurface as compared to other subsurface areas, or other like generally applicable fees customarily charged by the State for authorizations, publications, or services.

(h) "Person" means a natural person and all types of private or governmental entities, including but not limited to all such entities listed in AS 01.10.060(7), and any corporate subsidiary or joint venture.

(i) "Fair market value" means the amount of money that an informed purchaser, willing but not obligated to buy, would pay an informed seller, willing but not obligated to sell, for particular property, goods, or services.

2. Conveyance. Pursuant to the Settlement Agreement, the State hereby grants, assigns, and conveys to ASRC and its successors and assigns

(a) the applicable ASRC percentage set out in Exhibit A hereto in and to the subsurface in all those portions of the Nuiqsut subsurface (without regard to whether that Nuiqsut subsurface is within uplands or submerged lands) in the respective parcels of Nuiqsut subsurface in the Barrow recording district in the State of Alaska described in Exhibit A hereto to which the State has heretofore acquired title in any manner other than by virtue of the ASRC Deed described below, or may hereafter acquire title by virtue of any future change in the boundary, location, or extent of submerged lands or uplands within those respective parcels of Nuiqsut subsurface, and

(b) the applicable ASRC percentage set out in Exhibit B hereto in and to the subsurface in all those portions of the Point Lay subsurface (without regard to whether that Point Lay subsurface is within uplands or submerged lands) in the respective parcels of Point Lay subsurface in the Barrow recording district in the State of Alaska described in Exhibit B hereto to which the State has heretofore acquired title in any manner, or may hereafter acquire title by virtue of any future change in the boundary, location, or extent of submerged lands or uplands within those respective parcels of Point Lay subsurface.

3. Reservation. Pursuant to the Settlement Agreement, in making this grant, assignment, and conveyance, the State reserves and excepts to itself and its successors and assigns

(a) the applicable State percentage set out in Exhibit A in and to the subsurface in the portions of the Nuiqsut subsurface now and hereafter existing in the respective parcels of Nuiqsut subsurface described in subparagraph 2(a) above, and

(b) the applicable State percentage set out in Exhibit B in and to the subsurface in the portions of the Point Lay subsurface now and hereafter existing in the respective parcels of Point Lay subsurface described in subparagraph 2(b) above.

4. Future Changes. As provided for in the Settlement Agreement, ASRC has granted or will grant to the State one or more warranty deeds (collectively, the "ASRC Deed") conveying to the State the applicable ASRC percentage set out in Exhibit A in and to the subsurface in all those portions of the Nuiqsut subsurface (without regard to whether that Nuiqsut subsurface is within uplands or submerged lands) in the respective parcels of Nuiqsut subsurface described in Exhibit A hereto to which ASRC has heretofore acquired title, or may hereafter acquire title by virtue of any future change in the boundary, location, or extent of submerged lands or uplands within those respective parcels of Nuiqsut subsurface, reserving to ASRC the applicable ASRC percentage set out in Exhibit A in the subsurface in those portions of the Nuiqsut subsurface now and hereafter existing in those respective parcels of Nuiqsut subsurface. This patent is not intended and shall not be construed to grant to ASRC any interest in the State percentage in any Nuiqsut subsurface which has been or is conveyed from ASRC to the State pursuant to the ASRC Deed, and it is intended by the State and ASRC that, after giving effect to this patent and the ASRC Deed, the entirety of the Nuiqsut subsurface in each of the parcels described in this patent and in the ASRC Deed shall be owned by the State and ASRC in undivided interests in proportion to the applicable State percentage and the applicable ASRC percentage, respectively, set out in Exhibit A. Further, pursuant to the Settlement Agreement, and both with respect to the Point Lay subsurface and the Nuiqsut subsurface, it is expressly stipulated and provided that the