GAS SALE AND PURCHASE AGREEMENT

BETWEEN

HILCORP ALASKA, LLC

AND

ALASKA PIPELINE COMPANY

APL-14

Effective Date: December 23, 2015

Delivery Commencement Date: April 1, 2018

Termination Date: March 31, 2023
GAS SALE AND PURCHASE AGREEMENT

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GAS SALE AND PURCHASE AGREEMENT

This Gas Sale and Purchase Agreement ("Agreement") is made by Hilcorp Alaska, LLC ("Seller"), a Delaware limited liability company, with offices located at 3800 Centerpoint Drive, Suite 100, Anchorage, Alaska 99503, and Alaska Pipeline Company ("Buyer"), an Alaska corporation and wholly owned subsidiary of SEMCO Energy, Inc., with offices located at 3000 Spenard Road, Anchorage, AK 99503, collectively referred to as “Parties” and individually as “Party,” dated as of December 23, 2015 (the “Effective Date”).

RECITALS

A. Seller owns, controls, or has the right to dispose of Natural Gas produced from lands located in the Cook Inlet Area of Alaska.

B. Buyer is a public utility that holds Certificate No. 141 from the Regulatory Commission of Alaska ("RCA"). Buyer, and its public utility affiliate ENSTAR Natural Gas Company, provide natural gas service to the Municipality of Anchorage and portions of the Matanuska-Susitna and Kenai Peninsula Boroughs. Buyer desires to purchase Gas to meet the needs of ENSTAR’s customers.

C. Seller wishes to sell Gas to Buyer, and Buyer wishes to purchase Gas from Seller, for five Contract Years.

D. Seller and Buyer adopt the terms and conditions set forth herein to govern this transaction.

AGREEMENT

1. DEFINITIONS; INTERPRETATION; EXHIBITS.

1.1 Definitions. The following definitions apply to this Agreement:

“1988 Marathon – APL GSA” means the Gas Purchase Agreement between Marathon Oil Company (now Seller) and Alaska Pipeline Company dated May 1, 1988, and approved by the RCA in Docket No. U-88-49, as amended, and as modified by Amendment No. 1 to Amended and Restated Allocation Protocol approved by the RCA in Tariff Advice Letter 274-4.

“2000 Union Oil – APL GSA” means the Gas Sales Agreement between Union Oil Company of California (now Seller) and Alaska Pipeline Company, dated November 17, 2000, and approved by the RCA in Docket No. U-01-7, as amended, and as modified by Amendment No. 1 to Amended and Restated Operational Protocol approved by the RCA in Tariff Advice Letter 273-4.

“ACH” has the meaning set forth in Section 8.2(A).
“Agreement” has the meaning set forth in the Preamble.

“Alaska Clock Time” or “ACT” means Alaska Daylight Savings Time when Daylight Savings Time is in effect and Alaska Standard Time when Daylight Saving Time is not in effect.

“Alaska Pipeline Company” has the meaning set forth in the Preamble.

“Arbitration Act” has the meaning set forth in Section 15.1.

“BTU” means British Thermal Unit, which is the amount of energy needed to heat one pound of water by one degree Fahrenheit.

“Business Day” means a Day on which Buyer’s offices at 3000 Spenard Road, Anchorage, Alaska, are open for business.

“Buyer” has the meaning set forth in the Preamble.

“Buyer’s Forecast” has the meaning set forth in Section 2.13.

“Buyer’s Tariff” means the tariff of Buyer’s affiliate, ENSTAR Natural Gas Company, on file with and approved by the RCA, as periodically revised or amended.

“CINGSA” means the Natural Gas storage facility owned by Cook Inlet Natural Gas Storage Alaska, LLC.

“CINGSA Gas Substitution” has the meaning set forth in Section 2.4(C)(1).

“Claim” means a claim, suit, liability, loss, demand, damages or cause of action by a third party for physical damage to property, bodily injury or death (including recoverable legal counsel fees and costs of litigation of the party asserting the Claim) arising from the physical operations of a Party, whether based in contract, tort, strict liability or otherwise. “Claim” does not include a claim based upon, arising from or related to the failure or refusal of Seller to deliver Gas or the failure or refusal of Buyer to receive Gas under this Agreement, for which the sole recourse and remedy is set forth in Section 2.4.

“Continuous Rate” means a consistent Rate without significant deviation.

“Contract Year” means a Period beginning on April 1 at 00:00 ACT and ending on the following March 31 at 24:00 ACT.

“Cook Inlet Area” means that region of Alaska bordered in red on the map which comprises Exhibit A.
“Cook Inlet Gas Pipeline System” means the system of Gas transmission and distribution pipelines located in and around the Cook Inlet Area including pipelines owned by Alaska Pipeline Company and Harvest Alaska, LLC.

“Cover,” as referred to in Section 2.4, means that if there is failure to deliver or take any quantity of Gas pursuant to this Agreement (other than as excused or permitted by this Agreement), then the performing Party shall use commercially reasonable efforts as follows: (i) If Buyer is the performing Party, obtain replacement Gas (including Gas from its contracted storage inventory in CINGSA or, if Gas is not available from storage, Gas obtained by calling on electric utilities to alter their generation to allow Buyer access to additional Gas), or (ii) If Seller is the performing party, sell the untaken Gas or, in Seller’s sole discretion, inject some or all of the untaken Gas into Seller’s storage facilities and thereafter seek to sell the untaken Gas injected into storage. The price or cost of the elected alternative must be reasonable for the Cook Inlet Area consistent with the amount of notice provided by the nonperforming Party, the immediacy of the Buyer’s Gas consumption needs or Seller’s Gas sales requirements, as applicable, the quantities involved, the availability of storage and stored Gas considering the amount of Gas in storage and the time of year, and the anticipated length of failure by the nonperforming Party.

“CPR” and “CPR Rules” have the meanings set forth in Section 15.5.

“Daily Call Option” has the meaning set forth in Section 2.3(B).

“Daily Call Option Gas” has the meaning set forth in Section 2.3(B).

“Daily Contract Quantity” means the volume of Gas required to be delivered by Seller and received by Buyer on a Day during the Term of this Agreement as set forth in Section 2.3. “Daily Contract Quantity” is the total of the Firm Daily Contract Quantity volume, the Daily Call Option Gas volume requested by Buyer pursuant to Section 2.5(B) (if any), the Needle Peak Call Option Gas volume requested by Buyer pursuant to Section 2.5(B) (if any), and the Firm Discretionary Gas volume (if any), all for the Day in question.

“Daily Volume Pricing Tiers” for Firm Daily Contract Quantity Gas shall have the meaning set forth in Section 7.1(A).

“Day” and “Daily” means a 24-hour calendar day beginning at 00:00 hours and ending at 24:00 hours ACT. “Day” includes the 23-hour calendar day when local time changes from Alaska Standard Time to Alaska Daylight Savings Time and the 25-hour calendar day when local time changes from Alaska Daylight Savings Time to Alaska Standard Time.
“Daylight Savings Time” means the advancement of timekeeping clocks forward one hour from Standard Time near the start of spring pursuant to the Uniform Time Act of 1966, Pub.L. 89-387, 80 Stat. 107, 15 U.S.C. §§ 260-64, as amended, as administered by the US Department of Transportation.

“Delivery Commencement Date” means April 1, 2018.

“Delivery Interval” means a continuous Period during which Gas is delivered at the Daily Contract Quantity.

“Delivery Points” has the meaning set forth in Section 3.1.

“Delivery Shortfall Volume” has the meaning set forth in Section 2.4(C).

“Development Plans” means Seller’s Forecast of the work Seller plans to undertake to discover, promote, and produce Gas Reserves for the Year in which the Development Plans are presented. “Development Plans” does not include the amount of capital or expense Seller plans to expend on such work.

“Discretionary Gas” means Gas which Buyer may request to purchase from Seller in Buyer’s sole discretion and which Seller may sell to Buyer in Seller’s sole discretion, as provided in Section 2.3(D).

“Dispute” means any dispute or controversy between the Parties arising out of this Agreement and any dispute or controversy regarding the existence, construction, validity, interpretation, enforceability, or breach of this Agreement.

“Effective Date” has the meaning set forth in the Preamble.

“Email” means a message distributed by electronic means from one computer user to one or more recipients via the Internet.

“Email PDF” means an Email with the notification document attached as a PDF.

“Engineer” means an independent, registered professional petroleum engineer from the firm then currently engaged by Seller to provide the reserve reports to Seller respecting Seller’s oil and gas properties in Alaska.

“Excess Royalties” means royalties (including interest and penalties thereon) in excess of those payable on the sale of the Gas at the applicable Sales Price due to a value attributed to the Gas under the applicable oil and gas lease which is higher than the contract price. “Excess Royalties” do not include royalties, interest or penalties thereon which are determined after audit to be due on the sale of the Gas at the applicable Sales Price.
“Excess Taxes” means taxes (including interest and penalties thereon) in excess of those payable under tax law as of the Effective Date, on the production or severance of the Gas or the sale of Gas at the applicable Sales Price. “Excess Taxes” do not include taxes, interest or penalties thereon which are determined after audit to be due under tax law as of the Effective Date, on the production or severance of the Gas or the sale of the Gas at the applicable Sales Price. “Excess Taxes” also do not include any reductions, delays in payment, limitations, or other changes of tax credits afforded oil and gas operators set forth in AS 43.55.023, AS 43.55.024, or AS 43.55.025 which are passed into law after the Effective Date.

“Exchange Agreement” means an agreement to exchange Gas at one delivery point for Gas at another delivery point when the deliveries at the two delivery points occur at approximately the same time.

“Field Operations Gas” means Gas Seller determines, in its sole and unfettered discretion, is necessary or desirable for Seller’s use for field operations and maintenance, gas dehydration, gas treatment and other field use.

“Financial Termination Event” has the meaning set forth in Section 4.2.

“Firm” means that a Party may interrupt its performance without liability only to the extent that such interruption is excused or permitted by the terms of this Agreement.

“Firm Annual Contract Quantity” or “Firm ACQ” means the volume of Gas that unless otherwise excused in this Agreement, Seller is obligated to sell, and Buyer is obligated to purchase, in a given Contract Year as set forth in Section 2.3(A), as may be adjusted pursuant to Sections 2.8, 2.9, and 2.10.

“Firm Daily Contract Quantity” or “Firm DCQ” means the volume of Gas that unless otherwise excused in this Agreement, Seller is obligated to sell, and Buyer is obligated to purchase, on a given Day during the Term as set forth in Section 2.3(A). For clarity, Firm Daily Contract Quantity does not include Daily Call Option Gas, Needle Peak Call Option Gas, or Discretionary Gas.

“Forecast” means a good faith estimate of things to happen in the future based upon information available at the time the Forecast is made. A “Forecast” is not a promise, commitment, covenant, warranty, or guaranty of such future things. Any reliance by the recipient of a Forecast made by the other Party is at the recipient’s sole risk and consequence.

“Force Majeure Event” has the meaning set forth in Section 10.2.

“Formal Notice” means a notice given as provided in Section 14.1.
“Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state consisting primarily of methane and meeting the quality specifications of Section 6 and Exhibit H.

“Gas Reserves” shall mean the total quantity of Seller’s proved developed reserves and Seller’s proved undeveloped reserves in the Cook Inlet Area as determined in accordance with sound petroleum reservoir engineering practices.

“Gas Sale Commitments” means the sum of all Seller’s Firm commitments for delivery of Gas produced in the Cook Inlet Area as provided in executed gas sales agreements between Seller and all buyers. “Gas Sale Commitments” does not include Field Operations Gas.

“Gas Sale and Purchase Commitment” means the quantity of Gas that will be sold and delivered and purchased and received under this Agreement in accordance with Section 2.3.

“Hilcorp Alaska, LLC” has the meaning set forth in the Preamble.

“Imbalance Volume” means the adjustment of the volume of Gas to be delivered by Seller and received by Buyer hereunder to correct for Incidental Deviations. For accounting purposes, Imbalance Volumes shall be deemed to apply only to the Firm Daily Contract Quantity of Gas.

“Incidental Deviations” means the unintended differences between the Daily Contract Quantity for a Day and the actual deliveries and receipts made on that Day arising from the ordinary operations of the Cook Inlet Gas Pipeline System and which are not handled by OBAs. Unless otherwise agreed, deviations greater than three percent (3%) of the Daily Contract Quantity are not Incidental Deviations.

“Industrial GSA” means a gas sales agreement entered after the Effective Date between Seller and a buyer which is not an electrical or domestic gas service utility regulated by the RCA, and pursuant to which the Seller is receiving a higher price than the current Sales Price.

“KBPL” means the Kenai Beluga Pipeline which holds Certificate No. 668 from the RCA.

“Legacy Gas Sales Agreements” and “Legacy GSAs” means the 1988 Marathon – APL GSA and the 2000 Union Oil – APL GSA.

“Legacy GSA Volume” has the meaning set forth in Section 2.2.

“Major Adjustment Request” has the meaning set forth in Section 2.8(B).
“Market Out” has the meaning set forth in Section 2.9(A).

“Market Return” has the meaning set forth in Section 2.9(C).

“Mcf,” “MMcf,” and “Bcf” mean thousand Standard Cubic Feet, Million Standard Cubic Feet, and Billion Standard Cubic Feet, respectively.

“Minor Adjustment Notice” has the meaning set forth in Section 2.8(A).

“Mcfpd” means Mcf delivered during a Day.

“MMcfpd” means MMcf delivered during a Day.

“Month” means a Period beginning at 00:00 hours ACT on the first Day of a calendar month and ending at 24:00 hours ACT on the last Day of that calendar month.

“Needle Peak Call Option” has the meaning set forth in Section 2.3(C).

“Needle Peak Call Option Gas” has the meaning set forth in Section 2.3(C).

“Operational Balancing Agreement” and “OBA” has the meaning set forth in Section 2.11(B).

“Operational Notice” means a notice given as provided in Section 14.3.

“Party” and “Parties” have the meanings set forth in the Preamble.

“PDF” means a document which has been converted from its native software application into Portal Document Format.

“Period” means a length of time.

“Rate” means a specific volume of Gas delivered over a specific Period.

“RCA” means the Regulatory Commission of Alaska or its predecessor the Alaska Public Utilities Commission, as the context requires.

“RCA Approval” has the meaning set forth in Section 12.4.

“Receipt Shortfall Volume” has the meaning set forth in Section 2.4(D).

“Regular Notice” means a notice given as provided in Section 14.2.

“Requirements” means all of the Gas that Buyer uses to supply ENSTAR customers who are served by connections to the Cook Inlet Gas Pipeline System.
“Requirements” does not include Gas transported by Buyer for third parties under transportation agreements or tariffs, or exchanged under Exchange Agreements.

“Royalty in Kind” means that a Royalty Owner takes its royalty share of production in specie, that is, in gas itself, as opposed to the payment of the value of its royalty share in money.

“Royalty Owner” means a lessor or other person who is entitled to a share of the production of Gas free of expenses of exploration, development, and production.

“Sales Price” has the meaning set forth in Section 7.1(A), (B), and (C).

“Seller” has the meaning set forth in the Preamble.

“Senior Management” means, for each Party, the senior executive resident in the Party’s Alaska office, or any individual who is at a management level superior to said senior executive.

“Standard Cubic Foot” means the amount of Gas that would occupy a volume of one cubic foot at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and sixty five hundredths (14.65) pounds per square inch absolute.

“Standard Time” means the time of Day without the offset for Daylight Savings Time.

“Storage Gas Alternative” has the meaning set forth in Section 2.4(D)(1).

“Tariffs” means the tariffs of a utility or pipeline regulated by the RCA which tariffs have been approved by the RCA and are currently in effect.

“Term” has the meaning set forth in Section 4.1.

“Termination Date” means March 31, 2023.

“Tier” means an increment of Firm Daily Contract Quantity Gas sold and purchased on a given Day at the Sales Prices set forth in Section 7.1(A).

“Transportation Costs” means charges imposed to move Gas sold under this Agreement on pipeline carrier or public utility pipelines pursuant to RCA-approved tariff rates and conditions. Transportation Costs do not include in-kind fuel charges for lost and unaccounted for Gas and fuel Gas, which charges shall be borne by Seller.

“Year” means a calendar year.
1.2 **Principles of Construction.** In this Agreement, unless the context otherwise requires:

(A) This Agreement is the entire agreement between the Parties respecting the subject matter thereof.

(B) Headings and the rendering of text in bold and/or italics are for convenience only and do not affect the interpretation of this Agreement.

(C) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.

(D) The words “hereof”, “herein”, “hereunder,” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(E) A reference to a Section, paragraph, clause, Party, Exhibit, or Schedule is a reference to that Section, paragraph, or clause of, or that Party, Exhibit or Schedule to, this Agreement unless otherwise specified.

(F) A reference to this Agreement shall mean this Agreement including any amendment or supplement to, or replacement, novation, or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation, or modification made in breach of this Agreement.

(G) A reference to a person includes that person’s successors and permitted assigns.

(H) The term “including” means “including without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided.

(I) References to any statute, code, or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.

(J) Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and has had the opportunity to consult with legal counsel and any other advisors of its choice to its satisfaction regarding the terms and provisions of this Agreement and the results thereof. As a result, the rule of construction that an agreement be construed against the drafter will not be asserted or applied to this Agreement.
(K) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

(L) In the event of a conflict, a mathematical formula describing a concept or defining a term shall prevail over words describing a concept or defining a term.

(M) References to any amount of money shall mean a reference to the amount in US Dollars.

(N) The expression “and/or” when used as a conjunction shall connote “any or all of.”

(O) Words, phrases or expressions which are not defined herein and which have a generally accepted meaning in the industry which is the subject of this Agreement shall have that meaning in this Agreement.

(P) A waiver by either Party of any breach of the covenants and conditions to be performed under this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

(Q) Except as otherwise expressly provided in this Agreement, no amendments to or modifications of this Agreement shall be valid unless they are in writing and signed by the Parties.

(R) Calculations of Firm Annual Contract Quantities shall be made to the nearest MMcf (with 500 Mcf being rounded upward). All other calculations of Gas volumes provided for in this Agreement shall be made to the nearest Mcf (with 0.5 Mcf being rounded upward). All calculations of money provided for in this Agreement shall be made to the nearest dollar (with $0.50 being rounded upward). These conventions likewise apply to intermediate calculations, except for calculations involving prices and costs per Mcf, which shall be made to the nearest cent (with $0.005 being rounded upward).

1.3 Exhibits.

(A) All of the Exhibits that are attached to the body of this Agreement are an integral part of this Agreement and are incorporated by reference into this Agreement, including:

(1) Exhibit A – Map of the Cook Inlet Area

(2) Exhibit B – Discretionary Gas Sales Form
(B) If a conflict exists between the body of this Agreement and the Exhibits, the body prevails to the extent of the conflict.

2. GAS SALES.

2.1 Gas Sales Commitment; Commitment Priorities. Subject to all of the terms and conditions of this Agreement, Seller commits to deliver and sell to Buyer, and Buyer commits to receive and purchase from Seller, the Natural Gas volumes and Rates set forth in this Section 2.

2.2 Legacy Gas Sales Agreements. The Legacy GSAs will remain in effect during some or all of Contract Year 1 of this Agreement (April 1, 2018 – March 31, 2019). The volumes remaining to be delivered under the Legacy GSAs during Contract Year 1 of this Agreement are the “Legacy GSA Volumes.” During Contract Year 1, on a Daily basis, the Legacy GSA Volumes will reduce the equivalent volume of the Firm Daily Contract Quantities to be purchased under this Agreement. At all times, the pricing for Gas deliveries under the Legacy GSAs will be as set forth in those agreements.

2.3 Gas Sale and Purchase Commitment and Delivery Profile. The Gas Sale and Purchase Commitment under this Agreement shall be as set forth below. Seller shall sell and deliver and Buyer shall purchase and receive Gas as described below:

(1) The Firm Annual Contract Quantity for each Contract Year is as follows:

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Dates</th>
<th>Firm Annual Contract Quantity (MMcf)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>04/01/18 through 03/31/19</td>
<td>22,069*</td>
</tr>
<tr>
<td>2</td>
<td>04/01/19 through 03/31/20</td>
<td>22,169**</td>
</tr>
<tr>
<td>3</td>
<td>04/01/20 through 03/31/21</td>
<td>22,069</td>
</tr>
<tr>
<td>4</td>
<td>04/01/21 through 03/31/22</td>
<td>22,069</td>
</tr>
<tr>
<td>5</td>
<td>04/01/22 through 03/31/23</td>
<td>22,069</td>
</tr>
</tbody>
</table>

* The Firm ACQ for Contract Year 1 shall be reduced by the volumes taken under the 1988 Marathon – APL GSA and the 2000 Union Oil – APL GSA as provided in those agreements and described in Section 2.2 of this Agreement.

** 2020 is a Leap Year and requires an additional Day of Gas.

The Firm ACQ is subject to adjustment as provided in Sections 2.8, 2.9, and 2.10.

(2) The Firm Annual Contract Quantity shall be delivered as the Firm Daily Contract Quantity on each Day during the Term as provided in the following chart:

<table>
<thead>
<tr>
<th>Delivery Intervals</th>
<th>Months</th>
<th>Firm Daily Contract Quantity (MMcfpd)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>May through September</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>April and October</td>
<td>50</td>
</tr>
<tr>
<td>3</td>
<td>March and November</td>
<td>89</td>
</tr>
<tr>
<td>4</td>
<td>December, January &amp; February</td>
<td>100</td>
</tr>
</tbody>
</table>

* The Firm Daily Contract Quantity for Contract Year 1 shall be reduced by the volumes taken under the 1988 Marathon – APL GSA and the 2000 Union Oil – APL GSA as provided in those agreements and described in Section 2.2.

The Firm Daily Contract Quantity shall be subject to any adjustment(s) made to the Firm ACQ as provided in Sections 2.8, 2.9, and 2.10.
(B) The Daily Call Option. In order to manage weather fluctuations and storage inventory, Buyer shall have an option to purchase (the “Daily Call Option”) up to an additional 4,695 MMcf of gas in each Contract Year (“Daily Call Option Gas”) at a Rate not to exceed the applicable Rate set forth in the chart below.

<table>
<thead>
<tr>
<th>Delivery Intervals</th>
<th>Months</th>
<th>Daily Call Option Quantity (MMcfd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>April and October</td>
<td>≤ 5</td>
</tr>
<tr>
<td>2</td>
<td>March and November</td>
<td>≤ 10</td>
</tr>
<tr>
<td>3</td>
<td>December, January &amp; February</td>
<td>≤ 42</td>
</tr>
</tbody>
</table>

(C) The Needle Peak Call Option.

1. In addition to the Firm Daily Contract Quantity and the Daily Call Option, during the Period for which the Needle Peak Call Option is in effect and on Days in which Buyer has scheduled for delivery and receipt the maximum Daily Call Option Gas volume available, Buyer shall have the option to purchase up to an additional 20 MMcf per Day on up to twenty-five (25) Days during the Months of December, January, and February of each Contract Year (“Needle Peak Call Option Gas”).

2. The Needle Peak Call Option for a given Contract Year expires when Buyer has called upon, and Seller has delivered Needle Peak Call Option Gas for the 25th Day in a given Contract Year, or as of 24:00 on the last day of February of that Contract Year, whichever occurs first.

3. Buyer may acquire the Needle Peak Call Option by providing Formal Notice no later than March 15 prior to the Contract Year in which the Needle Peak Call Option is to be available.

(D) Discretionary Gas. Should Buyer at any time require Gas in addition to the Firm Daily Contract Quantity, Daily Call Option, and Needle Peak Call Option, Buyer in its sole discretion may submit a request as a Regular Notice to Seller for Discretionary Gas and Seller may provide it at Seller’s sole discretion. The volume, Rate, Period, and price for a sale of Discretionary Gas, and whether the sale is Firm or Interruptible, shall be as agreed between the Parties for that sale, and shall be documented as provided in Exhibit B.
(E) The pro forma delivery profile of the categories of Gas set forth in this Section 2.3 is graphed and further explained in Exhibit C.

2.4 Nature of Gas Sale and Purchase Commitment and Remedies.

(A) Each Day, except as otherwise provided in this Agreement, Seller will sell and deliver, and Buyer will buy and receive, the Daily Contract Quantity on a Firm basis.

(B) If Seller for any reason, including a Force Majeure Event or quality issues, does not deliver (or make available for delivery) all of the applicable Daily Contract Quantity, or if Buyer, because of a Force Majeure Event, cannot take from Seller all of the applicable Daily Contract Quantity, Buyer may make whatever purchases are necessary to replace the shortage. Buyer will in good faith attempt to purchase only the amount of Gas necessary to replace the shortage. Should any provision of this Agreement constrain Buyer in such a way that Buyer cannot replace the shortage on reasonable terms and conditions, that provision (or provisions) shall be relaxed or waived but only to the extent necessary to permit Buyer to purchase its requirements on reasonable terms and conditions. Buyer’s purchase obligations under this Agreement shall be reduced by the volumes Seller does not deliver or Buyer cannot take under this subsection.

(C) On any given Day, if Seller fails to sell and deliver (or make available for delivery) the applicable Daily Contract Quantity as scheduled as provided in Section 2.3 for such Day, and such failure is not excused or permitted under this Agreement, the difference between such Daily Contract Quantity and the amount of Gas actually delivered (or made available for delivery) that Day is called the “Delivery Shortfall Volume.” Except as provided in subsection 2.4(H), Buyer’s sole remedy with respect to such failure by Seller shall be Cover as provided below and as communicated by Formal Notice.

(1) Upon receiving notice or otherwise having actual knowledge of Seller’s delivery failure, Buyer shall make reasonable commercial efforts to replace the Delivery Shortfall Volume via Cover. For the avoidance of doubt, Buyer, in its sole discretion, may choose to withdraw Gas stored by it or on its behalf in CINGSA (or any other storage facility), up to the Delivery Shortfall Volume (“CINGSA Gas Substitution”), and in such circumstance Buyer may attempt to replace the Gas representing such CINGSA Gas Substitution via Cover.

(2) With respect to the replacement of the Delivery Shortfall Volume, Seller shall be responsible for, and shall pay Buyer, the positive difference, if any, between the weighted average purchase price...
paid by Buyer for Gas purchased through Cover and the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year, multiplied by the volume of such replacement Gas. If Buyer implements the CINGSA Gas Substitution, the price of that replacement Gas shall be the Cost of Gas Withdrawn from Storage as defined in Buyer’s Tariff at § 2301(3) or the actual cost of replacement Gas obtained through Cover. If Buyer is unable to obtain replacement Gas and must call on electric utilities to alter their generation to allow Buyer access to additional Gas, Buyer will incur Interruption Expenses as defined by § 1205 of Buyer’s Tariff, and this shall represent the purchase price of Buyer’s replacement Gas.

(3) To the extent the Delivery Shortfall Volume cannot be fully replaced through Cover within two (2) Months, then Seller shall be responsible for, and shall pay Buyer, the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable for that Contract Year times such portion of the Delivery Shortfall Volume not replaced through Cover.

(4) In no event shall Seller be liable to Buyer for the payment (as Cover or otherwise) of more than an amount equal to the Delivery Shortfall Volume multiplied by the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable for that Contract Year. Exhibit D includes, for illustration purposes only, examples of amounts that might be due under this Section 2.4(C).

(D) On any given Day, if Buyer fails to purchase and take the applicable Daily Contract Quantity made available by Seller as scheduled as provided in Section 2.3 for such Day and such failure is not excused or permitted under this Agreement, the difference between such Daily Contract Quantity and the amount of Gas actually taken by Buyer that Day is called the “Receipt Shortfall Volume.” Seller’s sole remedy with respect to such failure by Buyer shall be Cover as provided below and as communicated by Formal Notice.

(1) Upon receiving notice or otherwise having actual knowledge of Buyer’s receipt failure, Seller shall make reasonable commercial efforts to sell the Receipt Shortfall Volume via Cover. For the avoidance of doubt, Seller, in its sole discretion, may choose to inject Gas in Seller’s Gas storage facility, up to the Receipt Shortfall Volume (“Storage Gas Alternative”), and in such circumstance Seller shall attempt to sell the Gas representing such Storage Gas Alternative via Cover.
(2) With respect to the sale of the Receipt Shortfall Volume, Buyer shall be responsible for, and shall pay Seller, the positive difference, if any, between the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Contract Year and the weighted average sales price received by Seller for Gas sold through Cover multiplied by the volume of such sales Gas. If Seller implements the Storage Gas Alternative, the price of that sales Gas shall include the costs associated with the injection and withdrawal of the sales Gas from storage.

(3) To the extent the Receipt Shortfall Volume cannot be fully sold through Cover within two (2) Months, then Buyer shall be responsible for, and shall pay Seller, the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable for that Contract Year times such portion of the Receipt Shortfall Volume not sold through Cover.

(4) In no event shall Buyer be liable to Seller for the payment (as Cover or otherwise) of more than an amount equal to the Receipt Shortfall Volume multiplied by the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable for that Contract Year. Exhibit E includes, for illustration purposes only, examples of amounts that might be due under this Section 2.4(D).

(E) Each Party shall provide to the other Party all information, including price and volume information, as soon as practicable after the purchase or sale of Gas under Section 2.4(C) or (D).

(F) The remedy of Cover does not apply to Incidental Deviations, the sole remedy for which is adjustment through Imbalance Volumes.

(G) Neither Party shall be entitled to an award of, and hereby waives the right to recover, incidental, consequential, punitive, exemplary, or other non-direct damages or any other damages from the other Party arising from or related to this Agreement, whether asserted by or awarded to such Party or any third party and whether based on contract, tort, strict liability, or other claim or theory of liability.

(H) In the event Seller willfully diverts Gas which would have been sold and delivered to Buyer under this Agreement in order to provide such diverted Gas to a buyer under an Industrial GSA, Buyer shall have the additional remedy of injunctive relief to compel specific performance by Seller as provided in this subsection 2.4(H).

(1) Seller acknowledges and agrees that in the case of Seller’s willful diversion of Gas as set forth in this subsection 2.4(H), Buyer may
be irreparably and immediately harmed and may not be made whole by Cover damages as provided in subsection 2.4(C). Accordingly, in addition to the remedy of Cover, Buyer shall be entitled to injunctive relief (without the posting of any bond) to prevent Seller from willfully diverting Gas which would have been sold and delivered to Buyer under this Agreement, in order for Seller to provide such diverted Gas to a buyer under an Industrial GSA, and to compel specific performance of Seller’s obligation to sell and deliver Gas under this Agreement in such circumstances.

(2) For the sole and exclusive purpose of the remedy of injunctive relief to compel specific performance as set forth in this subsection 2.4(H), Seller waives the dispute resolution process of direct negotiations, mediation, and arbitration as set forth in Section 15, and agrees to judicial jurisdiction as set forth in Section 15.7 for Buyer’s application for injunctive relief and specific performance.

(I) The remedies listed in this Section 2.4 are the sole and exclusive remedies for Buyer’s failure or refusal to receive Gas, or Seller’s failure or refusal to deliver Gas, where such failures or refusals are not excused or permitted under this Agreement.

2.5 Delivery Rate and Scheduling.

(A) Seller shall deliver and Buyer shall receive the Firm Daily Contract Quantity volumes set forth in Section 2.3(A)(2) each Day at a Continuous Rate. The Daily Call Option Gas shall be delivered each Day at a Continuous Rate at the Rate(s) and during the Period(s) specified by the Buyer pursuant to Section 2.3(B). During the Contract Years in which the Buyer acquires the Needle Peak Call Option, the Needle Peak Call Option Gas shall be delivered each Day at a Continuous Rate at the Rate(s) and during the Period(s) specified by the Buyer pursuant to Section 2.3(C).

(B) By 16:00 ACT, the Day before Buyer is to receive Gas from Seller, Buyer shall send an Operational Notice with a Forecast of its Gas needs for the next Day within the quantity provisions set forth in Section 2.3. The Forecast shall separately state the Firm Daily Contract Quantity as set forth in Section 2.3(A)(2), the Daily Call Option volume (if any), the Needle Peak Call Option volume (if any), the Discretionary Gas (if any), and Imbalance Volumes (if any). Unless and until changed by Buyer, Seller shall deliver all Gas at a Continuous Rate for the Periods identified by Buyer. The Firm Daily Contract Quantity shall be delivered in at a Continuous Rate throughout the following Day. The Buyer may adjust the Daily Call Option volume (if any) and the Needle Peak Call Option volume (if any) throughout the following Day. Once stated by Buyer, and if and once Buyer adjusts the Daily Call Option and Needle Peak Call
Option volumes, all volumes will be delivered at a Continuous Rate for the Period(s) identified by Buyer.

(C) Daily scheduling of Gas by the Parties’ gas controllers shall incorporate and separately state an Imbalance Volume, which will be nominated by Buyer when the cumulative Imbalance Volume exceeds 2 MMcf. The gas controllers will make reasonable efforts to reduce any Imbalance Volume to zero by the end of each Month.

2.6 Communication and Rescheduling Undelivered Gas.

(A) Buyer and Seller understand that this Agreement will require frequent communication and cooperation for proper scheduling and delivery of Gas. The acting Party will provide timely Operational Notice when (i) Seller changes its delivery Rate or Buyer changes its receipt Rate, or (ii) Seller ceases or curtails deliveries or Buyer ceases or curtails receipts.

(B) Buyer and Seller will communicate and work in good faith to coordinate Gas deliveries and receipts with the other Party regarding anticipated shut-downs or curtailments, facility outages, equipment malfunctions, maintenance, and other scheduled or irregular events which do not constitute Force Majeure Events.

(C) By mutual agreement of the Parties confirmed by Regular Notice, the Parties may reschedule Gas which will not be or has not been delivered and received as provided in Section 2.3, whether due to shut-downs or curtailments, facility outages, equipment malfunctions, maintenance, and other scheduled or irregular events, or due to Force Majeure Events.

2.7 Documentation. The Parties will document the commencement and termination of all sales and purchases of Gas, the Continuous Rate (including Period and Rate), the Delivery Point, and any modifications of the Continuous Rate (including Period and Rate) within a reasonable time after the applicable Operational Notice. The transactional summaries will be tabulated by the Seller in a spreadsheet that will be provided to Buyer periodically or in response to a request. Delays in updating the spreadsheet shall not negate or otherwise affect the purchase and sale of Natural Gas under this Agreement.

2.8 Minor and Major Adjustments.

(A) In order to manage weather fluctuations, customer conservation, and storage inventory, by Formal Notice on or before any August 1 during the Term, in each Contract Year, Buyer may require an adjustment of not more than five percent (5%) to the Firm Annual Contract Quantity and the corresponding Tier 1 Firm Daily Contract Quantities for the then-succeeding Contract Year (each, a “Minor Adjustment Notice”). A Minor
Adjustment Notice shall set forth the reasons for the notice, addressing the three factors set forth in the first sentence of this subsection.

(1) If Buyer provides such a Minor Adjustment Notice, then the applicable Firm Annual Contract Quantity shall be adjusted as set forth in the Minor Adjustment Notice and applied to Tier 1 Firm Daily Contract Quantities. The corresponding Tier 1 Firm Daily Contract Quantities shall be reduced on each Day by the volume of the Minor Adjustment to the Firm Annual Contract Quantity divided by 365 Days. The Firm Annual Contract Quantity and the corresponding Tier 1 Firm Daily Contract Quantity shall be reset to the initial volumes set forth for Contract Year 1 (without reduction for Legacy GSA Volumes) in the Contract Year following the Contract Year in which the Minor Adjustment was applied.

(2) Buyer at all times retains the right to issue Minor Adjustment Notices for successive Contract Years, but at no point shall the Firm Annual Contract Quantity and the corresponding Tier 1 Firm Daily Contract Quantities cumulatively increase or decrease more than five percent (5%).

(3) Buyer may not provide a Minor Adjustment Notice which reduces the Firm Annual Contract Quantity for the purpose of buying the amount by which the Firm Annual Contract Quantity is proposed to be reduced from a third party, the purchase of which is not included in Buyer’s Forecast, whether before or after Delivery Commencement Date.

(4) If Buyer later determines Buyer needs to purchase all or a portion of the volumes reduced by a Minor Adjustment Notice, Buyer shall provide Seller reasonable Formal Notice and the option to supply those volumes to Buyer pursuant to the terms of this Agreement. In its sole discretion, Seller may agree to provide some or all of the requested volumes.

(B) By Formal Notice on or before any August 1 during the Term, Buyer may request adjustments in the Firm Annual Contract Quantity and the corresponding Firm Daily Contract Quantities in excess of five percent (5%) for the then-succeeding Contract Year (each, a “Major Adjustment Request”). Seller shall consider each Major Adjustment Request in good faith and may agree to Buyer’s proposal, decline Buyer’s proposal, or make a proposal of its own. In the event Seller makes a proposal under this Section, Buyer shall consider said proposal in good faith. The Parties each have sole and unfettered discretion in whether to agree to, reject, or make other proposals, and no liability shall accrue to either Party for a failure to reach an agreement on the requested adjustment or alternative
proposals. If the Parties reach mutual agreement on a Major Adjustment, the Parties shall execute a document setting forth the revisions to the applicable Firm Annual Contract Quantity and the corresponding Firm Daily Contract Quantities. Buyer may not provide a Major Adjustment Request which reduces the Firm Annual Contract Quantity for the purpose of buying the amount by which the Firm Annual Contract Quantity was reduced from a third party. If Buyer later determines Buyer needs to purchase all or a portion of the volumes reduced by the agreement of the Parties after Buyer issues a Major Adjustment Request, Buyer shall provide Seller reasonable Formal Notice and the option to supply those volumes to Buyer pursuant to the terms of this Agreement.

2.9 Market Out.

(A) From time to time, Buyer’s public utility affiliate (ENSTAR Natural Gas Company) has experienced a loss of its customer base due to one or more customers initiating service with a third party for reasons beyond Buyer’s reasonable control (a “Market Out” of certain volumes). “Market Out” does not include variations of demand due to weather fluctuations, customer conservation, or storage inventory. Buyer may experience one or more Market Out(s) during the Term.

(B) If a Market Out occurs in excess of one percent (1%) of Buyer’s Forecast for one or more Contract Years during the Term, by Formal Notice Buyer will provide verification of such Market Out to Seller. Buyer may reduce its Firm Annual Contract Quantity and the corresponding Firm Daily Contract Quantities in the affected Contract Years in proportion to the Market Out volumes (all Tiers to be reduced by the same percentage), and will incorporate such reductions in Buyer’s future submissions to Seller pursuant to Sections 2.3(A), (B) and (C).

(C) If some or all of the Market Out returns to ENSTAR Natural Gas Company’s customer base (“Market Return”), Buyer will provide notice and verification of such Market Return to Seller. Should Buyer need to purchase additional Gas to meet demand associated with Market Return, Buyer will first contact Seller by Formal Notice to purchase these volumes under this Agreement. Upon Seller’s agreement, Buyer will increase its Firm Annual Contract Quantity and the corresponding Firm Daily Contract Quantities in the affected Contract Years in proportion to the Market Return volumes (all Tiers to be increased by the same percentage), and will incorporate such increases in Buyer’s future submissions to Seller pursuant to Sections 2.3(A), (B) and (C).

(D) Buyer and Seller will work together in good faith to make the necessary adjustments to the Firm Annual Contract Quantity and corresponding Firm Daily Contract Quantities to minimize the disruption to both Parties in the
Contract Year that a Market Out or Market Return first appears, as well as in later Contract Years.

(E) In the event of a Market Out or a Market Return, the Parties shall meet, discuss, and agree on the reallocation of the blended Prices for Gas on the volumes remaining after the application of the Market Out or Market Return. The goal shall be economic parity of the new Prices with the prior Price structure, including the value of the acquisition of the Needle Peak Call Option Gas.

2.10 Royalty in Kind.

(A) If and to the extent that the Royalty Owner in any of Seller’s oil and gas leases (including the State of Alaska) elects to take its Royalty in Kind under applicable laws, regulations, unit, or lease terms, then Seller will have the right, in its sole discretion, to reduce Seller’s obligations under this Agreement in proportion to the amount of Seller’s Gas which has been taken as Royalty in Kind.

(B) If Seller elects to reduce its obligations under this provision, then Seller will provide Formal Notice to Buyer within sixty (60) Days after Seller receives notice from the Royalty Owner that said Royalty Owner intends to take its Royalty in Kind, setting forth the quantities of Firm Daily Contract Quantity Gas by which Seller will reduce its deliveries as a consequence of the Royalty Owner taking its Royalty in Kind (all Tiers to be reduced by the same percentage).

(C) In the event a Royalty Owner elects to take Royalty in Kind, the Parties shall meet, discuss, and agree on the reallocation of the blended Prices for Gas on the volumes remaining after the application of the Royalty in Kind taking. The goal shall be economic parity of the new Prices with the prior Price structure, including the value of the acquisition of the Needle Peak Option.

2.11 Incidental Deviations and Imbalances.

(A) The Parties understand that the Cook Inlet Gas Pipeline System may be unable to deliver precisely the requested amount of Gas on any given day. The mutual intent of the Parties is to work toward assuring that the Daily delivered quantity of Gas for a given Day is within three percent of the Daily Contract Quantity for such Day.

(B) Buyer and Seller transport certain volumes of Gas on the Cook Inlet Gas Pipeline System, including KBPL, where operational balancing agreements (“OBAs”) have been adopted. Under effective OBAs, Buyer and Seller do not anticipate Incidental Deviations. However, Buyer and
Seller include the provisions in this Section 2.11 in the event (a) the OBAs are no longer in effect on or after April 1, 2018, (b) the OBAs do not function as currently envisioned, or (3) the OBAs do not sufficiently handle Incidental Deviations. The remedy for Incidental Deviations will be adjustment through Imbalance Volumes scheduled as provided in Section 2.5(C).

(C) Imbalances at the end of a Contract Year (in either direction) will not be carried forward into the next Contract Year. Buyer will not be responsible to pay for any undelivered volumes of Gas.

2.12 Use of Gas. Buyer may use Gas sold and purchased pursuant to this Agreement for any purpose.

2.13 Buyer’s Forecast. On or before October 1 of each Year during the Term beginning October 1, 2017, Buyer will give Seller an updated Buyer’s Forecast for the next ten Years by Regular Notice. Buyer’s Forecast is an estimate of (1) Requirements; (2) Gas that Buyer is obligated to purchase from each of Buyer’s Gas suppliers; and (3) Gas that Buyer projects will be injected and withdrawn from CINGSA. Exhibit F is the template for Buyer’s Forecast.

3. DELIVERY POINTS; TITLE; LIABILITY AND RISK OF LOSS; PIPELINES.

3.1 Delivery Points.

(A) Unless otherwise agreed between the Parties, the authorized delivery points (and any limitations associated with Delivery Points) are set forth in Exhibit G (“Delivery Points”).

(B) Seller will use reasonable efforts to deliver Gas directly into Buyer’s pipeline system. Buyer may request Gas to be delivered at specific Delivery Points and to otherwise minimize the costs payable by Buyer pursuant to Section 7.3, and Seller will work in good faith to honor such requests, in each case within the limitations of Seller’s Gas production facilities, the requirements of Seller’s other Gas sales agreements and Seller’s ability to economically administer its business.

3.2 Title. Title to all Gas delivered by Seller and received by Buyer will pass at the Delivery Points. All liability and risk associated with the Gas will follow title.

4. TERM.

4.1 Term. The term of this Agreement shall commence on the Effective Date, and unless sooner terminated under Section 4.2, end on the Termination Date (“Term”).
4.2 Financial Termination Events.

(A) Each of the following events is a “Financial Termination Event”: (a) any Party makes an assignment of its rights under this Agreement for the benefit of creditors; (b) any Party defaults in its payment obligations under this Agreement and does not resolve the default, as provided in Section 8; (c) any Party commences, authorizes, or acquiesces in the commencement of a proceeding under any bankruptcy, insolvency, or similar law, or has such a proceeding commenced against it; or (d) any Party or any Party’s parent company becomes bankrupt or insolvent, or is unable to pay its debts when due.

(B) If a Financial Termination Event described in Section 4.2(A) occurs, the defaulting Party shall provide Formal Notice of the Termination Event to the non-defaulting Party. Upon the occurrence of a Termination Event, and regardless of whether the defaulting Party provides the Formal Notice required in this Section 4.2, the non-defaulting Party shall have the right to immediately withhold or suspend deliveries or payment, and/or terminate this Agreement by providing a Formal Notice to the defaulting Party.

4.3 Reservations. Upon the occurrence of a Financial Termination Event described in Section 4.2, each Party reserves all claims, rights, setoffs, counterclaims, and other defenses to which it is entitled under this Agreement including the resolution of disputes through arbitration (but not direct negotiations or mediation) set forth in Section 15.

5. MEASUREMENT.

5.1 Measurement. Unless agreed otherwise, each Delivery Point measurement station shall consist of (a) measuring equipment conforming to the requirements of American Gas Association Gas Measurement Committee Reports in effect as of the Effective Date, or as amended or supplemented during the term of this Agreement, unless otherwise agreed by the Parties, (b) appurtenant facilities, (c) hydrometers, and (d) data telemetry equipment. Seller shall have access to each Delivery Point measurement station(s) at which Seller tenders Gas at reasonable hours and upon reasonable notice to Buyer, but Buyer will make all calibrations, measurements and adjustments. Buyer will make available to Seller, and will not charge Seller for access to, telemetry signals (pressure and flow Rates) on Buyer’s and Buyer’s Affiliates’ systems, that Seller requires to manage its Gas supply and demand systems. Any new costs of acquiring or using the telemetry signals by Seller shall be paid by Seller. Seller shall, at its expense, provide continuous data showing Gas delivery Rates for each Delivery Point, if so requested by Buyer when such Delivery Point is owned, maintained and operated by Seller. Seller shall have the right to refuse to tender Gas for delivery to Buyer at any Delivery Point that is not operating properly or measuring volumes of Gas accurately; provided, that such refusal shall not alter Seller’s obligations to make available
and deliver Gas to Buyer under Section 2. For all Gas delivered at a Delivery Point that is not owned or operated by Buyer or Seller, the measurement standards in the tariff of the applicable delivery pipeline of the Cook Inlet Gas Pipeline System on the date of delivery will apply.

5.2 Inaccurate Meters. If a meter is out of service or registering inaccurately by a variation greater than one percent (1%), the volumes of Gas delivered shall be estimated:

(A) by using the volumes registered by the check meter or meters of Seller, if installed and accurately registering, or

(B) in the absence of estimation pursuant to clause (A), by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculations, or

(C) in the absence of estimation pursuant to both clause (A) and clause (B), then by estimating the quantity of deliveries based on deliveries during comparable Periods under similar conditions when the meter was registering accurately.

5.3 Testing. Buyer will test the accuracy of the measuring equipment at least once each Month. Buyer will give Seller reasonable advance notice so that Seller (or its designee) may conveniently witness the tests. If Seller notifies Buyer that it desires to test the accuracy of any measuring equipment, Buyer will test the accuracy of the measuring equipment promptly after such notification. Seller shall have the right to witness the calibrating, adjusting and testing of the measuring equipment. Buyer shall, on reasonable request of Seller, give its physical test and meter proving reports to Seller. If there is a dispute about any measurement, the Parties shall conduct a joint test that shall be dispositive. If the joint test reveals there is an error, Buyer shall pay all costs associated with the joint test. If the joint test reveals there was no error Seller shall pay all costs associated with the joint test.

5.4 Correction. If any measuring equipment is found to be inaccurate by less than one percent (1%), previous records of the equipment shall be considered accurate. If any measuring equipment is found to be inaccurate by more than one percent (1%), any previous records of that equipment will be corrected to zero error for any Period known definitely or agreed upon. If a Period of inaccuracy is not definitely known or agreed upon by the Parties, the correction shall be made for a Period of one half (½) of the time elapsed since the date of the last test. The correction shall fully settle all claims based on the inaccuracy. Any measuring equipment found by test to be inaccurate, even if such error is less than one percent (1%), will immediately be adjusted or replaced, as appropriate, to measure accurately.
5.5 **Records.** Each Party shall preserve for a Period of at least six (6) Years all test data, charts and other similar records for amounts of Gas made available and purchased under this Agreement.

5.6 **Standards.** Buyer shall determine, or shall rely on the information provided by others to determine, the volumes of Gas received and purchased hereunder as follows:

(A) The unit of volume measurement shall be one Standard Cubic Foot of Gas with correction for temperature and pressure deviation from the Ideal Gas Laws according to ANSI/API 2530 or AGA Report No.8, as amended and as applicable.

(B) The average absolute atmospheric pressure shall be assumed to be fourteen and sixty-five hundredths (14.65) pounds per square inch for all measurement purposes, irrespective of actual elevation or location of any Receipt Point above sea level or variations in actual atmospheric pressure.

(C) The specific gravity of Gas shall be determined by the use of a spot test method or, if the Parties later agree in writing, by the use of a recording gravitometer generally accepted in the industry. If a recording gravitometer is used, the arithmetic average of the specific gravity of Gas flowing through the meters shall be used in computing Gas volumes. If a spot test method is used, the specific gravity of the Gas shall be determined at quarterly intervals, or more often if changes in specific gravity indicate that such determination is necessary. Any such test shall determine the specific gravity to be used in determining the volumes of Gas delivered and purchased hereunder effective the first Day of the Month following the date of such test and shall be used until the results of a subsequent test become effective.

(D) The temperature of Gas shall be determined by a recording thermometer so installed that it will record the temperature of the Gas flowing through the meters. The average of the recorded temperatures to the nearest one degree Fahrenheit (1°F) obtained while Gas is being delivered on any Day shall be used in computing the volumes of Gas made available to Buyer by Seller on such Day.

(E) Seller shall have the right to audit Buyer’s records of the volumes of Gas made available and taken hereunder for up to two (2) Years following delivery of such Gas to Buyer.

5.7 **Check Meters.** Seller and Buyer shall have the right to operate and maintain check meters and other test equipment and devices at or near any Delivery Point at the sole expense of the Party who installs the check meters.
6. **QUALITY.**

Seller warrants all Natural Gas delivered to the Delivery Point will be of a pressure, condition, and quality set forth in Exhibit H. Buyer may cease or curtail receipt of Gas delivered by Seller which does not meet the Gas Quality Specifications set forth in Exhibit H. If Buyer exercises this right, Buyer shall provide Operational Notice at or within a reasonable time after Buyer ceases or curtails receipt of Gas delivered by Seller.

7. **SALES PRICE; COST ALLOCATION; STATE’S ROYALTY SHARE.**

7.1 **Sales Price.** The Sales Prices for the Firm Daily Contract Quantity Gas, the Daily Call Option Gas, and the Needle Peak Option Gas for each Contract Year are set forth in the charts in subsections (A), (B), and (C) below.

(A) **Sales Price for Firm Daily Contract Quantity Gas.** The Sales Price for Firm Daily Contract Quantity Gas purchased and sold pursuant to this Agreement shall be as set forth in the Daily Volume Pricing Tiers set forth in the charts in this Section 7.1(A) and depends upon whether Buyer has acquired a Needle Peak Call Option pursuant to Section 2.3(C). The quantities of Gas in each of the Daily Volume Pricing Tiers may be adjusted as provided in Sections 2.8, 2.9, and 2.10.

(1) **Sales Price for Firm Daily Contract Quantity Gas during Contract Years in which Buyer has not acquired a Needle Peak Call Option ($/Mcf):**

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Pricing Periods</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
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<tr>
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<td>$ 6.40</td>
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<tr>
<td>Year 4</td>
<td>4/1/2021 - 3/31/2022</td>
<td>$ 6.79</td>
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<td>$ 8.94</td>
<td>$ 9.33</td>
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(2) **Sales Price for Firm Daily Contract Quantities during Contract Years in which Buyer has acquired a Needle Peak Call Option ($/Mcf):**

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Pricing Periods</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
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<tr>
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<td>$ 7.87</td>
<td>$ 7.87</td>
<td>$ 7.87</td>
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(B) Sales Price for Daily Call Option Gas. The Sales Price for Daily Call Option Gas purchased and sold pursuant to this Agreement shall be as set forth in this Section 7.1(B).

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<thead>
<tr>
<th>Contract Year</th>
<th>Pricing Periods</th>
<th>April and October</th>
<th>November through March</th>
<th>May through September</th>
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<tr>
<td>Year 1</td>
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<td>$ 8.94</td>
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(C) Sales Price for Needle Peak Call Option Gas. The Sales Price for Needle Peak Option Gas purchased and sold pursuant to this Agreement shall be as set forth in this Section 7.1(C).

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<th>Contract Year</th>
<th>Pricing Periods</th>
<th>December through February</th>
<th>All Other Months</th>
</tr>
</thead>
<tbody>
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<td>Year 1</td>
<td>4/1/2018 - 3/31/2019</td>
<td>$ 7.32</td>
<td>n/a</td>
</tr>
<tr>
<td>Year 2</td>
<td>4/1/2019 - 3/31/2020</td>
<td>$ 7.47</td>
<td>n/a</td>
</tr>
<tr>
<td>Year 3</td>
<td>4/1/2020 - 3/31/2021</td>
<td>$ 7.62</td>
<td>n/a</td>
</tr>
<tr>
<td>Year 4</td>
<td>4/1/2021 - 3/31/2022</td>
<td>$ 7.77</td>
<td>n/a</td>
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<tr>
<td>Year 5</td>
<td>4/1/2022 - 3/31/2023</td>
<td>$ 7.93</td>
<td>n/a</td>
</tr>
</tbody>
</table>

7.2 Costs Allocated to Seller. Seller is responsible for the following costs relating to Gas sold or moved under this Agreement:

(A) Gas development, production, separation, dehydration, and other processing;

(B) Facility construction, operation, and maintenance;

(C) Gas gathering, treatment, and compression necessary to meet pipeline specifications and pressures;
(D) Costs other than Transportation Costs to move Gas to a Delivery Point, including in-kind fuel charges for lost and unaccounted for Gas and fuel Gas;

(E) Lessor royalties, overriding royalties, production payments, and other payments of any kind (other than taxes) due to third parties upon the production and sale of the Gas at the applicable Sales Price, but not including Excess Royalties; and

(F) Severance and/or production taxes at the tax rates and under the laws and rules in place on the Effective Date, but not including Excess Taxes.

7.3 **Costs Allocated to Buyer:** Buyer is responsible for the following costs relating to Gas sold under this Agreement:

(A) Transportation Costs to, at, from, and after delivery at a Delivery Point, including reimbursement of Transportation Costs paid initially by Seller;

(B) Storage, facilities, equipment, operations, and maintenance costs after delivery at a Delivery Point;

(C) Taxes imposed on the Gas or Buyer’s operations after a Delivery Point;

(D) Excess Royalties; and

(E) Excess Taxes.

7.4 **Valuation of State’s Royalty Share.** Pursuant to AS 38.05.180(aa) and (bb), within thirty (30) Days after Buyer submits this Agreement to the RCA and before any deliveries of Gas are made under this Agreement, Seller shall submit a written request to the Department of Natural Resources to enter into an agreement with Seller to accept the price for the Gas established in this Agreement as the value of the State of Alaska’s royalty share of Gas production sold by Seller under this Agreement. The Parties shall use reasonable efforts and shall cooperate with one another and the State in seeking the State’s approval of the request.

8. **INVOICING; BUYER’S ASSURANCES.**

8.1 **Billing.** By the twentieth (20th) Day of each Month, Seller shall give Buyer an invoice showing the following for the previous Month:

(A) the charge for the Gas sold and delivered and purchased and received under this Agreement, showing (1) the Firm Daily Contract Quantity Gas volumes of each Daily Volume Pricing Tier of Gas times the applicable Sales Price for each Tier, (2) the Daily Option Call Gas volumes (if any) times the applicable Sales Price, (3) the Needle Peak Call Option Gas
volumes (if any) times the applicable Sales Price, and (4) the Discretionary Gas volumes (if any) times the agreed sales price;

(B) the charge or credit for any Delivery Shortfall Volume or Receipt Shortfall Volume as provided and calculated in accordance with Section 2.4;

(C) the costs allocated to Buyer;

(D) any corrections for the previous or prior Months; and

(E) the total amount due from Buyer to Seller.

8.2 Payment.

(A) Buyer shall make payment to Seller within ten (10) Business Days of when the Buyer receives an invoice by Automated Clearing House (“ACH”) or wire transfer to the account of Seller set out below. Upon thirty (30) Days’ Formal Notice, Seller may designate a different financial institution or account to which Buyer will thereafter make payments.

Bank Name: Amegy Bank
Bank ABA #: 113011258
Account Name: Hilcorp Alaska, LLC
Account Number: 53484238

(B) Buyer may set-off against and withhold from amounts payable by Buyer to Seller any and all amounts that are due Buyer by Seller under this Agreement where such amounts have not been credited to Buyer in Seller’s invoice.

(C) Buyer may, without prejudice to any claim or right, pay any disputed amount and must pay any undisputed amount. Disputes regarding payments shall be resolved as provided in Sections 4.2, 8.3, and 15.

8.3 Remedies for Non-Payment.

(A) Seller’s Remedies. If Buyer fails to pay undisputed amounts to Seller for Gas within ten (10) Days after the invoice is received, in addition to any other remedy available, Seller may provide Formal Notice to Buyer of Buyer’s non-payment of undisputed amounts. Buyer shall have two Business Days after receipt of the Formal Notice to cure the non-payment including interest under Section 8.4 below. If Buyer fails to cure the non-payment, Seller will have the right to cease or curtail deliveries under this Agreement until payment (and interest under Section 8.4 below) is received, which right will not prejudice Seller’s rights to collect any sums due Seller (including interest under Section 8.4 below) for Gas previously
delivered to Buyer hereunder or to terminate this Agreement pursuant to Sections 4.2 and 4.3.

(B) Buyer’s Remedies. If Seller fails to pay Cover within ten (10) Days after the invoice is received, in addition to any other remedy available, Buyer may provide Formal Notice to Seller of Seller’s non-payment. Seller shall have two Business Days after receipt of the Formal Notice to cure the non-payment including interest under Section 8.4 below. If Seller fails to cure the non-payment, Buyer will have the right to cease or curtail receipts under this Agreement until payment (and interest under Section 8.4 below) is received, which right will not prejudice Buyer’s rights to terminate this Agreement pursuant to Sections 4.2 and 4.3.

8.4  **Interest.** Pending resolution of a billing dispute, if payment is not made within thirty (30) Days of invoice receipt, the unpaid balance shall bear interest, compounded Monthly, at the prime rate in effect at JPMorgan Chase Bank, NA, plus 1% on the first Day of each Month, or the maximum contract rate permitted by law, whichever is less, plus attorney’s fee, court costs, and other costs in connection with the collection of unpaid amounts.

8.5  **Assurances.** Except as described in this Section 8.5, Buyer shall not be required to provide any assurance of payment to the other Party hereunder. If at any time during the Term, Buyer’s credit rating (corporate or long-term senior unsecured debt) is below BBB- by Standard & Poor’s or Baa3 by Moody’s, upon Seller’s request Buyer shall provide to Seller, within ten (10) Business Days of any such request, a letter of credit, a bond, a guaranty, or such other security in a form and in a sufficient amount as shall be satisfactory to Seller in its reasonable discretion, and Buyer shall maintain such security at its sole cost and expense for so long as the Buyer’s credit rating is below BBB- by Standard & Poor’s or Baa3 by Moody’s. If and when Buyer’s credit rating is equal to or above BBB- by Standard & Poor’s and Baa3 by Moody’s, Buyer may rescind, and Seller shall promptly release and (if applicable) deliver to Buyer, any such security.

9.  **WARRANTY OF TITLE.**

Seller warrants title at the Delivery Point to all Gas delivered to Buyer hereunder and Seller’s right to deliver the same, and agrees to hold Buyer harmless from, and indemnify it against, any and all loss, damage, cost, expense, or liability of whatsoever kind arising out of claims of third persons with respect to the title to such Gas, including costs, expenses, and reasonable attorney’s fees incurred by Buyer in defending against any such claims.

10.  **FORCE MAJEURE.**

10.1  **Force Majeure Event.** In the event either Party is rendered unable wholly or in part by the occurrence of a Force Majeure Event to perform its obligations under
this Agreement, the obligation of such Party (other than payment of money), insofar as fulfillment of the obligation is affected by such Force Majeure Event, will be suspended during the continuance of any inability so caused, but for no longer Period, and such cause will, insofar as possible, be remedied with reasonable dispatch.

10.2 **Force Majeure Defined.** “Force Majeure Event” means any event that directly or indirectly renders a Party unable, wholly or in part, to perform or comply with any obligation, covenant or condition in this Agreement if the event, or the adverse effects of the event, is outside of the control of, and could not have been prevented by, the affected Party with reasonable foresight, at reasonable cost, and by the exercise of reasonable diligence in good faith, and is not attributable to the negligence or willful misconduct of the affected Party. Force Majeure Events include without limitation the following events (to the extent they otherwise satisfy the definition): (i) act of God, fire, lightning, landslide, earthquake, volcano activity, storm, hurricane, hurricane warning, flood, high water, washout, explosion, or well blowout; (ii) strike, lockout, or other industrial disturbance, act of the public enemy, war, military operation, blockade, insurrection, riot, epidemic, arrest or restraint by government of people, terrorist act, civil disturbance, or national emergency; (iii) the inability of the affected Party to acquire, or the delay on the part of the affected Party in acquiring materials, supplies, machinery, equipment, servitudes, right of way grants, pipeline shipping capacity, easements, permits or licenses, approvals, or authorizations by regulatory bodies or oil and gas lessors needed to enable the Party to perform; (iv) breakage of or accident to machinery, equipment, facilities, or lines of pipe, and the repair, maintenance, improvement, replacement, test, or alteration to the machinery, equipment, facilities, or lines of pipe, and the freezing of a well or line of pipe, well blowout, or the partial or entire failure of a Gas well; or (v) act, order, or requisition of any governmental agency or acting governmental authority, or any governmental law, proration, regulation, or priority.

10.3 **Notices.** A Party experiencing a Force Majeure Event will notify the other Party by Regular Notice of the nature, extent, and estimated duration of the Force Majeure Event as soon as reasonably possible but in no event more than twenty-four (24) hours after becoming aware of the occurrence of the event. The Party experiencing the Force Majeure Event will update the other Party on a reasonably frequent basis but in no event less than once every five (5) Days thereafter by Regular Notice.

10.4 **Diligence.** The Party experiencing a Force Majeure Event shall exercise diligence in good faith to remedy the Force Majeure Event and resume full performance under this Agreement as soon as reasonably practicable (except that the settlement of strikes, lockouts, or other labor disputes or the restoration of a failed natural gas well shall be entirely within the discretion of the affected Party).
10.5 **Extended Force Majeure Events.** If the Party claiming the Force Majeure Event estimates that the Force Majeure Event will not be remedied for a Period of more than ninety (90) Days, the Parties shall meet within thirty (30) Days to agree upon a commercially reasonable course of action during the Period of the Force Majeure Event that is consistent with the intent of this Agreement. If the Parties are unable to agree upon a commercially reasonable course of action, either Party, upon sixty (60) Days’ notice, may reduce Seller’s and Buyer’s obligations with respect to the affected portion of the Gas to be made available and taken hereunder; provided however, that the remaining provisions of this Agreement shall apply with respect to the portion of Seller’s and Buyer’s obligations that are not so reduced.

11. **SELLER ASSURANCES.**

11.1 **Gas Reserves Opinion.** On or before May 15 of each Year commencing in 2019 and ending in 2022, by Formal Notice Seller shall deliver to Buyer an opinion letter from the Engineer setting forth Seller’s Gas Reserves in the Cook Inlet Area. The Engineer’s fees and expenses shall be paid by Seller. The letter must be based on sound geologic, economic, and other data, and must be consistent with sound engineering principles. The letter must conclude that Seller’s Gas Reserves are sufficient to meet Seller’s obligations to deliver the Firm Annual Contract Quantity and the maximum Daily Contract Quantities in Section 2.3(A)-(C) each Contract Year (including the Needle Peak Call Option Gas for the Current Contract Year if Buyer has acquired the Needle Peak Call Option for the current Contract Year) during the then-remaining Term, assuming reasonable and prudent operations. The Engineer’s Opinion Letter shall be substantially in the form set forth in Exhibit I.

11.2 **Seller’s Statement.** On or before May 15 of each Year commencing in 2019 and ending in 2022, by Formal Notice Seller shall deliver to Buyer a statement of Seller’s Gas Reserves (as provided by the Engineer), the sum of Seller’s Gas Sale Commitments, and a Forecast of Seller’s Field Operations Gas to be used during the remaining Term, all as of January 1 of the Year in which the statement is submitted to Buyer. The Seller’s Statement of Seller’s Gas Reserves shall be substantially in the form set forth in Exhibit J.

11.3 **Seller’s Presentation.** On or before May 15 of each Year commencing in 2019 and ending in 2022, Seller shall make an oral presentation to Buyer outlining Seller’s Gas Reserves and Development Plans. In the meeting, Buyer may include up to two recognized experts in oil and gas development in the Cook Inlet Area engaged by the Buyer to provide Buyer advice regarding Seller’s Gas Reserves and Development Plans.

11.4 **Seller’s Delivery Point Forecast.** On or before May 15 of each Year commencing in 2018 and ending in 2022, by Formal Notice Seller shall provide
Buyer a Delivery Point Forecast for the following Contract Year including the following items:

(A) For each Delivery Point directly into the APC Pipeline System:

(1) Anticipated volumes by Contract Year expected to be delivered to Buyer at each Delivery Point; and

(2) Anticipated maximum daily Rates at each Delivery Point.

(B) For each Delivery Point other than directly into Buyer’s pipeline system, anticipated aggregate Rates for Gas expected to be delivered to Buyer on the east side of Cook Inlet, and anticipated aggregate Rates for Gas expected to be delivered to Buyer on the west side of Cook Inlet.

The Delivery Point Forecast shall be substantially in the form set forth in Exhibit K.

11.5 Seller’s Pressure Forecast: On or before May 15 of each Year commencing in 2018 and ending in 2022, by Formal Notice Seller shall provide Buyer a Pressure Forecast setting forth anticipated pressures for the following Contract Year at each Delivery Point directly into the APC Pipeline System. The Pressure Forecast shall be substantially in the form set forth in Exhibit L.

11.6 Seller’s Third Party Sales Report. On or before May 15 of each Contract Year commencing in 2019 and ending in 2022, by Formal Notice Seller shall provide Buyer a report for the prior Contract Year of the aggregate Monthly deliveries of Gas into the Cook Inlet Area by Seller to third parties, and for the current Contract Year a Forecast of aggregate maximum Daily delivery obligations to such third parties. The report shall be substantially in the form set forth in Exhibit M.

11.7 Buyer’s Priority. Each agreement for the sale of Gas produced in the Cook Inlet Area to a third party entered into by Seller after the Effective Date shall contain the following provision:

If it is at any time determined that Seller’s Gas Reserves are insufficient to permit it to make deliveries under this agreement, use sufficient Field Operations Gas, and meet its obligations to Alaska Pipeline Company under the Gas Sale and Purchase Agreement dated December 23, 2015 (“APL GSA”), Gas deliveries under this agreement may be reduced or terminated by Seller in its sole discretion. Seller’s Gas Reserves will be determined in accordance with the provisions of the APL GSA.
12. REGULATORY COMMISSION OF ALASKA.

12.1 Submission. This Agreement must be approved by the RCA before Buyer purchases Gas hereunder. Buyer will submit this Agreement to the RCA for its consideration on or before February 29, 2016.

12.2 Buyer’s Efforts & Seller’s Cooperation. Buyer will use commercially reasonable efforts to obtain RCA Approval of this Agreement. Seller shall cooperate with and provide commercially reasonable assistance to Buyer in Buyer’s obtaining RCA Approval of this Agreement; provided, however, that Seller need do nothing which may allow the RCA or another party to an RCA proceeding to require Seller to become a party to such proceeding, nor need Seller do anything that will expose Seller’s employees or experts to being called as witnesses in an RCA proceeding.

12.3 RCA Orders. If the RCA issues an order that approves (conditionally or otherwise) this Agreement and imposes terms and conditions or modifications unacceptable to Buyer or Seller, each as determined in its sole and absolute discretion, Buyer or Seller shall attempt to negotiate in good faith mutually acceptable alternative provisions within thirty (30) days of the RCA order. If the Parties cannot negotiate mutually acceptable provisions in that Period, either Buyer or Seller may terminate this Agreement upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination. If RCA Approval has not been obtained by August 31, 2016, either Party may terminate this Agreement upon Formal Notice to the other Party, such termination to take effect on the date outlined in any such written notice of termination.

12.4 Approval. “RCA Approval” will be deemed to have occurred on the date that an RCA order approving the Agreement, including approval of recovering all costs resulting from this Agreement in the rates of Buyer’s affiliate ENSTAR Natural Gas Company, without conditions or modifications unacceptable to the Parties, becomes final and is not subject to further reconsideration by the RCA.

13. INDEMNIFICATION.

13.1 Indemnification. Each Party will protect, defend, indemnify, and hold harmless the other from any and all liability and expense on account of all Claims arising from any act or accident including a failure to act, as to which and to the extent that the indemnifying Party was at fault in connection with the installation, presence, maintenance, and operation of property, equipment, and facilities of the indemnifying Party used in connection with or associated with the Gas delivered hereunder. This duty to protect, defend, indemnify, and hold harmless will survive the expiration or termination of this Agreement.
13.2 **No Alteration of Cover Provisions.** Nothing in this Section 13 shall add to, detract from or otherwise modify the provisions of this Agreement concerning the failure or refusal of Seller to deliver Gas or the failure or refusal of Buyer to receive Gas under this Agreement, for which the sole recourse and remedy is set forth in Section 2.4.

14. **NOTICES**

14.1 **Formal Notices.**

(A) The following notifications and requests shall be sent by Formal Notice:

(1) Acquisition of Needle Peak Call Option (Sec. 2.3(C)(3));

(2) Cover (Secs. 2.4(C) and 2.4(D));

(3) Minor Adjustment (Sec. 2.8(A));

(4) Major Adjustment (Sec. 2.8(B));

(5) Market Out and Market Return (Sec. 2.9);

(6) Termination Events (Secs. 4.2);

(7) Cessation of Gas Deliveries by Seller (Sec. 8.3);

(8) Gas Reserves Opinion (Sec. 11.1);

(9) Seller’s Statement (Sec. 11.2);

(10) Seller’s Delivery Point Forecast (Sec. 11.4);

(11) Seller’s Pressure Forecast (Sec. 11.5);

(12) Seller’s Third Party Sales Report (Sec. 11.6);

(13) Termination of Agreement after RCA Order (Sec. 12.3);

(14) Changes in contact information (Sec. 14.4);

(15) Direct Negotiation of a Dispute (Sec. 15.3);

(16) Mediation of a Dispute (Sec. 15.4); and

(17) Arbitration of a Dispute (Sec. 15.5).
(B) Formal Notice shall be provided as a written letter to the other Party and delivered by both (1) personal delivery or certified mail return receipt requested; and (2) Email PDF.

(1) Formal Notice to Buyer shall be sent to both of the following:

Alaska Pipeline Company
Attn: President
Physical: 3000 Spenard Road
Anchorage, AK 99503
Mailing: P.O. Box 190288
Anchorage, AK 99519
Email: jared.green@enstarnaturalgas.com

Alaska Pipeline Company
Attn: Vice President and General Counsel
Physical: 3000 Spenard Road
Anchorage, AK 99503
Mailing: P.O. Box 190288
Anchorage, AK 99519
Email: moira.smith@enstarnaturalgas.com

(2) Formal Notice to Seller shall be sent to both of the following:

Hilcorp Alaska, LLC
Attn: Senior Vice President
Physical: 3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503
Mailing: PO Box 244027
Anchorage, AK 99524-4027
Email: dwilkins@hilcorp.com

Hilcorp Alaska, LLC
Attn: Assistant General Counsel
Physical: 3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503
Mailing: PO Box 244027
Anchorage, AK 99524-4027
Email: mbond@hilcorp.com

14.2 Regular Notices.

(A) The following notifications and requests shall be sent by Regular Notice:

(1) Discretionary Gas Agreements (Sec. 2.3(D));
(2) Rescheduling Gas (Sec. 2.6(C));

(3) Buyer’s Forecast (Sec. 2.13); and

(4) Force Majeure Event (Sec. 10.3).

(B) Regular Notice shall be provided in writing by Email or Email PDF to the other Party, as appropriate.

(1) Regular Notice to Buyer shall be sent to both of the following:

Title: Gas Supply Manager
Email: inna.johansen@enstarnaturalgas.com

Title: Gas Control Supervisor
Email: jason.westervelt@enstarnaturalgas.com

(2) Regular Notice to Seller shall be sent to both of the following:

Title: VP Marketing & Business Development
Email: kgibson@hilcorp.com

Title: Marketing Analyst
Email: tertz@hilcorp.com

14.3 Operational Notices.

(A) All notifications and requests not addressed in Sections 14.1 or 14.2 shall be sent by Operational Notice.

(B) Operational Notice shall be provided by a telephone call to the other Party confirmed in writing by Email or Email PDF to the other Party, as appropriate.

(1) Operational Notice to Buyer shall be sent to first to the following:

Title: Gas Control
Phone: (907) 334-7788
Email: enstar.gascontrol@enstarnaturalgas.com

If Gas Control is not immediately available, then Operational Notice shall be sent to:

Title: Gas Control Supervisor
Phone: (907) 334-7751
Cell: (907) 441-0371
Email: jason.westervelt@enstarnaturalgas.com

(2) Operational Notice to Seller shall be sent to first to the following:

Title: Hilcorp Alaska Gas Scheduler
Phone: (907) 777-8446
Email: hilcorpalaskagascontrol@hilcorp.com

If Hilcorp Alaska Gas Scheduler is not immediately available, then Operational Notice shall be sent to:

Title: Marketing Analyst
Phone: (907) 777-8411
Cell: (907) 351-8283
Email: tertz@hilcorp.com


15. GOVERNING LAW; RESOLUTION OF DISPUTES.

15.1 Governing Law. This Agreement is governed by and interpreted under the laws of the State of Alaska, without regard to its choice of law rules. Arbitration shall be governed by the Revised Uniform Arbitration Act as adopted by the State of Alaska, AS 09.43.300 - .595 (“Arbitration Act”), except as modified in this Agreement.

15.2 Resolution of Disputes. Except as otherwise provided in Sections 2.4(H) and 4.2, before initiating litigation, the Parties shall work together in good faith to resolve any Dispute between them using direct negotiations and mediation as set out in this Section 15. While the procedures in this Section 15 are pending, each Party shall continue to perform its obligations under this Agreement, unless to do so would be impossible or impracticable under the circumstances.

15.3 Direct Negotiations. If a Dispute arises, a Party shall initiate the resolution process by giving Formal Notice setting out in writing and in detail the issues in Dispute and the value of the claim to the other Party. A meeting between the Parties, attended by individuals with decision-making authority, must take place within thirty (30) Days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.

15.4 Mediation. If the Dispute cannot be settled by direct negotiations under Section 15.3 within thirty (30) Days of initiation of the resolution process, either Party may initiate non-binding mediation by giving Formal Notice to the other Party.
The place of mediation shall be Anchorage, Alaska. The Parties shall select a mutually acceptable mediator within five (5) Business Days of the notice initiating mediation. The cost of the mediator shall be borne equally by the Parties.

15.5 Arbitration. If the Dispute is not resolved by mediation within thirty (30) Days from the date of the notice requiring mediation, or if the Dispute is unresolved within sixty (60) Days from the date of the notice requiring direct negotiations, then the Dispute shall be finally settled by binding arbitration and either Party may initiate such arbitration by giving Formal Notice to the other Party. The arbitration shall be conducted in accordance with The International Institute for Conflict Prevention & Resolution (“CPR”) Rules for Non-Administered Arbitration (“CPR Rules”), except to the extent of conflicts between the CPR Rules at present in force and the provisions of this Agreement, in which event the provisions of this Agreement prevail. The CPR is the appointing authority. The place of arbitration shall be Anchorage, Alaska.

15.6 Procedure. The following provisions shall apply to any arbitration proceedings commenced pursuant to Section 15.5:

(A) The number of arbitrators shall be one if the monetary value of the Dispute is US $5,000,000 or less. The number of arbitrators shall be three if the monetary value is greater than US $5,000,000.

(B) The arbitrator or arbitrators must remain neutral, impartial and independent regarding the Dispute and the Parties. If the number of arbitrators to be appointed is one, that arbitrator, or the presiding arbitrator if the arbitrators are three, must be a lawyer experienced in the resolution of disputes with experience relating to the issues in dispute.

(C) The Parties waive any claim or right to recover for, and the arbitrator has or arbitrators have no power to award, incidental, consequential, punitive or exemplary damages. The arbitrator has or arbitrators have no authority to appoint or retain expert witnesses for any purpose unless agreed to by the Parties. The arbitrator has or arbitrators have the power to rule on objections concerning jurisdiction, including the existence or validity of this arbitration clause and existence or the validity of this Agreement.

(D) All arbitration fees and costs shall be borne equally regardless of which Party prevails. Each Party shall bear its own costs of legal representation and witness expenses.

(E) The arbitrator is or arbitrators are authorized to take any interim measures as the arbitrator considers or arbitrators consider necessary, including the making of interim orders or awards or partial final awards. An interim order or award may be enforced in the same manner as a final award using
the procedures specified below. Further, the arbitrator is or arbitrators are authorized to make pre- or post-award interest at the interest rate specified in Subsection 8.4.

(F) The arbitrator or arbitrators must render a reasoned award in writing. This award shall be based upon a decision which must detail the findings of fact and conclusions of law on which it rests.

(G) The Dispute will be resolved as quickly as possible. The arbitrator’s or arbitrators’ award must be issued within three (3) Months from completion of the hearing, or as soon as possible thereafter.

(H) Proceedings to enforce a judgment entered on an award may be brought in any court having jurisdiction over the person or assets of the non-prevailing Party. The prevailing Party may seek, in any court having jurisdiction, judicial recognition of the award, or order of enforcement or any other order or decree that is necessary to give full effect to the award.

15.7 Judicial Proceedings.

(A) It is the Parties’ explicit and abiding intention that all Disputes (except as otherwise provided in Section 4) be resolved using the three-step process of direct negotiations (Section 15.3), mediation (Section 15.4), and arbitration (Sections 15.5 and 15.6). This Section 15.7 concerning judicial proceedings does not create a right in either Party to avoid the Dispute resolution process noted in this Section 15.7(A). The inclusion of Section 15.7 is for the sole and exclusive purpose of setting forth the Parties’ selection of jurisdiction, venue, and non-jury proceedings in the unlikely event that judicial proceedings are initiated and a court of competent jurisdiction determines that the Dispute in question in the judicial proceedings cannot be resolved by arbitration as provided in this Agreement.

(B) Except for proceedings to preserve property pending determination by the arbitrator or arbitrators, or to enforce an award, the mandatory exclusive venue for any judicial proceeding permitted in this Agreement is Anchorage, Alaska. The Parties consent to the jurisdiction of the state and federal courts in Anchorage, Alaska, and waive any defenses they have regarding jurisdiction.

(C) Each party, to the extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any judicial proceeding arising out of or relating to this Agreement and the transactions it contemplates. This waiver applies to any action or legal proceeding, whether sounding in contract, tort, or otherwise.
15.8 **Confidentiality.**

(A) The Parties agree that any Dispute and any negotiations, mediation and arbitration proceedings between the Parties in relation to any Dispute shall be confidential and will not be disclosed to any third party.

(B) The Parties further agree that any information, documents or materials produced for the purposes of, or used in, negotiations, mediation or arbitration of any Dispute shall be confidential and will not be disclosed to any third party.

(C) Without prejudice to the foregoing, the Parties agree that disclosure may be made:

(1) In order to enforce any of the provisions of this Agreement including without limitation, the agreement to arbitrate, any arbitration order or award and any court judgment.

(2) To the auditors, legal advisers, insurers and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend.

(3) Where that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation.

(4) With the prior written consent of the other Party.

(D) The Parties agree to submit to the jurisdiction of the state and federal courts in Anchorage, Alaska, for the purposes of any proceedings to enforce this Section 15.8.

16. **MISCELLANEOUS**

16.1 **Authority.** Each Party represents to each other Party that it has the legal authority to enter into and perform this Agreement and each obligation assumed by such Party under this Agreement.

16.2 **Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or perform the intent and purposes of this Agreement or to show the ability to perform the intent and purposes of this Agreement.

16.3 **No Duty to Third Parties.** This Agreement is made for the sole benefit of the Parties and their respective successors and assigns. The Parties do not intend to create, and this Agreement will not be construed to create, by implication or
otherwise, any rights in any other person or entity not a Party to this Agreement, and no such person or entity will have any rights or remedies under or by reason of this Agreement, or any right to the exercise of any right or power hereunder or arising from any default hereunder.

16.4 **No Partnership.** The execution and performance of this Agreement is not intended by the Parties to create and will not be construed to create any partnership or business association between the Parties.

16.5 **Right to Examine Books and Records.** Each Party to this Agreement, at its sole expense, will have the right to audit the books and records of the other Party relating to performance of this Agreement. All audits will be conducted in accordance with professional auditing standards and during normal business hours. The audited Party will fully cooperate with the auditing Party to accomplish the audit as expeditiously as possible. Each Party’s right to audit will remain in effect until two (2) years after termination or expiration of this Agreement.

16.6 **Conflicts of Interest.** Each Party represents and warrants to the other Party that said Party or its subcontractors, and its and their owners, shareholders, partners, directors, offices, employees, or other agents have neither paid, agreed to pay, nor will pay, any sums, kickbacks, or other such consideration to any owners, shareholders, partners, directors, offices, employees, or other agent of the other Party, or to any third party in connection with this Agreement, nor has any such payment or agreement for payment been requested or solicited by any such owners, shareholders, partners, directors, offices, employees, or other agents.

16.7 **Binding Nature; Successors and Assigns; Assignment.** This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective Parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the full term of this Agreement. This Agreement is assignable only with the prior written consent of the other Party, which consent will not be unreasonably withheld. No assignment for which written consent has been received will be effective until the assignee agrees in writing to assume and fully perform the terms of this Agreement.

16.8 **Seller Not A Public Utility.** Seller is not a public utility and nothing contained herein will be deemed as a dedication to the public of the Natural Gas, or any land, wells, pipelines, or other facilities, or any part thereof.

16.9 **Confidentiality.**

(A) The terms of this Agreement shall remain confidential between the Parties until such time the terms must be provided for regulatory purposes, for
establishing royalty valuation pursuant to Section 7.4, or as provided in Seller’s leases.

(B) The Party who receives the following documents or information from the other Party shall hold such documents or information as confidential through the Term and for five (5) years thereafter:

1. Buyer’s Forecast provided under Section 2.13;
2. Engineer’s Opinion Letter provided under Section 11.1;
3. Seller’s Statement provided under Section 11.2;
4. Seller’s Delivery Point Forecast provided under Section 11.4;
5. Seller’s Pressure Forecast provided under Section 11.5;
6. Seller’s Report of Third Party Gas Sales provided under Section 11.6; and
7. Seller’s Presentation. In addition to the provisions of this Section 16.9, with respect to Seller’s Presentation provided under Section 11.3, Seller may impose reasonable limitations on Buyer’s personnel (numbers and positions) who have access to the information, and Seller may request that Buyer, its personnel and its experts execute a standard nondisclosure agreement.

(C) The obligations respecting confidentiality under this Section 16.9 will be deemed satisfied if each Party utilizes the same degree of care with respect to those obligations as such Party utilizes with respect to the confidential retention of its own highly proprietary information. Notwithstanding anything herein to the contrary, nothing in this Agreement shall restrict either Party’s dissemination, disclosure or other use of its own information, whether or not such dissemination or disclosure by the other Party would constitute a breach of this Section 16.9.

16.10 Counterparts. This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, including electronic transmittals, each of which when so executed will be deemed an original, but all such counterparts, when taken together, will constitute but one and the same Agreement. In the event one Party executes the Agreement, and the other Party does not execute the Agreement within ten (10) Days of the first Party’s execution, the execution of the Agreement by the first Party will be deemed null and void.

The remainder of the page intentionally left blank.
IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the preamble.

IMPORTANT NOTICE: THIS AGREEMENT CONTAINS PROVISIONS REGARDING INDEMNITIES AND WARRANTIES THAT EXPRESS THE AGREEMENT OF THE PARTIES CONCERNING CLAIMS ARISING OUT OF THIS AGREEMENT.

HILCORP ALASKA, LLC

Signature: 

Name: Greg Lalicker 
Title: President 
Date: 12/23/15 

ALASKA PIPELINE COMPANY

Signature: 

Name: Jared Green 
Title: President 
Date: 12/23/2015
GAS SALE AND PURCHASE AGREEMENT

Exhibit A
Map of Cook Inlet Area (Sec. 1.1)
GAS SALE AND PURCHASE AGREEMENT

Exhibit B
Discretionary Gas Sales Form (Sec. 2.3(D))

Confirmation of Discretionary Gas Sale
(To Be Communicated through Regular Notice)

This Confirmation is made pursuant to Section 2.3(D) of the Gas Sale and Purchase Agreement (APL-14) effective December 1, 2015.

Date of Agreement to Discretionary Gas Sale: ________________________________

Date of First Delivery of Discretionary Gas: ________________________________

Date of Last Delivery of Discretionary Gas: ________________________________

Total Volume of Gas to be Sold under Confirmation: __________________________

Daily Volume of Gas to be Sold under Confirmation: __________________________

Firm or Interruptible Nature of Discretionary Gas Sale: _______________________

Other terms of this sale (if any): __________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

HILCORP ALASKA, LLC ALASKA PIPELINE COMPANY

Signature: ___________________________ Signature: ___________________________

Name: ______________________________ Name: ______________________________

Title: ______________________________ Title: ______________________________

Date: ______________________________ Date: ______________________________
This graph shows the maximum Daily volumes of the different categories of Gas to be made available for delivery from Seller to Buyer during the Months of each Contract Year. The volumes representing the Needle Peak Call Option are available at Buyer’s election as provided in Section 2.3(C). During Contract Year 1, on a Daily basis, the Legacy GSA Volumes will reduce the equivalent volume of the Firm Daily Contract Quantities to be purchased under this Agreement.
GAS SALE AND PURCHASE AGREEMENT

Exhibit D
Section 2.4(C) Examples

Note: Per Section 2.4(F) the following examples do not include Incidental Deviations.

**Example 1:** During Contract Year 3, Seller fails to deliver 100,000 Mcf of the applicable Daily Contract Quantity as scheduled, when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.66 per Mcf. Buyer purchases 100,000 Mcf of Cover Gas from a third party to replace the Delivery Shortfall Volume at a price of $7.75 per Mcf. Seller is liable to Buyer for, and Buyer’s sole remedy is, the purchase price paid by Buyer for such replacement Gas ($7.75 per Mcf) less the Sales Price for Tier 1 Firm Annual Contract Quantity applicable that Year ($6.66 per Mcf), subject to a cap equal to the Price for Tier 1 Firm Annual Contract Quantity applicable that Year ($6.66 per Mcf). Because the difference of $1.09 per Mcf is less than the $6.66 per Mcf cap, the $1.09 per Mcf is multiplied by the volume of the Cover Gas purchased (100,000 Mcf), for a total of $109,000.

**Example 2:** During Contract Year 5, Seller fails to deliver 100,000 Mcf of the applicable Daily Contract Quantity as scheduled when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.93 per Mcf. Buyer purchases 100,000 Mcf of Cover Gas from a third party to replace the Delivery Shortfall Volume at a price of $15.00 per Mcf. Seller is liable to Buyer for, and Buyer’s sole remedy is, the purchase price paid by Buyer for such replacement Gas ($15.00 per Mcf) less the Sales Price for Tier 1 Firm Annual Contract Quantity applicable that Year ($6.93 per Mcf), subject to a cap equal to the Sales Price Tier 1 Firm Annual Contract Quantity applicable that Year ($6.93 per Mcf). Because the difference of $8.07 per Mcf is greater than the $6.93 per Mcf cap, Cover is limited to $6.93 per Mcf multiplied by the volume of the Cover Gas purchased (100,000 Mcf), for a total of $693,000.

**Example 3:** During Contract Year 5, Seller fails to deliver 100,000 Mcf of the applicable Daily Contract Quantity as scheduled when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.93 per Mcf. The Cost of Gas Withdrawn from Storage according to Buyer's Tariff §2301(3) is $9.92. Buyer implements the CINGSA Gas Substitution option and withdraws 100,000 Mcf of Cover Gas from CINGSA to replace the Delivery Shortfall Volume at $9.92 per Mcf. Seller is liable to Buyer for, and Buyer's sole remedy is, the Cost of Gas Withdrawn from Storage paid by Buyer for such replacement Gas ($9.92 per Mcf) less the Sales Price Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.93 per Mcf) subject to a cap equal to the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.93 per Mcf). Because the difference of $2.99 per Mcf is less than the $6.93 per Mcf cap, $2.99 per Mcf is multiplied by the volume of the Cover Gas purchased (100,000 Mcf), for a total of $299,000.

**Example 4:** During Contract Year 2, Seller fails to deliver 100,000 Mcf of the applicable Daily Contract Quantity as scheduled when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.53 per Mcf. Buyer is unable to purchase Cover Gas from a third party but calls on electric utilities to alter their generation to allow Buyer access to additional Gas. As a result, Buyer incurs Interruption Expenses for the use of an alternative fuel at the energy equivalent price of $12.75 per Mcf for the 100,000 Mcf of Gas required to replace the Delivery Shortfall Volume. Seller is liable to Buyer for, and Buyer’s sole remedy is, the alternative fuel at the energy equivalent price paid by Buyer for such replacement Gas ($12.75 per Mcf) less the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.53 per Mcf), subject to a cap equal to the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.53 per Mcf). Because the difference of $6.22 per Mcf is
less than the $6.53 per Mcf cap, $6.22 per Mcf is multiplied by the volume of the Cover Gas purchased (100,000 Mcf), for a total of $622,000.

Example 5: During Contract Year 1, Seller fails to deliver 100,000 Mcf of the applicable Daily Contract Quantity as scheduled when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.40 per Mcf. Buyer attempts in good faith to buy Cover Gas from a third party to replace the Delivery Shortfall Volume, but is unable to do so for two Months. Seller is liable to Buyer for, and Buyer’s sole remedy is, the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.40 per Mcf) multiplied by the Delivery Shortfall Volume (100,000 Mcf), for a total of $640,000.
GAS SALE AND PURCHASE AGREEMENT

Exhibit E
Section 2.4(D) Examples

Note: Per Section 2.4(F), the following examples do not include Incidental Deviations.

Example 1: During Contract Year 3, Buyer fails to purchase and take 100,000 Mcf of applicable Daily Contract Quantity as scheduled, when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.66 per Mcf. Seller sells the entire 100,000 Mcf Receipt Shortfall Volume to a third party via Cover at a weighted average sales price of $6.25 per Mcf. Buyer is liable to Seller for, and Seller’s sole remedy is, the positive difference between the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.66 per Mcf) and the weighted average sales price received by Seller for such sales Gas ($6.25 per Mcf), or $0.41 per Mcf multiplied by the volume of such sales Gas (100,000 Mcf), for a total of $41,000.

Example 2: During Contract Year 2, Buyer fails to purchase and take 100,000 Mcf of applicable Daily Contract Quantity as scheduled, when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.53 per Mcf. Seller is not able to sell the 100,000 Mcf of Receipt Shortfall Volume immediately and chooses to inject Gas into Seller’s Gas storage facility. One Month later, the Seller sells the entire 100,000 Mcf Receipt Shortfall Volume to a third party via Cover at a weighted average sales price of $7.50 per Mcf. The costs associated with the injection and withdrawal of the sales Gas from Storage are $2.50 per Mcf. Buyer is liable to Seller for, and Seller’s sole remedy is, the positive difference between the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.53 per Mcf) and the weighted average sales price received by Seller for such sales Gas ($7.50 per Mcf), reduced by the storage costs ($2.50 per Mcf), or $1.53 per Mcf multiplied by the volume of such sales Gas (100,000 Mcf), for a total of $153,000.

Example 3: During Contract Year 5, Buyer fails to purchase and take 100,000 Mcf of applicable Daily Contract Quantity as scheduled, when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.93 per Mcf. Seller sells the entire 100,000 Mcf of Receipt Shortfall Volume to a third party via Cover at a weighted average sales price of $8.00 per Mcf. Because the sales price of $8.00 per Mcf is greater than the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.93 per Mcf), Buyer is not liable to Seller to provide Cover for Receipt Shortfall Volumes.

Example 4: During Contract Year 1, Buyer fails to purchase and take 100,000 Mcf of applicable Daily Contract Quantity as scheduled, when the applicable Sales Price for Tier 1 Firm Annual Contract Quantity Gas is $6.40 per Mcf. Seller attempts in good faith to sell the Receipt Shortfall Volume to a third party, but is unable to do so within two Months. Buyer is liable to Seller for, and Seller’s sole remedy is, the Sales Price for Tier 1 Firm Annual Contract Quantity Gas applicable that Year ($6.40 per Mcf) multiplied by the Receipt Shortfall Volume (100,000 Mcf), for a total of $640,000.
### GAS SALE AND PURCHASE AGREEMENT

#### Exhibit F
Template for Buyer’s Forecast (Sec. 2.13)

**ALASKA PIPELINE COMPANY**

**Buyer’s Forecast**

October 1, 2017

<table>
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<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
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<tbody>
<tr>
<td>Volume (Bcf)</td>
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<td></td>
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<tr>
<td>Buyer’s Estimated Annual Gas Requirements</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
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<td>Contracted Volumes</td>
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<tr>
<td>Hilcorp - APL4</td>
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<tr>
<td>Hilcorp Alaska (UNOCAL)</td>
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<td>Buccaneer Energy - BUC1</td>
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<tr>
<td>Contract &quot;A&quot;</td>
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<td>Contract &quot;B&quot;</td>
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<tr>
<td>Total Purchases</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
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<tr>
<td>Storage Injection</td>
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<tr>
<td>Storage Withdrawals</td>
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<tr>
<td>Net Change in Storage</td>
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<td></td>
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</tr>
<tr>
<td>Total Gas (Purchases + Net Change in Storage)</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
<td>###</td>
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<tr>
<td>Undesignated (Gas Requirements - Total Gas)</td>
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<td>###</td>
<td>###</td>
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<td>###</td>
<td>###</td>
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<td>###</td>
</tr>
</tbody>
</table>

**Notes:**

- The Hilcorp Alaska UNOCAL contract is the agreement between Union Oil Company of California and Alaska Pipeline Company dated November 17, 2000.
- The BUC1 contract is the agreement between Buccaneer Alaska, LLC and Alaska Pipeline Company dated August 10, 2011.
- The APL4 contract is the agreement between Hilcorp Alaska, LLC and Alaska Pipeline Company dated May 1, 1988, as amended.
- The APL12 contract is the agreement between Hilcorp Alaska, LLC and Alaska Pipeline Company dated July 1, 2013.
GAS SALE AND PURCHASE AGREEMENT

Exhibit G
Delivery Points (Sec. 3)

The following Delivery Points are authorized under this Agreement. Unless otherwise agreed by the Parties, Seller may deliver Gas sold under this Agreement at any Delivery Point listed herein.

• B602 Meter 189A (Pretty Creek)
• B603 Meters 168A & B (Lewis River)
• B604 Meter 600W-A (Stump Ivan)
  (Volumes from the above three meters may be nominated and accounted for as an aggregate volume, if mutually agreed upon by both Parties. APC West Side Pool.)
• K276 Meter 520 (Swanson River Field)
• K670 Meters 500, 502 & 505 (K-Beach)
• K671 Meter 1100 (Beaver Creek)
• K676 Meter 2200 (West Fork)
• K677 Meter 9100 (Sterling)
• K687 Meter (Red Pad) (Seller shall deliver no more than 1 MMcfpd to this Delivery Point)
  (Volumes from the above six meters may be nominated and accounted for as an aggregate volume, if mutually agreed upon by both Parties. APC East Side Pool.)
• B605 Meters 8101 & 8102
• K301 (Kasilof)
• K673 Meter 413/209
• K674 Meter 404
• K675 Meter 412
• K680 Meter 601
• K681 Meters 411 and 411B
• CINGSA Meter 415B
• B601 Meters 170A&B (Beluga River Unit)
The following are the Gas Quality Specifications for Gas sold and purchased under this Agreement:

<table>
<thead>
<tr>
<th>Quality</th>
<th>Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Heating Value</strong></td>
<td>$\geq 950$ BTUs per Standard Cubic Foot; and $\leq 1,050$ BTUs per Standard Cubic Foot.</td>
</tr>
<tr>
<td><strong>Deleterious Matter</strong></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>Commercially free of dust, gum, gum forming constituents, or other liquid or solid matter that may separate from the Gas in transportation</td>
</tr>
<tr>
<td>Temperature</td>
<td>$\leq 120^\circ$ Fahrenheit</td>
</tr>
<tr>
<td>Water</td>
<td>$\leq 4$ pounds per MMcf</td>
</tr>
<tr>
<td>Hydrogen Sulfide</td>
<td>$\leq 1$ grain per 100 Standard Cubic Feet</td>
</tr>
<tr>
<td>Sulphur</td>
<td>$\leq 20$ grains of sulphur per 100 Standard Cubic Feet</td>
</tr>
<tr>
<td>Carbon Dioxide</td>
<td>$\leq 3%$ by volume</td>
</tr>
<tr>
<td>Oxygen</td>
<td>$\leq 1%$ by volume</td>
</tr>
<tr>
<td>Filtration</td>
<td>Passed through a .3 micron coalescing filter prior to delivery</td>
</tr>
<tr>
<td><strong>Pressure</strong></td>
<td>Gas shall be delivered at sufficient pressure to enter the pipeline for delivery at the Delivery Point</td>
</tr>
</tbody>
</table>
GAS SALE AND PURCHASE AGREEMENT

Exhibit I
Template for Engineer’s Opinion Letter (Sec. 11.1)

[Engineer Firm Letterhead]

[Date]

[Kenai Asset Team Leader]
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, Alaska 99503

Dear [Kenai Asset Team Leader]:

In accordance with your request, we have conducted a review of certain oil and gas properties located in Cook Inlet, Alaska. It is our understanding that, pursuant to the terms of the Gas Sales Agreement (GSA) effective December 1, 2015, between Hilcorp Alaska, LLC (HA) and Alaska Pipeline Company (APC), HA must provide a letter verifying that it can meet its gas deliverability commitments (referred to herein as the Seller’s Commitments).

The purpose of this review is to comment on HA’s ability to meet anticipated gas volume and deliverability obligations as specified in the GSA from 2018 through 2022. Our review is based on our estimates of gas volumes to be produced from Beaver Creek, Beluga River, Cannery Loop Unit, Granite Point, Ivan River, Kenai, McArthur River, Middle Ground Shoal, Ninilchik, North Trading Bay Unit 800, Swanson River, and Trading Bay Fields, Alaska.

We conducted our review on or about the date of this letter. It should be understood that this review is neither an audit nor a reserves evaluation. This review has been prepared in accordance with the guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE). Gas volumes shown in this report should not be construed as reserves, contingent resources, or prospective resources.

The following table sets forth preliminary forecasts of annual gas deliverability requirements from HA as set forth in the GSA.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Days</th>
<th>Annual MMCF</th>
<th>Average Daily MMCFD</th>
<th>Maximum Daily MMCFD 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>365</td>
<td>26,764</td>
<td>73.33</td>
<td>142</td>
</tr>
<tr>
<td>2019</td>
<td>365</td>
<td>26,764</td>
<td>73.33</td>
<td>142</td>
</tr>
<tr>
<td>2020</td>
<td>366</td>
<td>26,906</td>
<td>73.51</td>
<td>142</td>
</tr>
<tr>
<td>2021</td>
<td>365</td>
<td>26,764</td>
<td>73.33</td>
<td>142</td>
</tr>
<tr>
<td>2022</td>
<td>365</td>
<td>26,764</td>
<td>73.33</td>
<td>142</td>
</tr>
</tbody>
</table>
(1) The Maximum Daily MMCFD fluctuates between 30 during the summer months and 142 during the winter months. Upon acquisition of the Needle Peak Option by ENSTAR for a Contract Year, Maximum Daily (MMCFD) will be adjusted to 162 MMCFD for up to 25 Days during the months of December, January, and February during that Contract Year.

Gas volumes are expressed in millions of cubic feet (MMCF) or millions of cubic feet per day (MMCFD) at standard temperature and pressure bases.

It is our opinion that the Seller's Commitments are (1) based on sound geologic, economic, and other data and (2) consistent with that data and the GSA. It is also our opinion that HA will be able to meet its gas volume and deliverability obligations under the GSA in a manner consistent with sound engineering principles and reasonable and prudent operations.

We did not perform any field inspection of the properties, nor did we examine the mechanical operation of condition of the wells and facilities. We have not investigated possible environmental liability related to the properties.

Our review has been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and material balance, that we considered to be appropriate and necessary to establish the conclusions set forth herein. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our review were obtained from HA, public data sources, and the nonconfidential files of [the Engineer] and were accepted as accurate. Supporting work data are on file in our office. We have not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for conducting this review meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

[The Engineer]
GAS SALE AND PURCHASE AGREEMENT

Exhibit J
Template for Seller’s Statement  (Sec. 11.2)

<table>
<thead>
<tr>
<th>-A-</th>
<th>-B-*</th>
<th>-C-</th>
<th>-D-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller’s Gas Reserves</td>
<td>Seller’s Gas Sales Commitments</td>
<td>Forecast of Seller’s Field Operations Gas</td>
<td>Available Gas Reserves</td>
</tr>
<tr>
<td>###</td>
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<td>###</td>
<td>###</td>
</tr>
</tbody>
</table>

* The volumes for Buyer are based on the most recent Buyer’s Forecast.
**GAS SALE AND PURCHASE AGREEMENT**

*Exhibit K*

Template for Seller’s Delivery Point Forecast (Sec. 11.4)

<table>
<thead>
<tr>
<th>Delivery Points*</th>
<th>Anticipated Delivery Volumes</th>
<th>Anticipated Maximum Daily Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>###</td>
<td>###</td>
<td>###</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>###</td>
<td>###</td>
</tr>
</tbody>
</table>

* For each Delivery Point other than directly into Buyer’s pipeline system, anticipated aggregate Rates for Gas expected to be delivered to Buyer on the east side of Cook Inlet, and anticipated aggregate Rates for Gas expected to be delivered to Buyer on the west side of Cook Inlet.
GAS SALE AND PURCHASE AGREEMENT

Exhibit L
Template for Seller’s Pressure Forecast (Sec. 11.5)

<table>
<thead>
<tr>
<th>Delivery Points*</th>
<th>Anticipated Delivery Pressure (PSIG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#####</td>
<td>####</td>
</tr>
<tr>
<td>#####</td>
<td>####</td>
</tr>
</tbody>
</table>

* The Forecast provides the anticipated pressures at each Delivery Point directly into the APC Pipeline System.
### GAS SALE AND PURCHASE AGREEMENT

**Exhibit M**
Template for Seller’s Report of Third Party Gas Sales (Sec. 11.6)

<table>
<thead>
<tr>
<th>Actuals</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month</td>
<td>Monthly Deliveries of Gas*</td>
</tr>
<tr>
<td>Apr-18</td>
<td>###</td>
</tr>
<tr>
<td>May-18</td>
<td>###</td>
</tr>
<tr>
<td>Jun-18</td>
<td>###</td>
</tr>
<tr>
<td>Jul-18</td>
<td>###</td>
</tr>
<tr>
<td>Aug-18</td>
<td>###</td>
</tr>
<tr>
<td>Sep-18</td>
<td>###</td>
</tr>
<tr>
<td>Oct-18</td>
<td>###</td>
</tr>
<tr>
<td>Nov-18</td>
<td>###</td>
</tr>
<tr>
<td>Dec-18</td>
<td>###</td>
</tr>
<tr>
<td>Jan-19</td>
<td>###</td>
</tr>
<tr>
<td>Feb-19</td>
<td>###</td>
</tr>
<tr>
<td>Mar-19</td>
<td>###</td>
</tr>
</tbody>
</table>

* Monthly deliveries of Gas is the aggregate Monthly deliveries of Gas into Cook Inlet Area by Seller to third parties.

** Maximum daily delivery obligations is the aggregate maximum Daily delivery obligations to third parties.