

ENSTAR Natural Gas Company
Alaska Pipeline Company
Gas Cost Adjustment Calculation
2019-2020

	Calculated	Average Forecast Price	Net Taxes	Reimbursed Transportation	Estimated Unit Cost	Estimated Purchases Mcf	Total Cost
Approved Base Supply Contracts:							
AIX	\$ 6.4602	6.4602			\$ 6.4602	1,290,000	\$ 8,334,000
APL-14	\$ 7.9858	7.9858		0.2039	\$ 8.1897	24,959,000	204,407,000
Furie	\$ -	-			\$ -	-	-
System Base Gas Supply					\$ 8.1047	26,249,000	\$ 212,741,000
Additional Gas Supply:							
Short Term Supply Contracts	\$ 6.7000	6.7000			\$ 6.7000	317,000	2,124,000
Undetermined Supply	\$ 7.0585	7.0585			\$ 7.0585	4,041,000	28,523,000
Gas Withdrawn From Storage					\$ 8.6698	2,874,000	24,917,000
Storage Reservation & Capacity Fees							16,370,000
Transportation Fees					-	-	1,487,000
Total Current Cost of System Gas Supply					\$ 8.5470	33,481,000	\$ 286,162,000
Balance of Gas Cost Balance Account - 3/31/19 ((over) or under-collected)							\$ (2,568,907)
Other Adjustments							\$ -
Total							\$ 283,593,093
Mcf Sales							33,261,000
Weighted Average Unit Cost of Gas and Gas Cost Adjustment							\$ 8.5263
Previous Gas Cost Adjustment							\$ 7.9196
Change							0.6067
% Change							7.7%

Comparison of Current Rates	Schedule G1		Schedule G2		Schedule G3		Schedule G4	
	Current Rate	2019-2020 GCA	Current Rate	2019-2020 GCA	Current Rate	2019-2020 GCA	Current Rate	2019-2020 GCA
Base Rate	\$ 1.4759	\$ 1.4759	\$ 0.9459	\$ 0.9459	\$ 0.9308	\$ 0.9308	\$ 0.6483	\$ 0.6483
GCA	\$ 7.9196	\$ 8.5263	\$ 7.9196	\$ 8.5263	\$ 7.9196	\$ 8.5263	\$ 7.9196	\$ 8.5263
Per Mcf Cost	\$ 9.3955	\$ 10.0022	\$ 8.8655	\$ 9.4722	\$ 8.8504	\$ 9.4571	\$ 8.5679	\$ 9.1746
Average Consumption	146	146	380	380	1,192	1,192	7,490	7,490
	1,371.74	1,460.32	3,368.89	3,599.44	10,549.68	11,272.86	64,173.57	68,717.75
Customer charge	\$ 16.00	\$ 16.00	\$ 35.00	\$ 35.00	\$ 110.00	\$ 110.00	\$ 530.00	\$ 530.00
Annualized	\$ 192.00	\$ 192.00	\$ 420.00	\$ 420.00	\$ 1,320.00	\$ 1,320.00	\$ 6,360.00	\$ 6,360.00
Annual Bill	\$ 1,563.74	\$ 1,652.32	\$ 3,788.89	\$ 4,019.44	\$ 11,869.68	\$ 12,592.86	\$ 70,533.57	\$ 75,077.75
\$ Increase (Decrease)	\$ 88.58	\$ 7.38	\$ 230.55	\$ 19.21	\$ 723.19	\$ 60.27	\$ 4,544.18	\$ 378.68
% Increase (Decrease)	5.7%		6.1%		6.1%		6.4%	
Gas Sales Service Customers 4/30/19	136,081		5,595		3,596		987	
Estimated Annual Revenues	\$ 212,796,000	\$ 224,850,000	\$ 21,199,000	\$ 22,489,000	\$ 42,683,000	\$ 45,284,000	\$ 69,617,000	\$ 74,102,000

2019-2020	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Purchase Price/Rate Per Mcf:												
Undetermined 1 Estimated Pricing	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911	\$ 7.7911
AIX	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.4400	\$ 6.5400	\$ 6.5400	\$ 6.5400
APL-14 - 0-5 MMcfd	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.5300	\$ 6.6600	\$ 6.6600
APL-14 - 5-30 MMcfd	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.6200	\$ 7.7700	\$ 7.7700
APL-14 - 30-50 MMcfd	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.6700	\$ 7.8200	\$ 7.8200
APL-14 - 50-89 MMcfd	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.5700	\$ 8.7400	\$ 8.7400
APL-14 - 89-100 MMcfd	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 8.9400	\$ 9.1200	\$ 9.1200
APL-14 - Call	\$ -	\$ -	\$ -	\$ 8.4200	\$ 8.7900	\$ 8.7900	\$ 8.7900	\$ 8.7900	\$ 8.7900	\$ 8.7900	\$ 8.5900	\$ -
APL-14 - Needle Peak	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.4700	\$ 7.4700	\$ 7.4700	\$ -	\$ -	\$ -
Reimbursed Transport	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039	\$ 0.2039
Undetermined 2 Estimated Pricing (Potential Firm GSA)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6.4300	\$ 6.4300	\$ 6.4300	\$ 6.5700	\$ 6.5700	\$ 6.5700
Undetermined 3 Estimated Pricing (Furie - Interruptible)	\$ 6.3000	\$ 6.3000	\$ 6.3000	\$ 6.3000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BlueCrest - Interruptible	\$ 6.7000	\$ 6.7000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KBPL - Transport Rate	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706	\$ 0.3706
KBPL - Transport RCC Rate	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%	0.947%
KBPL - LAUF Rate	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
KBPL - Fuel Rate	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%

2019-2020	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Price / Mcf CY 2	Price / Mcf CY 3
APL-14 Pricing														
Tier 1: Up to 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 6.53	\$ 6.66
Tier 2: 5,001 to 30,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	\$ 7.62	\$ 7.77
Tier 3: 30,001 to 50,000				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000		\$ 7.67	\$ 7.82
Tier 4: 50,001 to 89,000					39,000	39,000	39,000	39,000	39,000	39,000			\$ 8.57	\$ 8.74
Tier 5: 89,000 to 142,000						11,000	11,000	11,000					\$ 8.94	\$ 9.12
Needle Peak: 142,000 to 162,000													\$ 7.47	\$ 7.62
Daily Deliverability	30,000	30,000	30,000	50,000	89,000	100,000	100,000	100,000	89,000	50,000	30,000	30,000		
Price / Mcf	\$ 7.44	\$ 7.44	\$ 7.44	\$ 7.53	\$ 7.99	\$ 8.09	\$ 8.09	\$ 8.09	\$ 7.99	\$ 7.68	\$ 7.59	\$ 7.59		

Undetermined 1 Estimated Price Calculation	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
APL-14 Volumes*	640,909	717,172	900,000	1,550,000	2,670,000	3,100,000	3,002,823	2,900,000	2,759,000	1,500,000	930,000	780,628	21,450,532
AIX Volumes	85,455	95,623	120,000	124,000	120,000	124,000	120,113	116,000	124,000	90,000	93,000	78,063	1,290,254
BlueCrest Volumes	149,545	167,340	-	-	-	-	-	-	-	-	-	-	316,885
Total Volumes	875,909	980,135	1,020,000	1,674,000	2,790,000	3,224,000	3,122,936	3,016,000	2,883,000	1,590,000	1,023,000	858,691	23,057,671
APL-14 Cost	\$ 4,768,364	\$ 5,335,763	\$ 6,696,000	\$ 11,671,500	\$ 21,333,300	\$ 25,079,000	\$ 24,292,837	\$ 23,461,000	\$ 22,044,410	\$ 11,520,000	\$ 7,058,700	\$ 5,924,966	\$ 169,185,840
AIX Cost	\$ 550,327	\$ 615,812	\$ 772,800	\$ 798,560	\$ 772,800	\$ 798,560	\$ 773,527	\$ 747,040	\$ 798,560	\$ 588,600	\$ 608,220	\$ 510,531	\$ 8,335,337
BlueCrest Cost	\$ 1,001,955	\$ 1,121,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,123,135
Total Cost	\$ 6,320,646	\$ 7,072,755	\$ 7,468,800	\$ 12,470,060	\$ 22,106,100	\$ 25,877,560	\$ 25,066,364	\$ 24,208,040	\$ 22,842,970	\$ 12,108,600	\$ 7,666,920	\$ 6,435,497	\$ 179,644,312
Average Price/ Mcf - Undetermined	\$ 7.22	\$ 7.22	\$ 7.32	\$ 7.45	\$ 7.92	\$ 8.03	\$ 8.03	\$ 8.03	\$ 7.92	\$ 7.62	\$ 7.49	\$ 7.49	\$ 7.7911

*Excludes APL-14 Call and Needle Peak

2019-2020	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Storage-Related Fees:													
Reservation Rate	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131	\$ 6.7131
Capacity Rate	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872	\$ 0.0872
CINGSA RCC Rate	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%	0.583%
CWQ	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900	102,900
MSQ	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000	8,775,000
Total FSS MSQ per agreements filed w/ RCA	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Annual Tax Credit per CINGSA Tariff								\$ 1,500,000					
Enstar's portion of annual Tax Credit								\$ 1,203,567					
Reservation Fee	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 690,778.00	\$ 8,289,336.00
Capacity Fee	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 765,180.00	\$ 9,182,160.00
RCC	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 8,488	\$ 101,856.00
Total Reservation an Capacity Fees	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 1,464,446	\$ 17,573,352
Injection/Withdrawal Fees-Rate	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105	\$ 0.0105
Fuel Use %	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cost of Gas Withdrawn For Supply	\$ -	\$ -	\$ 377,637	\$ 3,664,638	\$ 1,662,123	\$ 828,030	\$ -	\$ 4,989,085	\$ 5,284,344	\$ 5,745,847	\$ 2,335,224	\$ -	\$ 24,886,928
Withdrawal Fees	\$ -	\$ -	\$ 460	\$ 4,468	\$ 2,027	\$ 1,010	\$ -	\$ 6,085	\$ 6,446	\$ 7,008	\$ 2,848	\$ -	\$ 30,352
Cost of Gas Withdrawn for Supply	\$ -	\$ -	\$ 378,097	\$ 3,669,106	\$ 1,664,150	\$ 829,040	\$ -	\$ 4,995,170	\$ 5,290,790	\$ 5,752,855	\$ 2,338,072	\$ -	\$ 24,917,280

GAS SALE AND PURCHASE AGREEMENT

BETWEEN

BLUECREST ALASKA OPERATING LLC

AND

ALASKA PIPELINE COMPANY

April 29, 2019

GAS SALE AND PURCHASE AGREEMENT

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GAS SALE AND PURCHASE AGREEMENT

This GAS SALE AND PURCHASE AGREEMENT (“Agreement”) effective as of May 1, 2019 (“Effective Date”), is entered into by and between BlueCrest Alaska Operating LLC. (“Seller”), and Alaska Pipeline Company (“Buyer”), an Alaska corporation and wholly owned subsidiary of SEMCO Energy, Inc. Seller and Buyer may be referred to collectively, as “Parties” and each, individually, as a “Party”.

RECITALS

- A. Seller owns, controls, or has the right to dispose of certain volumes of Natural Gas produced from lands located in the Cook Inlet region of Alaska (the “Project”);
- 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. Buyer desires to purchase such Natural Gas on an Interruptible basis; and
- D. The Parties wish to provide the terms and conditions for the sale and purchase of such Natural Gas.

AGREEMENT

1. DEFINITIONS.

1.1 The following definitions apply to this Agreement:

“Agreement” is defined in the first paragraph hereof.

“Alaska Time” means Alaska Daylight Time when Daylight Saving Time is in effect and Alaska Standard Time when Daylight Saving Time is not in effect.

“Business Day” means any Day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business.

“Buyer” is defined in the first paragraph of this Agreement.

“Claim” means any claim, liability, loss, demand, damages, lien, cause of action of any kind, obligation, costs, royalty, fees, assessments, penalties, fines, judgment, interest and award (including recoverable legal counsel fees and costs of litigation of the party asserting the Claim), whether arising by law, contract, tort, voluntary settlement or otherwise.

"Continuous Rate" means the rate per hour, delivered without significant variation. For example if 6,000 Mcf of Natural Gas is delivered in a Day at a substantially constant rate, the Continuous Rate would be 250 Mcf.

"Daily Quantity" has the meaning set forth in Section 2.2.

"Day" means a 24-hour calendar day.

"Delivery Point" is defined in Sections 3.1.

"Dispute" means any dispute or controversy arising out of this Agreement including a Claim under this Agreement and any dispute or controversy regarding the existence, construction, validity, interpretation, enforceability, or breach of this Agreement.

"Effective Date" is defined in the first paragraph of this Agreement.

"Gas" or "Natural Gas" means any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state consisting primarily of methane and meeting the quality specifications of Section 5.2.

"Gas Sales Price" means the price per Mcf for Gas delivered in a Transaction, as set forth in Section 6.1.

"Interrupt", "Interruptible", or "Interruption" means, in the case of Seller's obligations, Seller's reduction or cessation of the delivery of Gas when Seller in its sole discretion elects to reduce or cease deliveries for any reason and, in the case of Buyer's obligations, Buyer's reduction or cessation of the receipt of Gas when Buyer in its sole discretion elects to reduce or cease receipt for any reason.

"Mcf," "MMcf" and "Bcf" mean thousand standard cubic feet, million standard cubic feet, and billion standard cubic feet, respectively. Standard conditions will be at 14.65 psia pressure, and 60 degrees Fahrenheit temperature.

"MMcfpd" means million standard cubic feet per Day.

"Month" means a period beginning at 12:00:00 a.m., Anchorage time, on the first Day of a calendar month and ending at 11:59:59 p.m., Anchorage time, on the last Day of the same calendar month.

"Operational Notice" means a notice given as provided in Sections 2.2, 2.3, 2.4, 3.1, and 14.2.

"Party" and "Parties" are defined in the first paragraph of this Agreement.

"Production Taxes" has the meaning defined and set by AS 43.55.011, as amended,

replaced, or supplemented from time to time after the date hereof.

“Seller” is defined in the first paragraph of this Agreement.

“Term” is defined in Section 4.1.

“Transaction” means an individual agreement to sell and purchase Gas reached by the Parties pursuant to Section 2.1.

“Transaction Confirmation” means the documentation memorializing each Transaction, including the commencement and termination dates of the sale and purchase of Natural Gas, the total volume of Gas, the Daily Quantity, the Continuous Rate, the Delivery Point, the Price of Gas purchased and sold, and any other terms of sale, in the form attached as Exhibit A.

2. GAS SALES AND PURCHASES.

- 2.1 **Sale and Purchase.** Subject to all terms and conditions of this Agreement, at any time during the Term, either Party may propose to buy or sell Gas, as applicable, on an Interruptible basis at a certain volume and price. If both Parties agree to a Transaction for an Interruptible Gas sale and purchase, they shall memorialize the Transaction by executing a Transaction Confirmation containing the key terms. In the event the Parties cannot reach mutual agreement on the term for buying or selling Gas, then neither Party shall be obligated to deliver or receive, as applicable, any Gas on an Interruptible basis.
- 2.2 **Daily Quantity.** Seller shall deliver to Buyer the Daily Quantity of Gas at the rate and for the duration mutually agreed by the Parties as set forth in a Transaction Confirmation or as modified through an Operational Notice. Buyer will communicate with Seller, by emailed Operational Notice, by 12 pm Alaska Time each Day, its anticipated Natural Gas scheduling needs for the following Day. If any event or circumstance that may affect deliveries or receipts of Natural Gas under this Agreement becomes known to a Party, it shall provide as much advance notice to the other Party as is commercially reasonable under the circumstances at the time.
- 2.3 **Volume and Volume Variations.** Buyer and Seller understand that this Agreement may require frequent communication and cooperation for proper scheduling and delivery of Gas. Unless otherwise set forth in an Operational Notice, daily delivery of Gas volumes nominated shall be delivered at a Continuous Rate. The acting Party will provide twenty-four (24) hours prior notice through Operational Notices to the other Party when as permitted by this Agreement: (i) Buyer changes its Continuous Rate, or (ii) Seller Interrupts deliveries or Buyer Interrupts receipts.
- 2.4 **Operational Notices and Documentation.** Actions under Sections 2.1 and 2.3 will

be made or confirmed through Operational Notices. The Parties will document the commencement and termination of all sales and purchases of Gas, and any modifications of the rates of flow within a reasonable time after the applicable Operational Notice. The transactional summaries will be tabulated by Seller in a spreadsheet that will be provided to Buyer periodically or in response to a request and will contain at least the following information in relation to each such transaction: (a) the total volume of sales and purchases of Gas, (b) the applicable rate(s) of Gas delivery, (c) the applicable Delivery Point(s), (d) the applicable Gas Sales Price, and (e) the total amount due.

2.5 **Transportation.** Seller is solely responsible for arranging the logistics of transporting Natural Gas sold under this Agreement to the Delivery Point. Buyer is solely responsible for arranging the logistics of transporting Natural Gas sold under this Agreement from the Delivery Point.

3. DELIVERY POINT; TITLE; LIABILITY AND RISK OF LOSS.

3.1 The authorized Delivery Point(s) for each Transaction will be mutually agreed to by the Parties for each Transaction and shall be set forth in a Transaction Confirmation and, if modified, through an Operation Notice.

3.2 Title to all Gas delivered under this Agreement will pass from Seller to Buyer upon the delivery of such Gas by Seller to Buyer at the applicable Delivery Point(s). For the avoidance of doubt, with respect to all such delivered Gas, Buyer shall have the right to use Gas sold and purchased pursuant to this Agreement for any purpose.

3.3 All cost, liability and risk associated with the Gas will be with Seller prior to delivery by Seller to the applicable Delivery Point(s), and with Buyer after delivery by Seller to the applicable Delivery Point(s).

4. EFFECTIVE DATE AND TERM.

4.1 **Term.** This Agreement is effective on the Effective Date and, unless earlier terminated under Article 8, terminates April 30, 2020 (the "Term").

4.2 **Survival.** Notwithstanding anything to the contrary, all provisions of this Agreement relating to accrued payment obligations, indemnification, limitation of liability, and dispute resolution, including Sections 3.2, 3.3, 4.2, and Articles 1, 7, 8, 9, 10, 11, 13, 21, and 22, will survive expiration or termination of this Agreement.

5. MEASUREMENT; QUALITY.

5.1 The American Gas Association (AGA) measurement standards in effect on the date of delivery will apply to all Gas delivered under this Agreement.

5.2 Seller warrants all Gas delivered to the applicable Delivery Point(s) will be of a

pressure, condition and quality to meet the standard requirements of the receiving pipeline system.

6. GAS SALES PRICE; OTHER COSTS.

- 6.1 **Gas Sales Price.** The sale price for each Transaction will be mutually agreed to by the Parties for each Transaction and shall be set forth in a Transaction Confirmation. All payments for purchased Gas will be made in accordance with Section 7.
- 6.2 **Production and Transportation Costs.** Seller is responsible for all Natural Gas processing and treatment expenses, royalties, severance/ production taxes, transportation costs (if any), and all other costs related to Natural Gas prior to the Delivery Point. Seller assumes all risk of future or retroactive changes in severance/ production taxes, excess royalties and any associated interest and penalties that might be assessed on the Natural Gas sold pursuant to this Agreement
- 6.3 **Post-Delivery Costs.** Buyer is responsible for all taxes, transportation costs, and any and all other costs related to the Natural Gas beyond the Delivery Point.

7. INVOICING AND PAYMENT.

- 7.1 **Statement and Payment.** On or before the twenty-fifth (25th) day of the month following the month of delivery of Natural Gas hereunder, Seller will provide Buyer at the address set forth below an invoice setting forth the volume of Natural Gas delivered to Buyer during the preceding month and the amount owed for such Natural Gas. Buyer will make payment by wire transfer within fifteen (15) days of delivery of the invoice. Payment will be by Automatic Clearing House transfer to the account of Seller set forth below.

Seller:

BlueCrest Alaska Operating LLC
1320 S. University Drive, Suite 825
Fort Worth, TX 76107
Contact: John M. Martineck
Telephone: 214-697-880
Email: John.Martineck@BlueCrestEnergy.com

Remittance information:

BlueCrest Alaska Operating LLC

ACH & Wire Information:

Physical Mailing Address:
JP Morgan Chase Bank, N.A.
Wire Routing: 021000021
Account Name: BlueCrest Alaska Operating LLC

Account Number: 709423776
ABA/Routing: 111000614

- 7.2 **Interest.** Any undisputed amount not paid when due (or any overpayment) will accrue interest daily at the daily rate corresponding to the annual rate of interest that is two (2) percentage points greater than the Wall Street Journal prime rate at the due date for payment or, if lower, the maximum rate of interest allowed under applicable law. If Buyer withholds payment of a disputed amount and it is later determined that all or part of the disputed amount was correctly invoiced, such amount that was properly payable shall accrue interest as set forth in this section. If an amount is disputed, but timely paid, and all or part of that amount is determined to have been incorrectly invoiced, the overpayment reimbursement due to Buyer will accrue interest as set forth in this section.
- 7.3 **Audit.** 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. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments to previous billings shall be paid in full by the Party owing payment within thirty (30) Days of notice from the other Party and substantiation of such adjustments.

8. TERMINATION.

- 8.1 The Parties agree this Agreement is a forward contract within the meaning of and for the purposes of the United States Bankruptcy Code, as amended. Further each Party represents to the other Party that it is a forward contract merchant as such term is defined in and for the purposes of the Bankruptcy Code, as amended. If: (a) a Party becomes the subject of bankruptcy or other insolvency proceedings, or proceedings for the appointment of a receiver, trustee, or similar official, (b) a Party becomes generally unable to pay its debts as they become due, or (c) a Party makes a general assignment for the benefit of creditors, the other Party to this Agreement may suspend its performance hereunder and or terminate this Agreement effective on notice to the other Party.
- 8.2 In the event that: (a) either Party defaults in its undisputed payment obligations, or (b) either Party defaults in its performance of any other material obligation hereunder; and (i) in the case of a default under Section 8.2(a), the non-defaulting Party has given notice to the defaulting Party of such default and the defaulting Party has not cured such default within thirty (30) Days from the date it receives the notice to cure such default, or (ii) in the case of a default under Section 8.2(b), the non-defaulting Party has given notice to the defaulting Party specifying the

default and the defaulting Party has not cured such default within sixty (60) Days from the date it receives the notice to cure such default, then the non-defaulting Party has the right to withhold or suspend deliveries or payment, or terminate this Agreement, each in the sole discretion of the non-defaulting Party, effective on notice to the other Party.

9. TAXES.

- 9.1 **General Allocation.** Seller will pay all taxes, fees, penalties, and assessments (including Production Taxes) attributable to Gas or any other activity or facility prior to the Delivery Point, but not Excess Taxes. Buyer will pay all taxes, fees, penalties, and assessments attributable to Gas or any other activity or facility at or after the Delivery Point.
- 9.2 **New Production Taxes and Financial Incentives.** Notwithstanding anything in Section 11.1 to the contrary, Seller shall be responsible for any production taxes attributable to its operations and transactions. Seller shall be responsible for any changes in the State of Alaska's financial incentives or credits from the financial incentives or credits in place on the Effective Date, including, without limitation, any changes in the financial incentives or credits contained in AS 43.55 et seq.

10. ROYALTIES.

- 10.1 Seller will be responsible for the payment of all royalties and any fees, penalties and assessments attributable to the royalties on Gas delivered under this Agreement. If Gas sold under this Agreement is produced from land owned by the State of Alaska, Seller is responsible for obtaining acceptance by the Alaska Department of Natural Resources of the Gas Sales Price paid under this Agreement as to the value of the State's royalty share of production under AS 35.05.180(aa).
- 10.2 If and to the extent that any one or more royalty owners of the Gas purchased by Buyer from Seller requires Seller under applicable laws, regulations, or lease terms to pay royalties on Gas sold hereunder at a value that exceeds the applicable Gas Sales Price under this Agreement, Buyer shall reimburse Seller the "excess royalties" that Seller pays to royalty owners. For clarification, the "excess royalties" referred to in the previous sentence shall be calculated as the product of: (1) the value of Gas for purposes of royalty payments less the actual sales price; (2) the applicable royalty percentage; and (3) the volume of Gas sold to which the royalty percentage applies.
- 10.3 If and to the extent that the State of Alaska elects under applicable laws, regulations, or lease terms to take its royalty in kind, then Seller will have the right, in its sole discretion, to reduce Seller's obligations under this Agreement, provided, however, that, Seller shall give Buyer no less than 30 Days' prior notice of any such event and Seller and Buyer shall then meet to work out in good faith a reasonable reduction to the Gas volumes to be provided by Seller under this Agreement.

11. WARRANTY OF TITLE.

11.1 Seller warrants title at the Delivery Point to all Natural Gas delivered to Buyer hereunder and warrants its right to deliver and sell 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, including Bankruptcy trustees, with respect to the title to such Natural Gas and or the right to sell and deliver such Natural Gas, including costs, expenses, and reasonable attorney's fees incurred by Buyer in defending against any such Claims.

12. SUCCESSORS AND ASSIGNS.

12.1 This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, save that no assignment or other transfer of this Agreement or any interest hereunder by either Party shall be effective without the written consent of the other Party (which consent shall not be unreasonably withheld), and the assignee must, in the commercially reasonable opinion of the other Party, be financially and physically capable of assuming such obligations. 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.

13. INDEMNIFICATION; LIMITATION OF LIABILITY.

13.1 **Indemnification.** Each Party will protect, defend, indemnify, and hold harmless the other Party from any and all liability and expense, including costs, expenses, and reasonable attorney's fees incurred, on account of all Claims asserted by third persons, including for damages to and destruction of property, and injury to and death of persons, 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 (whether through negligence, willful misconduct, strict liability or other legal theory) 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 Natural Gas sold and purchased hereunder. This duty to protect, defend, indemnify, and hold harmless will survive the expiration or termination of this Agreement. Without limiting Section 13.1, as between Seller and Buyer, Seller will be liable for all claims that arise from the failure of Gas delivered by Seller to Buyer under this Agreement to meet the quality requirements of Section 5. Neither Party will be liable to the other for special, punitive, indirect, or consequential damages resulting from or arising out of or occurring in connection with this Agreement.

13.2 **Limitation of Liability.** Neither Party will be held liable to the other for special, punitive, indirect, or consequential damages resulting from or arising out of or occurring in connection with this Agreement.

14. NOTICES.

- 14.1 Except as specifically provided otherwise in Article 7 of this Agreement, all notices and communications under this Agreement (other than Operational Notices as provided in Section 14.2) will be made in writing by certified mail (return receipt requested), facsimile (with confirmation by one of the other means described herein received within two (2) Business Days of receipt of such facsimile), email, or by nationally recognized overnight courier. All such notices will be deemed effective (a) if mailed, on the date indicated on the returned receipt, (b) if delivered personally or by overnight courier, when delivered, (c) if sent by email or by facsimile during the normal business hours of the recipient, on the same Business Day as sent, and (d) if sent by email or facsimile after the normal business hours of the recipient, on the next Business Day following the date of transmission.

Seller

BlueCrest Alaska Operating LLC
Attn: John M. Martineck
Physical: 1320 S. University Drive, Suite 825
Fort Worth, TX 76107
Telephone: 214-697-8802
Email: John.Martineck@BlueCrestEnergy.com

Buyer

Alaska Pipeline Company
Attn: Gas Supply
Physical: 3000 Spenard Road
Anchorage, AK 99503
Mailing: P.O. Box 190288
Anchorage, AK 99519
Email: inna.johansen@enstarnaturalgas.com

- 14.2 Any Operational Notice required or permitted to be given to either Party will be given by telephone and confirmed by email, at the telephone numbers and email addresses set forth below (or such other telephone numbers and email addresses as the Parties may designate from time to time by written notice under Section 14.1). Notices given by telephone will be effective immediately and the confirmation by email will be effective when received by the recipient's email server. The Party providing an Operational Notice will attempt to contact the primary contact first. If the primary contact is unavailable to receive notice in a timely manner, the Party providing an Operational Notice will contact the alternate contact.

Seller:

BlueCrest Alaska Operating LLC
1320 S. University Drive, Suite 825
Fort Worth, TX 76107

Primary Contact:

John M. Martineck
President & Chief Operating Officer
Telephone: 214-697-8802
Email: John.Martineck@BlueCrestEnergy.com

Alternate Contact:

Mike Carne
Corporate Controller
Telephone: 817-509-1214
Email: MCarne@BlueCrestEnergy.com

Buyer:

Alaska Pipeline Company
3000 Spenard Road
Anchorage, AK 99503

Primary Contact(s):

Inna Johansen
Senior Gas Supply Manager
Telephone: 907-334-7830
Email: inna.johansen@enstarnaturalgas.com

Jason Westervelt
Gas Control Supervisor
Telephone: 907-334-7795
Email: jason.westervelt@enstarnaturalgas.com

- 14.3 Either Party may designate address changes by formal written notice as provided in Section 14.1.

15. NO THIRD PARTY BENEFICIARIES.

- 15.1 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. ENTIRE AGREEMENT; AMENDMENT.

16.1 This Agreement is the entire and complete agreement between the Parties regarding the sale and purchase of Gas as described herein. Any prior agreements or understandings, oral or written, are superseded and replaced by this Agreement. This Agreement may not be amended except in a writing duly executed by the Parties.

17. NO WAIVER.

17.1 Waiver of any default under this Agreement will not act as a waiver of any other or future default.

18. INTERPRETATION OF AGREEMENT.

18.1 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.

19. NO PARTNERSHIP.

19.1 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.

20. HEADINGS.

20.1 The headings in this Agreement are for the convenience of the reader only. The headings are not part of this Agreement and do not purport to and will not be deemed to define, limit, or extend the scope or intent of the article or section to which they pertain.

21. AUTHORITY.

21.1 Each Party represents and warrants to the 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.

22. GOVERNING LAW AND DISPUTE RESOLUTION.

22.1 **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.

22.2 **Resolution of Disputes.** The Parties shall exclusively and finally resolve any

Dispute between them using direct negotiations and/or non-jury trials, all as set out in this Article 22. A Party who violates this Article 22 shall pay all reasonable legal, expert and court fees and costs incurred by the other Party in any suit, action, or proceeding to enforce this Article 22. While the procedures in this Article 22 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.

- 22.3 **Direct Negotiations.** If a Dispute arises, a Party shall initiate the resolution process by giving notice setting out in writing and in detail the issues in Dispute and the value of the Claim to the other Party. If a Party refuses to toll all applicable statutes of limitations and defenses based upon the passage of time while the proceedings in this Section 22.3 are pending, the other Party may file a court proceeding under Section 22.4 in an attempt to preserve its Claim and such proceeding shall be stayed by the arbitrator or arbitrators after appointment so that the Parties may continue efforts to resolve this Dispute as set out in this Section 22.3. A meeting between the Parties, attended by individuals with decision-making authority, must take place within twenty (20) days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.
- 22.4 **Trial.** If the Dispute is not resolved by mediation within thirty (30) days from the date of the notice requiring direct negotiations, then the Dispute will be resolved by the state or federal courts of Alaska in Anchorage, Alaska. Each Party, to the extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal 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. All reasonable attorneys' and court fees and costs of both Parties shall be borne by the Party determined by the court to be at fault.
- 22.5 **Enforcement.** Proceedings to enforce 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.

23. CONFIDENTIALITY

23.1 Each Party shall, and shall cause its affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective representatives to hold, in confidence any and all information, whether written or oral, concerning the subject matter of this Agreement, except to the extent that the disclosing Party can show that such information (a) is generally available to and known by the public through no fault of the disclosing Party, any of its affiliates or their respective representatives; (b) has been disclosed to any government commission, agency or organization; or (c) is lawfully acquired by the disclosing Party, any of its affiliates or their respective representatives from and after the date of this Agreement from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. Notwithstanding the foregoing, the Parties agree that disclosure may be made: (i) 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; (ii) to the auditors, legal advisors, insurers, lenders, financial advisors, and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend; (iii) whether that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation; (iv) with the prior written consent of the other Party; or (v) as required in connection with RCA or Alaska Department of Natural Resources approvals.

24. EXECUTION IN COUNTERPARTS; TIMING OF EXECUTION.

24.1 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.

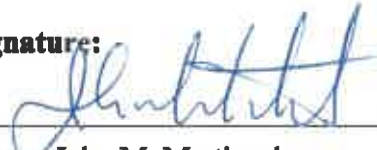
25. CONFLICT OF INTEREST.

25.1 No Party, nor any director, employee, or agent of a Party will give to or receive from any Party or any director, employee, or agent of the other Party any commission, fee, rebate, gift, or entertainment of significant cost or value in connection with this Agreement. Each Party will promptly notify the other Party of any violation of this section, and any consideration received by a Party as a result of such violation will be paid over or credited to the other Party. Each Party, or its designated representative(s), may audit any and all records of the other Party as provided in Section 7.3 of this Agreement for the sole purpose of determining whether there has been compliance with this section.

IN WITNESS WHEREOF, the Parties have executed this Gas Sale and Purchase Agreement effective as of the Effective Date.

SELLER:
BlueCrest Alaska Operating LLC

BUYER:
Alaska Pipeline Company.

Signature:  4-29-2019
Name: John M. Martineck
Title: President & Chief Operating Officer


Signature:  4-30-2019
Name: MOIRA K. SMITH
Title: VP/general Counsel

EXHIBIT A

TRANSACTION CONFIRMATION

<p>This Transaction Confirmation is subject to the Gas Sale and Purchase Agreement between Seller and Buyer, dated _____.</p>	
<p>SELLER: BlueCrest Alaska Operating LLC Attn: John M. Martineck Phone: 214-697-8802 Email: John.Martineck@BlueCrestEnergy.com</p>	<p>BUYER: Alaska Pipeline Company Attn: _____ Phone: _____ Fax: _____</p>
<p>PERIOD: Transaction Start Date: _____ Transaction End Date: _____</p>	
<p>GAS PRICE: Gas Price: _____ \$/Mcf</p>	
<p>GAS QUANTITY: Gas Quantity: Interruptible: _____ Mcf at a rate of _____ Mcfpd</p>	
<p>DELIVERY POINTS:</p>	
<p>SPECIAL CONDITIONS:</p>	
<p>Seller: BlueCrest Alaska Operating LLC By: _____ Title: _____ Date: _____</p>	<p>Buyer: Alaska Pipeline Company By: _____ Title: _____ Date: _____</p>

TRANSACTION CONFIRMATION

This Transaction Confirmation is subject to the Gas Sale and Purchase Agreement
between Seller and Buyer, dated 05/01/19.

SELLER:

BlueCrest Alaska Operating LLC

Attn: John M. Martineck

Phone: 214-697-8802

Email: John.Martineck@BlueCrestEnergy.com

BUYER:

Alaska Pipeline Company

Attn: Inna Johansen

Phone: 907-334-7830

Email: inna.johansen@enstarnaturalgas.com

PERIOD:

Transaction Start Date: 05/01/2019

Transaction End Date: 08/31/2019

GAS PRICE:

Gas Price: \$6.70/Mcf

GAS QUANTITY:

All current production at 7,000-10,000 Mcf/day

DELIVERY POINTS: BlueCrest Cosmo Pipeline Connection (ENSTAR/ APC MSN K694)

SPECIAL CONDITIONS:

Seller: BlueCrest Alaska Operating LLC

By: 

Title: President and Chief Operating Officer

Date: 4-29-2019

Buyer: Alaska Pipeline Company

By: 

Title: VP/General Counsel

Date: April 30, 2019

INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT

BETWEEN

FURIE OPERATING ALASKA, LLC

AND

ALASKA PIPELINE COMPANY

April 25, 2019

GAS SALE AND PURCHASE AGREEMENT

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INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT

This INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT (“Agreement”) effective as of April 25, 2019 (“Effective Date”), is entered into by and between Furie Operating Alaska, LLC, a Delaware limited liability company (“Seller”), and Alaska Pipeline Company (“Buyer”), an Alaska corporation and wholly owned subsidiary of SEMCO Energy, Inc. Seller and Buyer may be referred to collectively, as “Parties” and each, individually, as a “Party”.

RECITALS

- A. Seller owns, controls, or has the right to dispose of certain volumes of Natural Gas produced from lands located in the Cook Inlet region of Alaska (the “Project”);
- 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 and Buyer entered into that certain Gas Sales Agreement dated February 26, 2016 that was approved by the RCA on April 25, 2016 (the “Gas Sales Agreement”) and have asked the RCA to approve a second amendment to that Gas Sales Agreement (the “Second Amendment”); Buyer desires to purchase such Natural Gas on an Interruptible basis from the Effective Date until the date of RCA Approval (as that term is used in the Gas Sales Agreement) of the Second Amendment; and
- D. The Parties wish to provide the terms and conditions for the sale and purchase of such Natural Gas.

AGREEMENT

1. DEFINITIONS.

1.1 The following definitions apply to this Agreement:

“Agreement” is defined in the first paragraph hereof.

“Alaska Time” means Alaska Daylight Time when Daylight Saving Time is in effect and Alaska Standard Time when Daylight Saving Time is not in effect.

“Business Day” means any Day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business.

“Buyer” is defined in the first paragraph of this Agreement.

“Claim” means any claim, liability, loss, demand, damages, lien, cause of action of any kind, obligation, costs, royalty, fees, assessments, penalties, fines, judgment, interest and award (including recoverable legal counsel fees and costs of litigation of the party asserting the Claim), whether arising by law, contract, tort, voluntary settlement or otherwise.

“Continuous Rate” means the rate per hour, delivered without significant variation. For example if 6,000 Mcf of Natural Gas is delivered in a Day at a substantially constant rate, the Continuous Rate would be 250 Mcf.

“Daily Quantity” has the meaning set forth in Section 2.2.

“Day” means a 24-hour calendar day.

“Delivery Point” is defined in Sections 3.1.

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

“Effective Date” is defined in the first paragraph of this Agreement.

“Financing Agreements” means the financing documents entered into by Seller and the Financing Parties.

“Financing Parties” means any and all debt or equity financing parties providing interim, construction or long-term financing or any refinancing of the Project (or any portion thereof) and any collateral agent, trustee or other agent acting on their behalf, together with their respective successors and assigns. As of the date hereof, the Financing Parties are (i) Energy Capital Partners Mezzanine Opportunities Fund A, LP, as administrative agent and collateral agent (together with its successors, assigns and designees, the “ECP Administrative Agent”) for the lenders under that certain Amended and Restated Credit Agreement, dated as of March 19, 2015 (as same has been amended, and as may be further amended, amended and restated, modified and supplemented from time to time), by and among the Seller, Cornucopia Oil & Gas Company, LLC, the lenders party thereto (together with its successors and assigns, the “Lenders”) and the ECP Administrative Agent and (ii) the Lenders.

“Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state consisting primarily of methane and meeting the quality specifications of Section 5.2.

“Gas Sales Price” means the price per Mcf for Gas delivered in a Transaction, as set forth in Section 6.1.

“Interrupt”, “Interruptible”, or “Interruption” means, in the case of Seller’s obligations, Seller’s reduction or cessation of the delivery of Gas when Seller in its sole discretion elects to reduce or cease deliveries for any reason at any time and, in the case of Buyer’s obligations, Buyer’s reduction or cessation of the receipt of Gas when Buyer in its sole discretion elects to reduce or cease receipt for any reason at any time. Notwithstanding anything in this definition, once the Parties have entered into a Transaction Confirmation, each Party shall be bound by the terms thereof.

“Mcf,” “MMcf” and “Bcf” mean thousand standard cubic feet, million standard cubic feet, and billion standard cubic feet, respectively. Standard conditions will be at 14.65 psia pressure, and 60 degrees Fahrenheit temperature.

“MMcfpd” means million standard cubic feet per Day.

“Month” means a period beginning at 12:00:00 a.m., Anchorage time, on the first Day of a calendar month and ending at 11:59:59 p.m., Anchorage time, on the last Day of the same calendar month.

“Operational Notice” means a notice given as provided in Sections 2.2, 2.3, 2.4, 3.1, and 15.2.

“Party” and “Parties” are defined in the first paragraph of this Agreement.

“Production Taxes” has the meaning defined and set by AS 43.55.011, as amended, replaced, or supplemented from time to time after the date hereof.

“Seller” is defined in the first paragraph of this Agreement.

“Term” is defined in Section 4.1.

“Transaction” means an individual agreement to sell and purchase Gas reached by the Parties pursuant to Section 2.1.

“Transaction Confirmation” means the documentation memorializing each Transaction, including the commencement and termination dates of the sale and purchase of Natural Gas, the total volume of Gas, the Daily Quantity, the Continuous Rate, the Delivery Point, the Price of Gas purchased and sold, and any other terms of sale, in the form attached as Exhibit A.

2. GAS SALES AND PURCHASES.

- 2.1 **Sale and Purchase.** Subject to all terms and conditions of this Agreement, at any time during the Term, either Party may propose to buy or sell Gas, as applicable, on an Interruptible basis at a certain volume and price. If both Parties agree to a Transaction for an Interruptible Gas sale and purchase, they shall memorialize the Transaction by executing a Transaction Confirmation containing the key terms. In

the event the Parties cannot reach mutual agreement on the terms for buying or selling Gas, then neither Party shall be obligated to deliver or receive, as applicable, any Gas on an Interruptible basis.

- 2.2 **Daily Quantity.** Seller shall deliver to Buyer the Daily Quantity of Gas at the rate and for the duration mutually agreed by the Parties as set forth in a Transaction Confirmation or as modified through an Operational Notice. Buyer will communicate with Seller, by emailed Operational Notice, by 12 pm Alaska Time each Day, its anticipated Natural Gas scheduling needs for the following Day. If any event or circumstance that may affect deliveries or receipts of Natural Gas under this Agreement becomes known to a Party, it shall provide as much advance notice to the other Party as is commercially reasonable under the circumstances at the time.
- 2.3 **Volume and Volume Variations.** Buyer and Seller understand that this Agreement may require frequent communication and cooperation for proper scheduling and delivery of Gas. Unless otherwise set forth in an Operational Notice, daily delivery of Gas volumes nominated shall be delivered at a Continuous Rate. The acting Party will provide at least twenty-four (24) hours prior notice through Operational Notices to the other Party when as permitted by this Agreement: (i) Seller and Buyer agree to change the Continuous Rate, or (ii) Seller Interrupts deliveries or Buyer Interrupts receipts.
- 2.4 **Operational Notices and Documentation.** Actions under Sections 2.2 and 2.3 will be made or confirmed through Operational Notices. The Parties will document the commencement and termination of all sales and purchases of Gas, and any modifications of the rates of flow within a reasonable time after the applicable Operational Notice. The transactional summaries will be tabulated by Seller in a spreadsheet that will be provided to Buyer periodically or in response to a request and will contain at least the following information in relation to each such transaction: (a) the total volume of sales and purchases of Gas, (b) the applicable rate(s) of Gas delivery, (c) the applicable Delivery Point(s), (d) the applicable Gas Sales Price, and (e) the total amount due.
- 2.5 **Transportation.** Seller is solely responsible for arranging the logistics of transporting Natural Gas sold under this Agreement to the Delivery Point. Buyer is solely responsible for arranging the logistics of transporting Natural Gas sold under this Agreement from the Delivery Point.
- 2.6 **No Liability for Interruption.** Other than an agreement of the Parties under this Article 2, the Parties agree that this Agreement does not create any obligation for Seller to deliver Gas nor any obligation for Buyer to receive Gas. Once the Parties have come to an agreement under Section 2.1, then Seller is obligated to deliver the Gas promised under the terms the Parties have agreed upon, and the Buyer is

obligated to purchase and pay for this quantity of Gas under the agreed upon terms. Should the Parties never come to terms on the purchase and sale of Gas under Section 2.1, then there shall be no obligations created.

3. DELIVERY POINT; TITLE; LIABILITY AND RISK OF LOSS.

- 3.1 The authorized Delivery Point(s) for each Transaction will be mutually agreed to by the Parties for each Transaction and shall be set forth in a Transaction Confirmation and, if modified, through an Operation Notice.
- 3.2 Title to all Gas delivered under this Agreement will pass from Seller to Buyer upon the delivery of such Gas by Seller to Buyer at the applicable Delivery Point(s). For the avoidance of doubt, with respect to all such delivered Gas, Buyer shall have the right to use Gas sold and purchased pursuant to this Agreement for any purpose.
- 3.3 Subject to other provisions of this Agreement including, without limitation, Section 13, all cost, liability and risk associated with the Gas will be with Seller prior to delivery by Seller to the applicable Delivery Point(s), and with Buyer after delivery by Seller to the applicable Delivery Point(s).

4. EFFECTIVE DATE AND TERM.

- 4.1 **Term.** This Agreement is effective on the Effective Date and, unless earlier terminated under Article 8, terminates upon RCA Approval of the Second Amendment (the “Term”), although Seller and Buyer shall complete any and all obligations then incurred under the Agreement, including any executed Transaction Confirmation that exists on the date RCA Approval is received.
- 4.2 **Survival.** Notwithstanding anything to the contrary, all provisions of this Agreement relating to accrued payment obligations, indemnification, limitation of liability, and dispute resolution, including Sections 3.2, 3.3, 4.2, and Articles 1, 7, 8, 9, 10, 11, 13, 17, 20, 21, and 22, will survive expiration or termination of this Agreement.

5. MEASUREMENT; QUALITY.

- 5.1 The American Gas Association (AGA) measurement standards in effect on the date of delivery will apply to all Gas delivered under this Agreement.
- 5.2 Seller warrants all Gas delivered to the applicable Delivery Point(s) will be of a pressure, condition and quality to meet the standard requirements of the receiving pipeline system.

6. GAS SALES PRICE; OTHER COSTS.

- 6.1 **Gas Sales Price.** The sale price for each Transaction will be mutually agreed to by the Parties for each Transaction and shall be set forth in a Transaction

Confirmation. All payments for purchased Gas will be made in accordance with Section 7.

- 6.2 **Production and Transportation Costs.** Subject to Sections 9.1 and 10.2, Seller is responsible for all Natural Gas processing and treatment expenses, royalties, severance/production taxes, transportation costs (if any), and all other costs related to Natural Gas prior to the Delivery Point. Seller assumes all risk of future or retroactive changes in severance/production taxes, excess royalties and any associated interest and penalties that might be assessed on the Natural Gas sold pursuant to this Agreement
- 6.3 **Post-Delivery Costs.** Buyer is responsible for all taxes, transportation costs, and any and all other costs related to the Natural Gas at and beyond the Delivery Point.

7. INVOICING AND PAYMENT.

- 7.1 **Statement and Payment.** On or before the fifteenth (15th) day of the month following the month of delivery of Natural Gas hereunder, Seller will provide Buyer at the address set forth below an invoice setting forth the volume of Natural Gas delivered to Buyer during the preceding Month and the amount owed for such Natural Gas. Buyer will make payment by wire transfer within ten (10) Business Days of delivery of the invoice. Payment will be by Automatic Clearing House transfer to the account of Seller set forth below. Buyer may dispute an invoice by delivering a notice to Seller that reasonably sets forth the basis of the dispute, the amount in dispute and reasonable documentation supporting Buyer's position. Buyer may, without prejudice to any claim or right, pay any disputed amount.

Seller:

Furie Operating Alaska, LLC
188 W. Northern Lights Blvd., Suite 620
Anchorage, AK 99503
Contact: Mark Slaughter
Telephone: 907-277-3726
Mobile: 907-632-2474
Email: m.slaughter@furiealaska.com

Remittance information:

Furie Operating Alaska, LLC

ACH & Wire Information:

Physical Mailing Address:
Wells Fargo Bank, N.A.
420 Montgomery, San Francisco, CA 94104
Telephone: 515-243-2131
Account Number: 48675504
Bank ABA#: 121000248

Swift: WFBIUS6S

- 7.2 **Interest.** Any undisputed amount not paid when due (or any overpayment) will accrue interest daily at the daily rate corresponding to the annual rate of interest that is two (2) percentage points greater than the Wall Street Journal prime rate at the due date for payment or, if lower, the maximum rate of interest allowed under applicable law. If Buyer withholds payment of a disputed amount and it is later determined that all or part of the disputed amount was correctly invoiced, such amount that was properly payable shall accrue interest as set forth in this section. If an amount is disputed, but timely paid, and all or part of that amount is determined to have been incorrectly invoiced, the overpayment reimbursement due to Buyer will accrue interest as set forth in this section.
- 7.3 **Audit.** 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. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments to previous billings shall be paid in full by the Party owing payment within thirty (30) Days of notice from the other Party and substantiation of such adjustments.

8. TERMINATION.

- 8.1 The Parties agree this Agreement is a forward contract within the meaning of and for the purposes of the United States Bankruptcy Code, as amended. Further each Party represents to the other Party that it is a forward contract merchant as such term is defined in and for the purposes of the Bankruptcy Code, as amended. If: (a) a Party becomes the subject of bankruptcy or other insolvency proceedings, or proceedings for the appointment of a receiver, trustee, or similar official, (b) a Party becomes generally unable to pay its debts as they become due, or (c) a Party makes a general assignment for the benefit of creditors (except as provided in Section 12), the other Party to this Agreement may suspend its performance hereunder and or terminate this Agreement effective on notice to the other Party.
- 8.2 In the event that: (a) either Party defaults in its undisputed payment obligations, or (b) either Party defaults in its performance of any other material obligation hereunder; and (i) in the case of a default under Section 8.2(a), the non-defaulting Party has given notice to the defaulting Party of such default and the defaulting Party has not cured such default within thirty (30) Days from the date it receives the notice to cure such default, or (ii) in the case of a default under Section 8.2(b), the non-defaulting Party has given notice to the defaulting Party specifying the default and the defaulting Party has not cured such default within sixty (60) Days

from the date it receives the notice to cure such default, then the non-defaulting Party has the right to withhold or suspend deliveries or payment, or terminate this Agreement, each in the sole discretion of the non-defaulting Party, effective on notice to the other Party.

9. TAXES.

- 9.1 **General Allocation.** Seller will pay all taxes, fees, penalties, and assessments (including Production Taxes) attributable to Gas or any other activity or facility prior to the Delivery Point, but not Excess Taxes. Buyer will pay all taxes, fees, penalties, and assessments attributable to Gas or any other activity or facility at or after the Delivery Point. "Excess Taxes" means taxes (including interest and penalties thereon) in excess of those payable under tax laws 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.
- 9.2 **New Production Taxes and Financial Incentives.** Notwithstanding anything in Section 9.1 to the contrary, Seller shall be responsible for any production taxes attributable to its operations and transactions. Seller shall be responsible for any changes in the State of Alaska's financial incentives or credits from the financial incentives or credits in place on the Effective Date, including, without limitation, any changes in the financial incentives or credits contained in AS 43.55 et seq.

10. ROYALTIES.

- 10.1 Seller will be responsible for the payment of all royalties and any fees, penalties and assessments attributable to the royalties on Gas delivered under this Agreement. If Gas sold under this Agreement is produced from land owned by the State of Alaska, Seller is responsible for obtaining acceptance by the Alaska Department of Natural Resources of the Gas Sales Price paid under this Agreement as to the value of the State's royalty share of production under AS 35.05.180(aa).
- 10.2 If and to the extent that any one or more royalty owners of the Gas purchased by Buyer from Seller requires Seller under applicable laws, regulations, or lease terms to pay royalties on Gas sold hereunder at a value that exceeds the applicable Gas Sales Price under this Agreement, Buyer shall reimburse Seller the "excess royalties" that Seller pays to royalty owners. For clarification, the "excess royalties" referred to in the previous sentence shall be calculated as the product of: (1) the value of Gas for purposes of royalty payments less the actual sales price; (2) the applicable royalty percentage; and (3) the volume of Gas sold to which the

royalty percentage applies.

- 10.3 If and to the extent that the State of Alaska elects under applicable laws, regulations, or lease terms to take its royalty in kind, then Seller will have the right, in its sole discretion, to reduce Seller's obligations under this Agreement, provided, however, that, Seller shall give Buyer no less than 30 Days' prior notice of any such event and Seller and Buyer shall then meet to work out in good faith a reasonable reduction to the Gas volumes to be provided by Seller under this Agreement.

11. WARRANTY OF TITLE.

- 11.1 Seller warrants title at the Delivery Point to all Natural Gas delivered to Buyer hereunder and warrants its right to deliver and sell 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, including Bankruptcy trustees, with respect to the title to such Natural Gas and or the right to sell and deliver such Natural Gas, including costs, expenses, and reasonable attorney's fees incurred by Buyer in defending against any such Claims.

12. SUCCESSORS AND ASSIGNS.

- 12.1 This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto, save that no assignment or other transfer of this Agreement or any interest hereunder by either Party shall be effective without the written consent of the other Party (which consent shall not be unreasonably withheld), and the assignee must, in the commercially reasonable opinion of the other Party, be financially and physically capable of assuming such obligations. Except as provided below, 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.
- 12.2 Notwithstanding any provision to the contrary set forth above or elsewhere in this Agreement, Buyer agrees Seller may collaterally assign to the Financing Parties all of its right, title and interest in, to and under this Agreement, including, without limitation, all of Seller's rights to receive payment under or with respect to this Agreement and all payments due and to become due to it under or with respect to this Agreement, whether as contractual obligations, damages, indemnity payments or otherwise (collectively, the "Assigned Interests"). Buyer acknowledges the right of the Financing Parties in the exercise of its rights and remedies under the Financing Agreements, to make all demands, give all notices, take all actions and exercise all rights of the Seller under this Agreement. No such assignment by Seller to a Financing Party shall release Seller from or diminish Seller's liabilities and responsibilities under this Agreement, nor change or amend Buyer's rights under this Agreement.
- 12.3 Buyer agrees that, if the Financing Parties notify it that an Event of Default (as defined in the Financing Agreements) has occurred and is continuing and that the

Financing Parties have elected to exercise the rights and remedies set forth in the Financing Agreements, then the Financing Parties or any other purchaser of the Assigned Interests in a judicial or non-judicial foreclosure sale (a “Substitute Seller”) shall be substituted for the Seller under this Agreement. In such event, the Buyer shall recognize such Substitute Seller in its capacity as such and shall continue to perform its obligations hereunder in favor of such Substitute Seller.

- 12.4 The Financing Parties may cure any breach or default by the Seller hereunder. In the event of a default by Seller in the performance of any of its obligations hereunder, or upon the occurrence or non-occurrence of any event or condition hereunder that would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable the Buyer to terminate this Agreement (in either case, a “default”), the Buyer will not terminate this Agreement until it first gives prompt written notice of such default to the Financing Parties and affords the Financing Parties a period of at least 15 days (or, if such default is a nonmonetary default, such longer period as is required so long as any such party has commenced and is diligently pursuing appropriate action to cure such default) from receipt of such notice to cure such default; provided, however, that, if possession of the Project is necessary to cure such default and the Financing Parties have commenced foreclosure proceedings, the Financing Parties will be allowed a reasonable time to complete such proceedings; provided, further, however, that, if the Financing Parties are prohibited from curing any such default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving the Seller, then the time periods specified herein for curing a default shall be extended for the period of such prohibition.
- 12.5 The Buyer acknowledges and agrees that no Financing Party shall have any liability or obligation hereunder, nor shall the Financing Parties be obligated or required to (i) perform any of the Seller’s obligations hereunder except during any period in which any Financing Party is a Substitute Seller pursuant to Section 12.3, in which case (A) the obligations of such Substitute Seller shall be no more than that of the Seller hereunder and (B) such Substitute Seller **SHALL NOT BE REQUIRED TO (I) PERFORM OR BE SUBJECT TO ANY DEFENSES OR OFFSETS BY REASON OF ANY OF THE SELLER’S OBLIGATIONS HEREUNDER THAT WERE UNPERFORMED AT THE TIME SUCH SUBSTITUTE SELLER BECAME A SUBSTITUTE SELLER (OTHER THAN ANY DEFAULTS FOR FAILURE TO DELIVER ANY QUANTITIES OF NATURAL GAS PROMISED BY SELLER HEREUNDER), OR (II) TAKE ANY ACTION TO COLLECT OR ENFORCE ANY CLAIM FOR PAYMENT ASSIGNED UNDER THE FINANCING AGREEMENT.**

- 12.6 In the event that the Financing Parties transfers all of the interest held by it in this Agreement to a Substitute Seller, and such Substitute Seller accepts in writing all obligations under this Agreement, the Financing Parties shall, upon such transfer, be released from any and all liability hereunder.

13. INDEMNIFICATION; LIMITATION OF LIABILITY.

- 13.1 **Indemnification.** Each Party will protect, defend, indemnify, and hold harmless the other Party from any and all liability and expense, including costs, expenses, and reasonable attorney's fees incurred, on account of all Claims asserted by third persons, including for damages to and destruction of property, and injury to and death of persons, 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 (whether through negligence, willful misconduct, strict liability or other legal theory) 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 Natural Gas sold and purchased hereunder. This duty to protect, defend, indemnify, and hold harmless will survive the expiration or termination of this Agreement. Without limiting Section 13.1, as between Seller and Buyer, Seller will be liable for all claims that arise from the failure of Gas delivered by Seller to Buyer under this Agreement to meet the quality requirements of Section 5.
- 13.2 **Limitation of Liability.** Neither Party will be held liable to the other for special, punitive, indirect, or consequential damages resulting from or arising out of or occurring in connection with this Agreement.

14. BUYER'S RIGHT TO COVER

- 14.1 To the extent Buyer and Seller enter into a Transaction Confirmation under Section 2.1 of this Agreement, Seller is obligated to deliver Gas to Buyer under terms agreed upon in the Transaction Confirmation. If Seller fails to timely deliver Gas as agreed upon in the Transaction Confirmation, Buyer has the right to Cover under the terms and conditions set forth in Section 2.9 of the Parties' Gas Sales Agreement. Should Seller fail to pay Cover as required under Section 2.9 of the Gas Sales Agreement, Buyer shall have the right to draw on the Letter of Credit under the terms and conditions set forth in Section 12.1 of the Gas Supply Agreement.

15. NOTICES.

- 15.1 Except as specifically provided otherwise in Article 7 of this Agreement, all notices and communications under this Agreement (other than Operational Notices as provided in Section 15.2) will be made in writing by certified mail (return receipt requested), facsimile (with confirmation by one of the other means described herein received within two (2) Business Days of receipt of such facsimile), email, or by nationally recognized overnight courier. All such notices will be deemed effective (a) if mailed, on the date indicated on the returned receipt, (b) if delivered

personally or by overnight courier, when delivered, (c) if sent by email or by facsimile during the normal business hours of the recipient, on the same Business Day as sent, and (d) if sent by email or facsimile after the normal business hours of the recipient, on the next Business Day following the date of transmission.

Seller

Furie Operating Alaska, LLC

Attn: Scott Pinsonnault,
Interim Chief Operating Officer

Physical: 188 W. Northern Lights Blvd., Suite 620
Anchorage, AK 99503

Email: s.pinsonnault@furiealaska.com

Attn: David W. Elder,
Chief Financial Officer

Physical: 188 W. Northern Lights Blvd., Suite 620
Anchorage, AK 99503

Email: d.elder@furiealaska.com

Buyer

Alaska Pipeline Company

Attn: Gas Supply

Physical: 3000 Spenard Road
Anchorage, AK 99503

Mailing: P.O. Box 190288
Anchorage, AK 99519

Email: inna.johansen@enstarnaturalgas.com

- 15.2 Any Operational Notice required or permitted to be given to either Party will be given by telephone and confirmed by email, at the telephone numbers and email addresses set forth below (or such other telephone numbers and email addresses as the Parties may designate from time to time by written notice under Section 15.1). Notices given by telephone will be effective immediately and the confirmation by email will be effective when received by the recipient's email server. The Party providing an Operational Notice will attempt to contact the primary contact first. If the primary contact is unavailable to receive notice in a timely manner, the Party providing an Operational Notice will contact the alternate contact.

Seller:

Furie Operating Alaska, LLC

188 W. Northern Lights Blvd., Suite 620
Anchorage, AK 99503

Primary Contact:

Mark Slaughter
Director, Resource Marketing & Transportation
m.slaughter@furiealaska.com
Telephone: 907-277-3726
Mobile: 907-632-2474

Buyer:

Alaska Pipeline Company
3000 Spenard Road
Anchorage, AK 99503

Primary Contact(s):

Inna Johansen
Senior Gas Supply Manager
Telephone: 907-334-7830
Email: inna.johansen@enstarnaturalgas.com

Jason Westervelt
Gas Control Supervisor
Telephone: 907-334-7795
Email: jason.westervelt@enstarnaturalgas.com

15.3 Either Party may designate address changes by formal written notice as provided in Section 15.1.

16. NO THIRD PARTY BENEFICIARIES.

16.1 Except as provided in Section 16.2, 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.

16.2 Each Financing Party is an intended third party beneficiary of Section 12 above.

17. ENTIRE AGREEMENT; AMENDMENT.

17.1 Except for the Cover and Letter of Credit provisions of the Parties' Gas Sales Agreement referenced in Section 14 of this Agreement, this Agreement is the entire and complete agreement between the Parties regarding the interruptible sale and purchase of Gas as described herein. Any prior agreements or understandings, oral

or written, are superseded and replaced by this Agreement. This Agreement may not be amended except in a writing duly executed by the Parties.

18. NO WAIVER.

18.1 Waiver of any default under this Agreement will not act as a waiver of any other or future default.

19. INTERPRETATION OF AGREEMENT.

19.1 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.

20. NO PARTNERSHIP.

20.1 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.

21. HEADINGS.

21.1 The headings in this Agreement are for the convenience of the reader only. The headings are not part of this Agreement and do not purport to and will not be deemed to define, limit, or extend the scope or intent of the article or section to which they pertain.

22. AUTHORITY.

22.1 Each Party represents and warrants to the 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.

23. GOVERNING LAW AND DISPUTE RESOLUTION.

23.1 **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.

23.2 **Resolution of Disputes.** The Parties shall exclusively and finally resolve any Dispute between them using direct negotiations and/or non-jury trials, all as set out in this Article 23. A Party who violates this Article 23 shall pay all reasonable legal, expert and court fees and costs incurred by the other Party in any suit, action, or proceeding to enforce this Article 23. While the procedures in this Article 23 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.

- 23.3 **Direct Negotiations.** If a Dispute arises, a Party shall initiate the resolution process by giving notice setting out in writing and in detail the issues in Dispute and the value of the Claim to the other Party. If a Party refuses to toll all applicable statutes of limitations and defenses based upon the passage of time while the proceedings in this Section 23.3 are pending, the other Party may file a court proceeding under Section 23.4 in an attempt to preserve its Claim and such proceeding shall be stayed by the arbitrator or arbitrators after appointment so that the Parties may continue efforts to resolve this Dispute as set out in this Section 23.3. A meeting between the Parties, attended by individuals with decision-making authority, must take place within twenty (20) days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.
- 23.4 **Trial.** If the Dispute is not resolved by mediation within thirty (30) days from the date of the notice requiring direct negotiations, then the Dispute will be resolved by the state or federal courts of Alaska in Anchorage, Alaska. Each Party, to the extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal 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. All reasonable attorneys' and court fees and costs of both Parties shall be borne by the Party determined by the court to be at fault.
- 23.5 **Enforcement.** Proceedings to enforce 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.

24. CONFIDENTIALITY.

- 24.1 Each Party shall, and shall cause its affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective representatives to hold, in confidence any and all information, whether written or oral, concerning the subject matter of this Agreement, except to the extent that the disclosing Party can show that such information (a) is generally available to and known by the public through no fault of the disclosing Party, any of its affiliates or their respective representatives; (b) has been lawfully disclosed to any government commission, agency or organization; or (c) is lawfully acquired by the disclosing Party, any of its affiliates or their respective representatives from and after the date of this Agreement from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. Notwithstanding the foregoing, the Parties agree that disclosure may be made: (i) after filing the document under seal and seeking an appropriate protective order 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; (ii) to the auditors, legal advisors, insurers, lenders, financial advisors, and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend; (iii) when that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation; (iv) with the prior written consent of the other Party; or (v) as required in connection with RCA or Alaska Department of Natural Resources approvals.

25. EXECUTION IN COUNTERPARTS; TIMING OF EXECUTION.

25.1 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.

26. CONFLICT OF INTEREST.

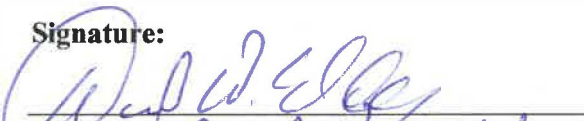
26.1 No Party, nor any director, employee, or agent of a Party will give to or receive from any Party or any director, employee, or agent of the other Party any commission, fee, rebate, gift, or entertainment of significant cost or value in connection with this Agreement. Each Party will promptly notify the other Party of any violation of this section, and any consideration received by a Party as a result of such violation will be paid over or credited to the other Party. Each Party, or its designated representative(s), may audit any and all records of the other Party as provided in Section 7.3 of this Agreement for the sole purpose of determining whether there has been compliance with this section.

IN WITNESS WHEREOF, the Parties have executed this Gas Sale and Purchase Agreement effective as of the Effective Date.


SELLER:
Furie Operating Alaska, LLC

BUYER:
Alaska Pipeline Company

Signature:


Name: David W. Elder

Signature:


Name: John Sims

Title: Chief Financial Officer

Title: President

CONSENT AND APPROVAL

ENERGY CAPITAL PARTNERS MEZZANINE OPPORTUNITIES FUND A, LP,
Collateral Agent under that certain Consent to Collateral Assignment dated as of February 26,
2016, hereby consents and agrees to this Interruptible Gas Sales Agreement.

**ENERGY CAPITAL PARTNERS
MEZZANINE OPPORTUNITIES FUND
A, LP**, as administrative agent and collateral
agent for the Secured Parties

By: 

Name: Trent Justus Kososki

Title: Partner

Date: April 26, 2019

INTERRUPTIBLE GAS SALE AND PURCHASE AGREEMENT

EXHIBIT A

TRANSACTION CONFIRMATION

This Transaction Confirmation is subject to the Gas Sale and Purchase Agreement between Seller and Buyer, dated _____.	
SELLER: Furie Operating Alaska, LLC Attn: Mark Slaughter Phone: 907-632-2474 Email: m.slaughter@fuiREALASKA.COM	BUYER: Alaska Pipeline Company Attn: _____ Phone: _____ Fax: _____
PERIOD: Transaction Start Date: _____ Transaction End Date: _____	
GAS PRICE: Gas Price: _____ \$/Mcf	
GAS QUANTITY: Gas Quantity: Interruptible: _____ Mcf at a rate of _____ Mcfpd	
DELIVERY POINTS:	
SPECIAL CONDITIONS:	
Seller: Furie Operating Alaska, LLC By: _____ Title: _____ Date: _____	Buyer: Alaska Pipeline Company By: _____ Title: _____ Date: _____