



Subsistence Plan of Cooperation
Northeast National Petroleum Reserve - Alaska
North Slope, Alaska

December 2012

Table of Contents

| | <u>Page</u> |
|--|-------------|
| 1.0 LEO Umiat Project Description..... | 1 |
| 2.0 SCHEDULE OF ACTIVITIES | 1 |
| 3.0 SUBSISTENCE COMMITMENT OVERVIEW | 2 |
| 3.1 Consultations | 2 |
| 3.1.1 Communities | 2 |
| 3.1.2 North Slope Borough | 2 |
| 3.1.3 Bureau of Land Management Subsistence Advisory Panel | 2 |
| 3.1.4 Kuukpik Subsistence Oversight Panel | 2 |
| 3.1.5 Federal and State Agencies | 2 |
| 3.2 Subsistence Conflicts and Reporting | 3 |
| 3.2.1 Subsistence Comment Recording | 3 |
| 3.2.2 Subsistence Activity Data Collection..... | 4 |
| 3.2.3 Employee Training..... | 4 |
| 3.2.4 Local Employment/Contracting..... | 4 |
| 3.2.5 Subsistence User Visitors..... | 5 |
| 3.2.6 Public Access | 5 |
| 3.2.7 Aircraft..... | 5 |

Appendices

Table 3.1.1-1 Affected Stakeholders, Meetings, Locations and Dates

Table 3.2.6-1 Linc Energy Operations, Inc. Personnel Contacts

Figure 1.0-1 Access Route and Lease Holdings MP 359 to Umiat

Figure 1.0-2 Infield Routes and Land Ownership

Appendix A – Subsistence Advisor Job Description

LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|---------|---|
| ADF&G | Alaska Department of Fish and Game |
| ADOT&PF | Alaska Department of Transportation & Public Facilities |
| AOGCC | Alaska Oil and Gas Conservation Commission |
| ASRC | Arctic Slope Regional Corporation |
| BLM | Bureau of Land Management |
| ICAS | Inupiat Community of the Arctic Slope |
| km | kilometers |
| KSOP | Kuukpik Subsistence Oversight Panel |
| lbs | pounds |
| LPV | Low-pressure vehicle(s) |
| mi | miles |
| NPR-A | National Petroleum Reserve – Alaska |
| NSB | North Slope Borough |
| SAP | Subsistence Advisory Panel |
| UIC | Ukpeagvik Inupiat Corporation |

1.0 LINC ENERGY OPERATIONS, INC. UMIAT PROJECT DESCRIPTION

Linc Energy Operations, Inc. (LEO) plans to engage in a delineation drilling program for oil and gas in the Northeast National Petroleum Reserve – Alaska (NPR-A) on lands leased through the U.S. Department of the Interior, Bureau of Land Management (BLM) to LEO. The location is Umiat, Alaska which is approximately 170 kilometers (km) (106 miles [mi]) southwest of Deadhorse and 145 km (90 mi) west of the Trans-Alaska Pipeline System Pump Station 2. LEO's delineation program includes up to one disposal well, four vertical wells, and two horizontal wells to be drilled during the 2012-2013 winter season. One drill rig would be used to drill all wells. Based upon the results of the 2012-2013 delineation effort, additional deep wells would be drilled during the 2012-2013 winter season.

Access to the project location would be via a packed snow trail using low-pressure vehicles (LPV). One access route option to Umiat is proposed:

Starting from Milepost (MP) 359 of the Dalton Highway access to the project will be gained by heading west along a packed snow trail to Umiat (Figure 1.0-1).

The Colville River near Umiat will be crossed via an ice bridge. Mobilization would begin when tundra travel is permitted by the State of Alaska.

Project location and land ownership schedule for the route is presented in Figure 1.0-2.

In addition to the winter access route, existing gravel roads would be used and ice roads would be constructed within the project area to provide access to the drill sites. Access to the area will also be provided by the Alaska Department of Transportation & Public Facilities (ADOT&PF) -maintained airport at Umiat. Existing gravel pads which are accessible from the airport by gravel roads (Seabee Pad and Husky Pad) would be used for material and equipment staging during winter delineation efforts (Figure 1.0-2).

Mobilization of the majority of the project equipment would occur when tundra travel is permitted by the State of Alaska and the BLM; however, some equipment may be transported by aircraft to the Umiat airstrip. Crews will be transported to and from Umiat by commercial air carrier. After drilling and testing is completed, or when the winter season ends, the drill rig would be stored on the existing Seabee gravel pad in Umiat or transported to Deadhorse.

2.0 SCHEDULE OF ACTIVITIES

Project activities scheduled for the 2012-2013 delineation drilling program are listed below.

- Winter 2012-2013– Overland travel with drill rig, camp, and consumables to the proposed project area. Seabee pad and Husky pad would be used for material and equipment staging. Up to one disposal well and six delineation wells will be drilled and tested. At the end of the drilling season the rig, camp, and equipment would be demobilized for summer storage.
- Summer 2013 – The drill rig, camp, and other equipment would be staged at the Seabee pad or transported back to Deadhorse.

- Winter 2013-2014 – The drill rig, camp, and consumables would be moved from the over-summer storage location to the proposed project area. At the end of the drilling season the rig and camp would be demobilized overland to their final destinations.

Following each exploratory drilling season, all waste will be consolidated and managed in full compliance with applicable regulations.

3.0 SUBSISTENCE COMMITMENT OVERVIEW

LEO is committed to preventing potential unreasonable conflicts with subsistence activities and has developed the Northeast NPR-A 2012-2013 Delineation Drilling Program Subsistence Plan of Cooperation based on initial consultations with the North Slope Borough (NSB), the BLM Subsistence Advisory Panel (SAP), and the villages of Anaktuvuk Pass and Nuiqsut.

This plan is intended to mitigate potential conflicts between the LEO winter delineation drilling program activities and subsistence hunting primarily of caribou, wolf, and wolverine. LEO's plan to prevent or mitigate impacts to subsistence activities include: Community and tribal consultation for developing mitigation planning, and to hire two Subsistence Advisors from both the village of Nuiqsut and Anaktuvuk Pass for ongoing observation and communication. Consultation has included presenting to the NPR-A Subsistence Advisory Panel, which will continue regularly. The Subsistence Advisor will be present at the project site to advise project crew members on strategies to avoid and reduce potential conflicts with subsistence activities. Subsistence Advisors will provide traditional knowledge regarding subsistence use of the project area, document subsistence use in the project area and near project access roads, and any perceived or apparent conflicts that may arise during the program.

Project crew members will be required to receive Environmental and Cultural Awareness training which is scheduled to begin in mid-December 2012. Subsistence Advisors ensure that project crew members are informed on how to avoid potential conflicts with subsistence users and subsistence specific permit stipulations or commitments made by LEO to the villages of Nuiqsut and Anaktuvuk Pass and the NSB.

Although the access route to the project area and the project area itself are not known to infringe upon any native allotments, camps or cabin sites, crew members and support contractor personnel will be instructed to not enter subsistence campsites, if encountered, unless permission has been obtained from cabin or native allotment owners.

3.1 Consultations

3.1.1 Communities

Community meetings have been held in Nuiqsut and Anaktuvuk Pass to discuss potential conflicts with project siting, timing, and methods of proposed operations and to identify safeguards to avoid or prevent unreasonable subsistence conflicts.

3.1.2 North Slope Borough

Linc Energy Operations has consulted with NSB Planning Department and the Mayor to provide them with information on the program and receive their comments or concerns.

3.1.3 Bureau of Land Management Subsistence Advisory Panel

LEO initially introduced the project to the BLM SAP at the November 15, 2011 meeting in Fairbanks. LEO has continued to participate in SAP meetings and implement recommendations as appropriate.

3.1.4 Kuukpik Subsistence Oversight Panel (KSOP)

LEO has met with Kuukpik Subsistence Oversight Panel (KSOP) in January. We have been in contact with the KSOP chairman to inform of our presence and set meetings.

3.1.5 Arctic Slope Regional Corporation

LEO has a surface access agreement with the Arctic Slope Regional Corporation (ASRC) for surface access across ASRC lands south and east of the Colville River, adjacent to the project area. This agreement addresses conflict avoidance measures with subsistence use activities on ASRC lands. ASRC provided a Subsistence Advisors from AKP for LEO's summer program and has been asked again to provide quotes for SA's for the winter season with AKP and Nuiqsut community members having precedence.

3.1.6 Federal and State Agencies

LEO has consulted with state and federal resource agencies through the permitting process and has adopted proposed measures to mitigate impacts to fish and wildlife resources and subsequent impacts to subsistence use of these resources in the project area. A wildlife interaction plan was prepared for submittal to BLM and the Alaska Department of Fish and Game (ADF&G) including bears. LEO's efforts with respect to bears will be to avoid bear dens and other known bear locations. There will also be strict requirements related to managing food and food waste storage, hazardous material handling and storage, pad layout, and lighting to minimize wildlife attraction. All project personnel, including crew members, will be instructed not to feed wildlife and to use proper food handling procedures.

3.2 Subsistence Conflicts and Reporting

LEO plans to hire two full-time Subsistence Advisors—with preference given to community members from Nuiqsut and Anaktuvuk Pass. The Subsistence Advisors will work with project crew members to minimize and avoid potential subsistence conflicts. They will be present at the drill site locations and in the ice road vicinity. A job description for the Subsistence Advisors is found in the Appendices of this document.

3.2.1 Subsistence Comment Recording

LEO encourages comments and concerns from subsistence users regarding subsistence use activities.

Comments from subsistence users in the field may be provided directly to the Subsistence Advisors. Comments or concerns may also be provided at community and SAP meetings or directly by phone, the project website, or via letter or e-mail to Linc Energy Operations.

3.2.2 Subsistence Activity Data Collection

LEO will continue to collect data regarding subsistence use in the project area during the drilling program. The data will be used by LEO to further refine its subsistence mitigation program and timely updates will be provided at community, SAP and NSB Planning Commission meetings or by request.

If subsistence conflicts do occur, LEO will conduct an incident investigation to determine how future conflicts of a similar nature can be prevented. Results of the incident investigations and proposed preventative actions will be provided to the appropriate entities (NSB Planning Commission and BLM SAP).

3.2.3 Employee Training

All project personnel will be trained to be aware of and sensitive to the Native cultural values held by residents of the North Slope. The training will include information concerning project mitigation and stipulations, required operating procedures and standards, and specific environmental, social, traditional and cultural concerns for the region.

Personnel will be trained to avoid archaeological resources and biological resources including fisheries, bird colonies and their habitat.

Dr. Richard Reanier conducted a cultural clearance survey during the summers of 2007, 2011 and 2012 and notes some cultural sites near the project area, but not in areas that would be impacted by project activities. LEO has adjusted ice road routes to ensure that known cultural sites are not disturbed.

LEO also will stop work if it is suspected that previously unknown cultural sites are uncovered. Work at newly discovered cultural sites will not resume until authorized by the BLM and the State Historic Preservation Officer.

One native allotment is in the area but will not be affected by the project. The allotment owner has been notified. Unless invited, project personnel are restricted from entering native allotments, camps, or cabins. All project personnel and crew will be instructed by the Subsistence Advisors on avoiding potential conflicts with subsistence use activities.

3.2.4 Local Employment/Contracting

- Two Subsistence Advisors: two observers will be hired with preference give to community member from both Anaktuvuk Pass and Nuiqsut. If personnel are not available from these villages, hiring will be extended to Barrow.
- For all community meetings, we will continue to use village services and local support such as translators.
- Many of the support services required for this project (fuel, waste disposal, etc.) will be provided by Ukpeagvik Inupiat Corporation (UIC) from their ongoing operation and facilities at Umiat.
- Work with Nuiqsut and Anaktuvuk Pass village corporations to hire via their businesses or partnerships. Our goal is to first pre-consult with the villages about services or skill sets available, as well as skills of interest to learn. We plan to continue work with or begin work with village

businesses. Hiring opportunities could be either direct hire or contracting opportunities. As an example, the Kuukpik Corporation from Nuiqsut is providing the drill rig and crew.

3.2.5 Subsistence User Visitors

Visitors in the project area are required to make their presence known at the project camp but will not be allowed to access the drill rig or other project area where hazards exist. The Subsistence Advisor will escort any visitors which remain in camp to share a cup of coffee or a meal. Except in emergencies, overnight guests will not be accommodated.

Crews will be instructed to provide Good Samaritan assistance should they encounter a stranded Subsistence User.

3.2.6 Public Access

For public safety, access to the drilling location will be controlled at all times. The well sites will be closed to the public. Government agency personnel should arrange visits through Bartly Kleven (907-230-9410).

The public may reach a LEO representative during operations by phone. Phone service will be available at the drilling camp 24 hours a day. Table 3.2.6-1 lists personnel contacts.

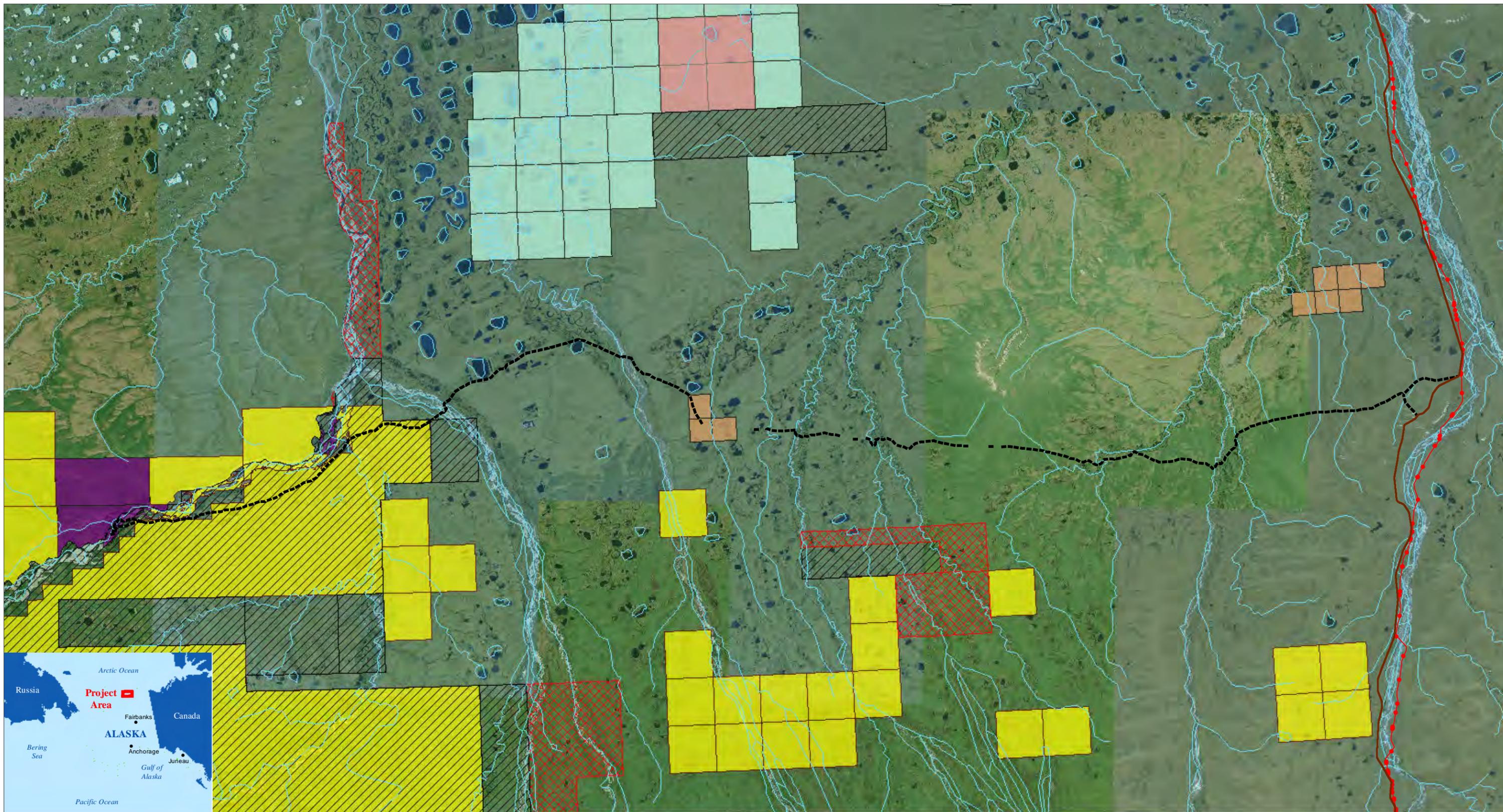
3.2.7 Aircraft

Lynden has been chartered for approximately 48 loads that will be brought in by hercs (drill rig, etc) to Umiat.

ERA is THE main charter for crew change and cargo (groceries, tools, equipment, materials etc). These flights will take place 2 – 3 times per week. They will originate in Anchorage, land in Fairbanks to refuel and continue on to Umiat.

Bald Mountain Air is the back-up charter when ERA cannot get into Umiat.

APPENDICES



- | | | |
|--|--|--|
| <ul style="list-style-type: none"> --- Proposed Snow Road — Dalton Highway ● TAPS ▨ Native Conveyed Lands ▩ Native Selected Lands | <p>North Slope Operators:</p> <ul style="list-style-type: none"> ACC; WHITE APC CADE; DONKEL CPAI; CPCO | <ul style="list-style-type: none"> OCEAN ENERGY LINC ENERGY REPSOL WOODSTONE |
|--|--|--|

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 NAD83_UTM Zone 5N
 October 2012



Access Route and Lease Holdings
MP 359 to Umiat
 2012/2013 Winter Delineation Drilling Program
 Northeast NPR-A, North Slope, Alaska

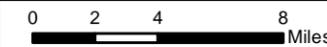
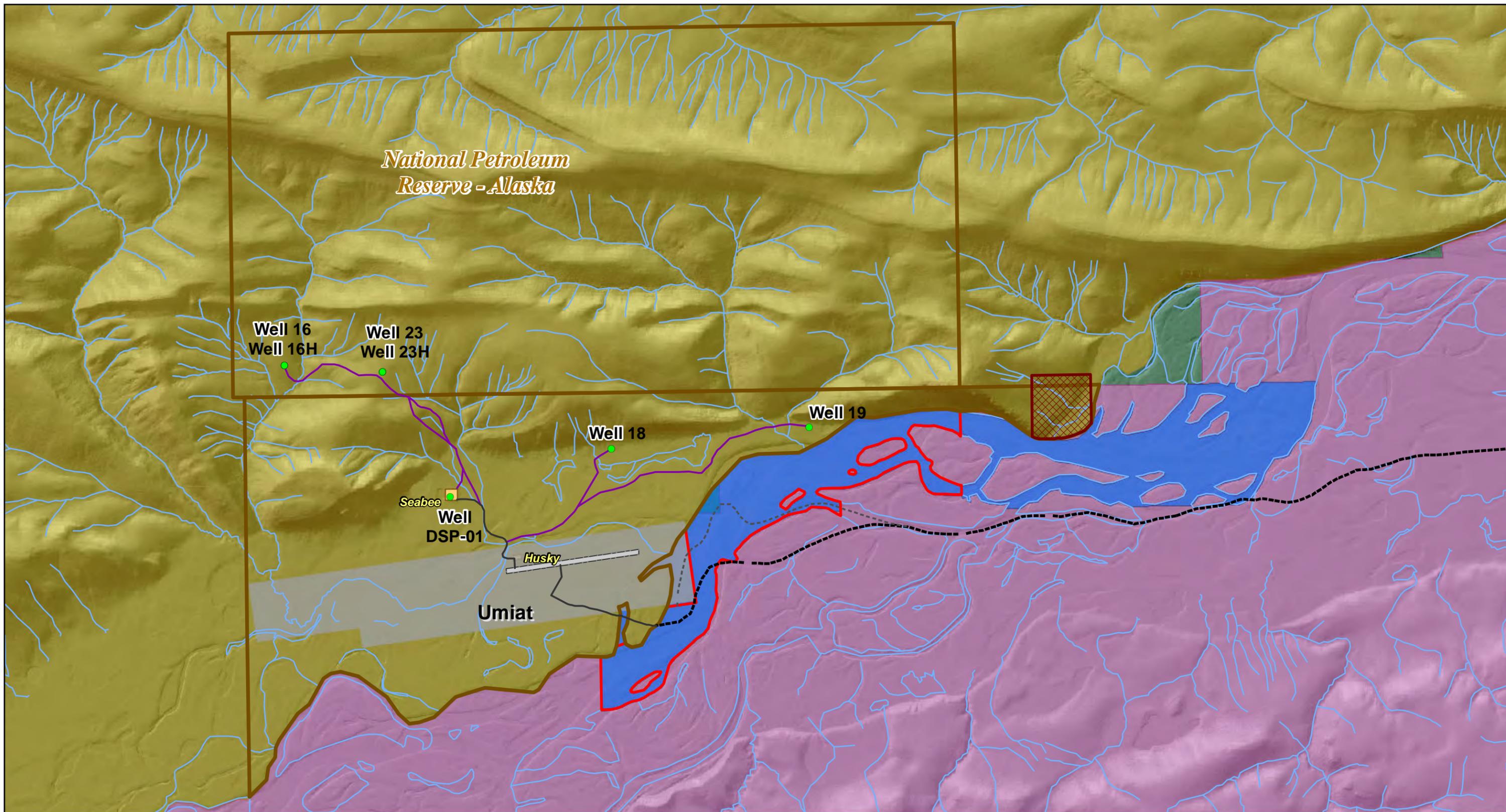


Figure 1.0-1



National Petroleum Reserve - Alaska

Well 16
Well 16H

Well 23
Well 23H

Well 18

Well 19

Seabee
Well DSP-01

Husky

Umiat

- Well Locations
- Proposed Snow Road
- Optional Colville Crossing*
- Existing Gravel Pads
- Infield Ice Road
- Gravel Road
- Federal Lease Boundary
- State of Alaska Lease
- ADOT&PF Airport Boundary
- State Submerged Lands
- Federal Lands
- Native Allotment

* The Colville River crossing location will be determined by field conditions.



NAD83_UTM Zone 5N
October 2012



Infield Routes and Land Ownership

2012/2013 Winter Delineation Drilling Program
Northeast NPR-A, North Slope, Alaska

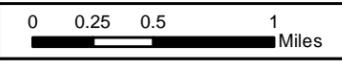


Figure 1.0-2

TABLE 3.1.1-1 Stakeholders Meetings, Locations and Dates

| | |
|--------------------|--|
| July 2011 | Linc Acquires Renaissance and Umiat Leases |
| August 22, 2011 | Meeting in Anchorage with NSB Chief of Staff and Special Assistant |
| September 12, 2011 | Meeting in Barrow with NSB Mayor's office—Mayor Itta and Staff |
| September 12, 2011 | Meeting in Barrow with NSB Planning Department |
| November 10, 2011 | Nuiqsut Leadership Meetings |
| November 10, 2011 | Nuiqsut Community Meeting |
| November 3, 2011 | Anaktuvuk Pass Leadership Meetings |
| November 3, 2011 | Anaktuvuk Pass Community Meeting |
| November 15, 2011 | SAP meeting in Fairbanks—Introduction of Linc Energy |
| February 9, 2012 | Nuiqsut Community Meeting |
| March 9, 2012 | Meeting with NSB Mayor Brower and Staff |
| April 18, 2012 | Anaktuvuk Pass Community Meeting |
| April 18, 2012 | Meeting in Barrow with NSB Planning Department |
| June 5, 2012 | SAP Meeting in Point Lay |
| October 1, 2012 | Meeting in Anchorage with NSB Planning Department |
| October 25, 2012 | NSB Planning Commission Meeting in Barrow |
| November 6, 2012 | SAP Meeting in Barrow |
| November 7, 2012 | Nuiqsut Leadership Meeting |
| January 2013 | AKP Leadership Meeting - Planned |

Appendix A

Subsistence Advisor Umiat, Alaska Northeast NPR-A 2012-2013 Delineation Drilling Program JOB DESCRIPTION

The Subsistence Advisor is a temporary non-exempt position with Linc Energy Operations, Inc.

Job Responsibilities and Qualification

The Subsistence Advisor will work under direct supervision of the Drill Site Manager with dual reporting duties to the Environmental Permitting Manager. The Subsistence Advisor will be required to work up to 12-hour days, 14 days per shift, with 14 days off between shifts (2 weeks on, 2 weeks off) and be on-call 24 hours per day while on shift. The job will begin on/about December 15, 2012 and end on/about May 15, 2013.

The Subsistence Advisor will utilize local knowledge (Traditional Knowledge) to observe and identify subsistence use by local residents. These observations and interpretations of the observations will be documented and provided to the Environmental Permitting Manager on a weekly basis.

The Subsistence Advisor will accept subsistence related comments/concerns and relay the information to the Environmental Permitting Manager on a weekly basis. The Subsistence Advisor will provide subsistence related advice to the onsite Drilling Manager as needed and in a timely manner. Any critical subsistence concerns will be forwarded to the Drilling Manager and Environmental Permitting Manager as soon as practicable.

Working Conditions

The work will be indoors and outdoors. Extreme arctic weather conditions are routine. The Subsistence Advisor may be required to commute long distances by tundra approved LPV (low pressure vehicle), pickup truck, and/or aircraft. The Subsistence Advisor must be flexible and adaptable to different environments, job assignments, and requirements.

Hiring Requirements

- Inupiaq Speaker;
- Familiar with subsistence use areas;
- Verbal and written communication skills;
- Must be in good physical condition. (Physical ability to lift up to 70 pounds (lbs); carry up to 50 lbs push/pull up to 100 lbs shovel up to 20 lbs);
- Be at least 18 years old;
- Have a current driver's license or equivalent state photo ID card;
- Social security number; and
- Position is subject to drug and alcohol testing and reporting regulations.

The above job responsibilities of the Subsistence Advisor are conducted to comply with regulatory permits, authorizations, and agreements to ensure Linc Energy's ability to operate in Alaska.