

GAS SALE AND PURCHASE AGREEMENT

BETWEEN

HILCORP ALASKA, LLC

AND

TITAN ALASKA LNG, LLC

Effective Date: July 1, 2013

Delivery Commencement Date: July 1, 2013

Termination Date: March 31, 2018

Date: 6-14-17 **Exh #** H-69
Regulatory Commission of Alaska
By: APS U-16-0664
Northern Lights Realtime & Reporting, Inc.
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GAS SALE AND PURCHASE AGREEMENT

This GAS SALE AND PURCHASE AGREEMENT ("Agreement") is made by Hilcorp Alaska, LLC ("Seller"), a Delaware limited liability company, with offices located at 3800 Centerpoint Drive, Suite 100, Anchorage, Alaska 99503, and Titan Alaska LNG, LLC ("Buyer"), a Delaware limited liability company, with offices located at 3408 International Street, Fairbanks, Alaska 99701-7901, collectively referred to as "Parties" and individually as "Party," dated as of July 1, 2013 (the "Effective Date"). The performance of Buyer is guaranteed by Pentex Alaska Natural Gas Company, LLC, a Delaware limited liability company with offices located at 3408 International Street, Fairbanks, Alaska 99701-7901.

RECITALS

- A. Seller owns, controls, or has the right to dispose of Natural Gas produced from lands located in the Cook Inlet Area of Alaska.
- B. Seller has acquired substantially all of Marathon's assets in the Cook Inlet Area. In connection with this transaction, the State of Alaska and Seller entered into a Consent Decree dated November 7, 2012, which was approved by the Superior Court on January 17, 2013, in Case No. 3AN-12-10858 CIV ("Consent Decree"). The Consent Decree imposes certain terms under which Seller must market its gas produced in the Cook Inlet Area through December 31, 2017.
- C. Buyer is a Gas wholesaler which aggregates Natural Gas, manufactures LNG, transports the LNG, regasifies the LNG and sells the resultant Gas to public utilities with Gas distribution systems and to government, industrial, commercial and residential customers which are not connected to a Gas distribution system. Buyer desires to purchase Gas to convert to liquefied natural gas for transport to its customers' distribution centers.
- D. Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all of the requirements of Buyer and Buyer's Affiliates for gas to Buyer's Point MacKenzie LNG Facility on a Firm basis for five Contract Years.
- E. In addition to Firm Gas, Buyer may desire to purchase Gas for the purpose of handling short-term extraordinary or emergency Gas supply needs of Buyer. Any such purchase of Gas must comply with the Consent Decree and this Agreement.
- F. Seller and Buyer adopt the terms and conditions set forth herein to govern this transaction.

AGREEMENT

1. DEFINITIONS & INTERPRETATION.

1.1 Definitions. The following definitions apply to this Agreement:

“1988 Marathon – APL GSA” means the Gas Purchase Agreement between Marathon Oil Company and Alaska Pipeline Company dated May 1, 1988, and approved by the RCA in Docket No. U-88-49, as amended.

“2000 Union Oil – APL GSA” means the Gas Sales Agreement between Union Oil Company of California and Alaska Pipeline Company, dated November 17, 2000, and approved by the RCA in Docket No. U-01-7, as amended.

“ACH” has the meaning set forth in Section 8.2.

“Affiliate” means any legal entity which controls, is controlled by, or is under common control with, another legal entity and which has operations in Alaska. An entity is deemed to “control” another if it owns directly or indirectly at least twenty percent of either of the following: (1) The shares entitled to vote at a general election of directors of such other entity; or (2) The voting interest in such other entity if such entity does not have either shares or directors.

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

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

“Annual Contract Quantity” means the volume of Gas required to be delivered and sold by Seller and received and purchased by Buyer during a Contract Year during the Term of this Agreement as set forth in Section 2.3.

“Arbitration Act” has the meaning set forth in Section 14.1.

“Average Daily Contract Quantity” means the average volume of Gas which would be sold and purchased on any given Day during a Contract Year if the applicable Annual Contract Quantity were delivered evenly on each Day throughout the Contract Year. The Average Daily Contract Quantity is reduced by 4.2% for the Day on which local time changes from Standard Time to Daylight Savings Time and increased by 4.2% for the Day on which local time changes from Daylight Savings Time to Standard Time.

“Base Load Gas” means the volume of Gas delivered on a Day of the Contract Year which is equal to or less than Average Daily Contract Quantity.

“Base Load Gas Charge” means the Monthly charge for Base Load Gas calculated pursuant to Section 7.1.

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

“Business Day” means a Day on which Buyer’s offices at 3408 International Street, Fairbanks, Alaska, are open for retail business.

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

“Buyer’s Existing Contract” means that certain Gas Sales Agreement between Fairbanks Natural Gas LLC and Aurora Gas, LLC, dated October 6, 2009 as amended through the Effective Date, but not including any amendments or other modifications thereto entered into after the Effective Date which increase the duration of said GSA or volumes of Gas to be sold and purchased under said GSA.

“Buyer’s Requirements” means a volume of Gas necessary to supply the needs of Buyer and Buyer’s Affiliates (including Fairbanks Natural Gas LLC) Gas for Buyer’s or Buyer’s Affiliates’ use or resale, which volume shall not exceed 5 MMcfpd and at an instantaneous rate which shall not exceed 0.33 MMcf per hour.

“Category” means the nature of the Gas sold and purchased under this Agreement. The Categories are Base Load Gas, Swing Load Gas, and Emergency Load Gas.

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

“ConocoPhillips Natural Gas Company” and “CPANGCO” mean the Delaware corporation which currently owns and operates the Kenai LNG Plant.

“Consent Decree” has the meaning set forth in Recital B.

“Continuous Rate” means a continuous rate of Gas delivery without significant deviation, which rate shall be calculated by dividing the volume per Day by 24 hours. For example, a rate of 3 MMcfpd will be delivered at a Continuous Rate of approximately 125 Mcf per hour without significant deviation.

“Contract Year” means a period beginning on April 1 at 00:00 a.m. and ending on the following March 31 at 24:00 p.m., except that Contract Year 1 means a period beginning on July 1, 2013, at 00:00 a.m. and ending on March 31, 2014, at 24:00 p.m.

“Cook Inlet Area” means that region of Alaska bordered in red on the map which

comprises Exhibit A.

“Cook Inlet Gas Distribution System” means the system of Gas transmission and distribution pipelines located in and around the Cook Inlet Area including pipelines owned by Alaska Pipeline Company and Hilcorp Alaska, LLC.

“Cover,” as referred to in Section 2.4, means Buyer’s commercially reasonable efforts to obtain replacement Gas, at a price reasonable for the Cook Inlet Area consistent with the amount of notice provided by the Seller, the immediacy of the Buyer’s Gas consumption needs, the quantities involved, and the anticipated length of the nonperformance by Seller.

“Daily Contract Quantity” means the volume of Gas meeting Buyer’s Requirements on a Day during the Term of this Agreement. “Daily Contract Quantity” does not include Emergency Load Gas.

“Day” means a 24-hour calendar day beginning at 00:00 hours and ending at 24:00 hours ACT. “Day” includes the 23-hour calendar day when local time changes from Alaska Standard Time to Alaska Daylight Savings Time and the 25-hour calendar day when local time changes from Alaska Daylight Savings Time to Alaska Standard Time.

“Daylight Savings Time” means the advancement of timekeeping clocks forward one hour from Standard Time near the start of spring pursuant to the Uniform Time Act of 1966, Pub. L. 89-387, 80 Stat. 107, 15 U.S.C. §§ 260-64, as amended, as administered by the US Department of Transportation.

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

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

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

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

“Emergency Gas Transaction” means an individual agreement to sell and purchase Emergency Load Gas reached by the Parties pursuant to Section 2.3(E).

“Emergency Load Gas” means Gas sold to Buyer in excess of the Base Load Gas and Swing Load Gas sold by Seller to Buyer to meet the short-term (one-Month or less) extraordinary or emergency gas supply needs of Buyer.

“Emergency Load Gas Charge” means the Monthly charge for Emergency Load Gas calculated pursuant to Section 7.1.

“Excess Royalties” means royalties (including interest and penalties thereon) in excess of those payable on the sale of the gas at the Sales Price due to a value attributed to the Gas under the applicable oil and gas lease which is higher than the contract price. “Excess Royalties” do not include royalties, interest or penalties thereon which are determined after audit to be due on the sale of the Gas at the Sales Price.

“Excess Taxes” means taxes (including interest and penalties thereon) in excess of those payable under tax law as of December 31, 2012, on the production or severance of the Gas or the sale of Gas at the 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 December 31, 2012, on the production or severance of the Gas or the sale of the Gas at the Sales Price.

“Fairbanks Natural Gas LLC” is a Gas distribution public utility regulated by the RCA and holding Certificate of Public Convenience and Necessity No. 514 issued by the RCA. Fairbanks Natural Gas LLC is an Alaska limited liability company with offices located at 3408 International Street, Fairbanks, Alaska 99701-7901.

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

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

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

“Gas” or “Natural Gas” means any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state consisting primarily of methane and meeting the quality specifications of Section 6.1.

“Gas Sale and Purchase Commitment” means the quantity of Gas that will be sold and delivered and purchased and received under this Agreement in accordance with Sections 2.3 and 2.4.

“Guarantor” means Pentex Alaska Natural Gas Company, LLC.

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

“Imbalance Volume” means the adjustment of the volume of Gas to be delivered by Seller and received by Buyer hereunder to correct for previous Incidental Deviations.

“Incidental Deviations” means the unintended differences between the Daily Contract Quantity for a Day delivered at a Continuous Rate and the actual deliveries and receipts made on that Day which arise from the ordinary operations of the Cook Inlet Gas Distribution System. Deviations greater than 3% are not Incidental Deviations.

“Kenai LNG Plant” means the Kenai Liquefied Natural Gas Plant owned by CPANGCO and located in Nikiski, on the Kenai Peninsula.

“Liquefied Natural Gas” and “LNG” mean Gas condensed into a liquid by cooling it to approximately -260 °F.

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

“MMcfpd” or “MMcfd” means MMcf delivered at a Continuous Rate for 24 hours during a Day.

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

“Monthly Contract Quantity” is the total of the Daily Contract Quantities during that Month.

“Monthly Delivered Quantity” means the actual volume of Gas Seller delivered and Buyer received during the applicable Month.

“North Slope Gas” means Gas produced from wells located in Alaska north of 68° North Latitude.

“Operational Notice” means a written confirmation from one Party to the other Party concerning the volumes of Gas accepted and to be delivered or a notice of Force Majeure as provided in Section 10.3.

“Pentex Alaska Natural Gas Company, LLC” is a Delaware limited liability company with offices located at 3408 International Street, Fairbanks, Alaska 99701-7901, and the sole member of Fairbanks Natural Gas, LLC and Titan Alaska LNG, LLC.

“Point MacKenzie LNG Facility” means the Buyer’s Gas liquefaction plant located at Mile 2.5 Ayshire Road near Point MacKenzie in the Matanuska-Susitna Borough.

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

“Sales Price” has the meaning set forth in Section 7.1.

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

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

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

“Swing Load Gas” means Gas sold to Buyer on any given Day in excess of the Base Load Gas sold to Buyer on such Day. “Swing Load Gas” does not include Emergency Load Gas.

“Swing Load Gas Charge” means the Monthly charge for Swing Load Gas calculated pursuant to Section 7.1.

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

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

“Termination Date” means March 31, 2018.

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

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

“Transportation Costs” means charges imposed to move Gas sold under this Agreement on pipeline carrier or public utility pipelines pursuant to RCA-approved tariff rates and conditions.

“Year” means a calendar year.

1.2 Principles of Construction. In this Agreement, unless the context otherwise requires:

- (A) This Agreement is the entire agreement between the Parties respecting the subject matter thereof.
- (B) Headings and the rendering of text in bold and/or italics are for convenience only and do not affect the interpretation of this Agreement.

- (C) Words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.
- (D) The words "hereof", "herein", and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (E) A reference to a Section, paragraph, clause, Party, Exhibit or Schedule is a reference to that Section, paragraph, clause of, or that Party, Exhibit or Schedule to, this Agreement unless otherwise specified, and in the event of a conflict, the provisions of the main body of this Agreement shall prevail over the provisions of any Exhibit or Schedule.
- (F) A reference to this Agreement shall mean this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of this Agreement.
- (G) A reference to a Person includes that Person's successors and permitted assigns.
- (H) The term "including" means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the work or provision in respect of which such examples are provided.
- (I) References to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom.
- (J) Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and has had the opportunity to consult with legal counsel and any other advisors of its choice to its satisfaction regarding the terms and provisions of this Agreement and the results thereof. As a result, the rule of construction that an agreement be construed against the drafter will not be asserted or applied to this Agreement.
- (K) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.
- (L) In the event of a conflict, a mathematical formula describing a concept or defining a term shall prevail over words describing a concept or defining a term.

- (M) References to any amount of money shall mean a reference to the amount in US Dollars.
- (N) The expression “and/or” when used as a conjunction shall connote “any or all of”.
- (O) Words, phrases or expressions which are not defined herein and which have a generally accepted meaning in the industry which is the subject of this Agreement shall have that meaning in this Agreement.
- (P) A waiver by either Party of any breach of the covenants and conditions to be performed under this Agreement by the other Party shall not be construed as a waiver of any succeeding breach of the same or any other covenant or condition.
- (Q) Except as otherwise expressly provided in this Agreement, no amendments to or modifications of this Agreement shall be valid unless they are in writing and signed by the Parties.

1.3 Exhibits.

- (A) All of the Exhibits that are attached to the body of this Agreement are an integral part of this Agreement and are incorporated by reference into this Agreement, including:
 - (1) Exhibit A – Map of the Cook Inlet Area
 - (2) Exhibit B – Delivery Points
- (B) If a conflict exists between the body of this Agreement and the Exhibits, the body prevails to the extent of the conflict.

2. GAS SALES.

- 2.1 Gas Sales Commitment; Revision; Limitation on Gas Use or Resale.** Subject to all of the terms and conditions of this Agreement, Seller commits to deliver and sell to Buyer, and Buyer commits to receive and purchase from Seller, the Natural Gas volumes and rates set forth in this Section 2. Buyer may not resell Gas purchased under this Agreement for LNG export to foreign nations, nor may Buyer resell Gas purchased under this Agreement to a third party for resale for LNG export to foreign nations.
- 2.2 Commitment Priorities.** Seller may cease or curtail deliveries under this Agreement without liability to Buyer to assure a sufficient supply of Field Operations Gas or to meet Seller’s commitments as follows:

- (A) Pursuant to the 1988 Marathon-APL GSA, if it is at any time determined that Seller's Available Gas Reserves are insufficient to permit it to make deliveries under this Agreement and meet its obligations to Alaska Pipeline Company under the 1988 Marathon-APL GSA, Gas deliveries under this Agreement may be reduced or terminated by Seller in its sole discretion. Seller's Available Gas Reserves will be determined in accordance with the provisions of the 1988 Marathon-APL GSA.
- (B) Pursuant to the 2000 Union Oil – APL GSA, APL has first call on Seller's Gas delivered into the Cook Inlet Area necessary to meet Seller's commitments in that agreement.

2.3 Gas Sale and Purchase Commitment. Unless Seller and Buyer otherwise agree in a writing signed by both Parties, the Gas Sale and Purchase Commitment under this Agreement shall be as set forth below.

- (A) Requirements: Except as stated in Sec. 2.3(A)(1) – (3), Seller shall deliver to Buyer and Buyer shall take from Seller all of Buyer's Requirements during the Term of the Agreement. Buyer may not take, nor shall Seller be required to deliver, a volume in excess of five (5) MMcfpd.
 - (1) Buyer's Existing Contract: Buyer or Buyer's Affiliates may purchase and receive such quantities of Gas as they are required to purchase and receive under Buyer's Existing Contract.
 - (2) CPANGCO LNG: Between October 1 and March 31 each Contract Year of the Term, and in order to avoid curtailing such large commercial customers as the University of Alaska and Fairbanks hospitals, Buyer or Buyer's Affiliates may purchase up to 100 MMcf of LNG manufactured at the Kenai LNG Plant.
 - (3) North Slope LNG: At any time during the Term, Buyer may notify Seller that Buyer's Affiliates intend to meet some or all of Buyer's Requirements through the purchase of North Slope Gas. Buyer's notice under this section must specify the date on which Buyer's Affiliates' receipt of North Slope Gas deliveries will commence, and the amount of Buyer's Requirements which will be met with North Slope Gas. Notice must be provided twelve (12) months prior to the receipt of North Slope Gas and twelve (12) months prior to any changes in the quantities of North Slope Gas to be received by Buyer's Affiliates. Upon notice by Buyer under this section, the Parties shall agree on a new definition of "Buyer's Requirements" to reflect the volumes to be purchased and received by Buyer from Seller for periods during which Buyer's Affiliates receive North Slope Gas. In the event that the noticed amount of North Slope Gas is not available to Buyer's Affiliates, or the

receipt of North Slope Gas is delayed, Buyer will provide Seller with notice of the changes and Seller will utilize commercially reasonable efforts to meet Buyer's shortfall due to the delay in availability or reduced available of the expected North Slope Gas supply.

- (B) **Annual Contract Quantity:** The sole purpose of the Annual Contract Quantity is to establish the Base Load Gas and Swing Load Gas volumes in compliance with the Consent Decree. The Buyer's estimates of Buyer's Requirements stated as Annual Contract Quantities that will be purchased under this Agreement are set forth in the following table. Buyer and Seller understand and agree that although the volumes actually delivered by Seller and purchased by Buyer will differ from the estimates in this table, these estimates form the best available basis on which to calculate Base Load Gas and Swing Load Gas.

Contract Year	Dates	Annual Contract Quantity (MMcf)
1	07/01/13 through 03/31/14	1021*
2	04/01/14 through 03/31/15	1002
3	04/01/15 through 03/31/16	1190
4	04/01/16 through 03/31/17	1336
5	04/01/17 through 03/31/18	1336
* The actual amount estimated to be delivered during the shortened Contract Year 1 is 810 Mcf. The amount is annualized in the chart above to facilitate calculation of the Average Daily Contract Quantity as required by the Consent Decree.		

- (C) **Average Daily Contract Quantity and Average Monthly Contract Quantity:** The sole purpose of the Average Daily Contract Quantity and the Average Monthly Contract Quantity is to establish the Base Load Gas and Swing Load Gas volumes in compliance with the Consent Decree.
- (1) The following table sets forth the calculated Average Daily Contract Quantity (in MMcf) based upon the estimated Annual Contract Quantity set forth in Section 2.3(B).

Contract Year	Dates	Average Daily Contract Quantity (MMcf)
1	07/01/13 through 03/31/14	2.797
2	04/01/14 through 03/31/15	2.745
3	04/01/15 through 03/31/16	3.260
4	04/01/16 through 03/31/17	3.660
5	04/01/17 through 03/31/18	3.660

- (2) The following table sets forth the calculated Average Monthly Contract Quantity (in Mcf) based upon the Average Daily Contract Quantity set forth in the table above. (Note: For Contract Year 3, one ADCQ was added to February because 2016 is a Leap Year. Also note that the totals vary slightly from the Monthly Contract Quantity due to rounding.)

Month	CY 1	CY 2	CY 3	CY 4	CY 5
April	83,910	82,350	97,800	109,800	109,800
May	86,707	85,095	101,060	113,460	113,460
June	83,910	82,350	97,800	109,800	109,800
July	86,707	85,095	101,060	113,460	113,460
August	86,707	85,095	101,060	113,460	113,460
September	83,910	82,350	97,800	109,800	109,800
October	86,707	85,095	101,060	113,460	113,460
November	83,910	82,350	97,800	109,800	109,800
December	86,707	85,095	101,060	113,460	113,460
January	86,707	85,095	101,060	113,460	113,460
February	78,316	76,860	94,540	102,480	102,480
March	86,707	85,095	101,060	113,460	113,460
Totals	1,020,905	1,001,925	1,193,160	1,335,900	1,335,900

(D) Monthly Contract Quantity and Daily Contract Quantity:

- (1) The following table sets forth the Buyer's estimates of Buyer's Requirements (in Mcf) for each Month of the Term. Buyer and Seller understand that the actual Buyer's Requirements during any given Month will vary from the estimates set forth in this table.

Month	CY 1	CY 2	CY 3	CY 4	CY 5
April	0	98,621	120,201	120,201	120,201
May	0	61,446	62,794	96,293	96,293
June	0	28,811	29,614	85,256	85,256
July	10,000	25,657	27,492	88,098	88,098
August	35,000	30,852	96,293	96,293	96,293
September	50,000	49,771	120,201	120,201	120,201
October	90,000	91,957	124,208	124,208	124,208
November	125,000	117,963	120,201	120,201	120,201
December	135,000	127,514	124,208	124,208	124,208
January	135,000	131,477	124,208	124,208	124,208
February	120,000	122,651	116,194	112,188	112,188
March	110,000	114,815	124,208	124,208	124,208
Totals	810,000	1,001,535	1,189,822	1,335,563	1,335,563

- (2) The Daily Contract Quantity is the volume of Gas meeting Buyer's Requirements on any given Day of the Term, as requested by Buyer pursuant to Section 2.5 where such request is within the limitations, conditions and other provisions set forth in this Agreement.

(E) Emergency Load Gas:

- (1) The purpose of this Section 2.3(E) is to facilitate the delivery of Gas from Seller to Buyer on relatively short notice when such Gas is required to meet the short-term extraordinary or emergency gas needs of the Buyer. No single Emergency Gas Transaction shall be for a period in excess of thirty (30) Days. All notices made pursuant to this Section 2.3(E) will be given as Operational Notices.
- (2) At any time during the term, Buyer may notify Seller that it has an extraordinary or emergency Gas supply need and request a specific volume or volumes of Emergency Load Gas to be delivered. In the notice, the Buyer must specify the nature and anticipated duration of the extraordinary or emergency situation which forms the basis of the request for additional Gas. Seller shall promptly respond to the request indicating what Emergency Load Gas, if any, it will make available to Buyer. The Parties will then negotiate toward an Emergency Gas Transaction, but neither Party is obligated to agree to an Emergency Gas Transaction and either Party may refuse to do so for any reason or no reason.
- (3) If the Parties agree to an Emergency Gas Transaction, they shall memorialize the agreement by an exchange of emails. The Parties

will also confirm the commencement and termination of all sales and purchases of Gas, the Continuous Rate, the Delivery Point and any modifications of the Continuous Rate by email exchange within a reasonable time after the applicable Operational Notice. Buyer shall promptly inform Seller when the extraordinary or emergency situation has been resolved. Sales of Emergency Load Gas shall cease as soon as practical after the resolution of the extraordinary or emergency situation.

- (4) Volumes of Gas sold pursuant to Emergency Gas Transactions shall not be included in the Annual Contract Quantity or Daily Contract Quantity and shall not be included in the calculations of Base Load Gas and Swing Load Gas.

2.4 Nature of Gas Sale and Purchase Commitment and Remedies

- (A) Commitments: Except as otherwise provided or excused in this Agreement, on each Day of the Term Seller will make available to Buyer up to 5 MMcf on a Firm basis and Buyer will receive and take from Seller Buyer's Requirements a volume up to 5 MMcf at an instantaneous delivery rate no greater than would equal 0.33 MMcf per hour.
 - (1) Neither Party shall be in breach of its obligation to deliver or receive Gas where the difference between the Daily Contract Quantity and the actual volume of Gas delivered and received on the applicable Day is no greater than the permitted Incidental Deviation for that Day.
 - (2) During the Months of May, June, July, August and September, for the purpose of operational efficiencies Buyer may elect to shut-in the Point MacKenzie LNG Facility up to three (3) Days a week. Buyer shall notify Seller of Buyer's shut-in schedule as soon as reasonably possible to allow Seller to adjust its gas production and storage facilities in anticipation of the shut-in Days. During the Days on which Buyer shuts in the Point MacKenzie LNG Facility, (i) Seller shall not be in breach of its obligations to make available and deliver Gas, and (ii) Buyer shall not be in breach of its obligation to receive Gas, respectively, under this Agreement.
- (B) Buyer's Remedies:
 - (1) If Seller for any reason, including a Force Majeure Event or quality issues, does not deliver all of the applicable Buyer's Requirements, or if Buyer because of Force Majeure Event cannot take from Seller all of Buyer's Requirements, Buyer may make whatever purchases are necessary to replace the shortage. Buyer will in

good faith attempt to purchase only the amount of Gas necessary to replace the shortage. Should any provision of this Agreement constrain Buyer in such a way that Buyer cannot replace the shortage on reasonable terms and conditions, that provision (or provisions) shall be relaxed or waived but only to the extent necessary to permit Buyer to purchase the replacement volumes on reasonable terms and conditions.

- (2) If, for reasons other than a Force Majeure Event, Seller fails to deliver (or make available for delivery) Buyer's Requirements (not to exceed 5 MMcfpd) on any given Day, the difference between the Buyer's Requirements on that Day and the amount of Gas actually delivered (or made available for delivery) that Day is called the "Delivery Shortfall Volume."
 - (a) Buyer's sole remedy with respect to such failure by Seller shall be to Cover the Delivery Shortfall Volume. With respect to the replacement of the Delivery Shortfall Volume, Seller shall be responsible for, and shall pay Buyer, the positive difference, if any, between the average weighted purchase price paid by Buyer for such replacement Gas and the Sales Price for Base Load Gas multiplied by the volume of such replacement Gas, provided, however, that in no event shall Seller be liable to Buyer for the payment (as Cover or otherwise) of more than an amount equal to the Delivery Shortfall Volume multiplied by the Sales Price for Base Load Gas.
 - (b) To the extent the Delivery Shortfall Volume cannot be fully replaced through Cover, then Seller shall be responsible for, and shall pay Buyer, the applicable Base Load Gas Price times such portion of the Delivery Shortfall Volume not replaced through Cover.
 - (c) In no event shall Seller be liable to Buyer for the payment of more than an amount equal to the Delivery Shortfall Volume multiplied by the current Sales Price for Base Load Gas, whether or not all or a portion of the Delivery Shortfall Volume could be replaced by Cover.
- (3) Buyer shall provide to Seller all information necessary to calculate amounts due from Seller to Buyer (including volume, price, and delivery Day, as applicable) as soon as practicable after acquiring replacement Gas through Cover.

- (C) Seller's Remedy: Buyer shall pay Seller for the Monthly Contract Quantity whether Buyer received the Monthly Contract Quantity from Seller or a third party, provided that the volume for which Buyer owes payment to Seller shall be reduced by (i) the volume of the Monthly Contract Quantity Seller did not deliver for whatever reason (except volumes delivered to Buyer by a third party provider where Seller made the volume available to Buyer), and (ii) the volume of the Monthly Contract Quantity Buyer did not receive to the extent and only to the extent such non-receipt is excused under this Agreement.
- (D) Exception for Incidental Deviations: Neither the Buyer's Remedies nor the Seller's Remedy applies to Incidental Deviations. The sole remedy for such Incidental Deviations is the adjustment of Daily deliveries through the scheduling of Imbalance Volumes as provided in Section 2.5(C).
- (E) Exclusion and Waiver of Other Remedies: Neither Party shall be entitled to an award of, and hereby waives the right to recover, incidental, consequential, punitive, exemplary, or other non-direct damages or any other damages from the other Party arising from or related to this Agreement, whether asserted by or awarded to such Party or any third party and whether based on contract, tort, strict liability or other claim or theory of liability. The remedies listed in this Section 2.4 are the sole and exclusive remedies for Buyer's failure or refusal to receive Gas, or Seller's failure or refusal to deliver Gas, where such failures or refusals are not excused or permitted under this Agreement.

2.5 Delivery Rate and Scheduling.

- (A) Subject to Incidental Deviations, Seller shall deliver and Buyer shall receive Gas in the amount of Buyer's Requirements at a Continuous Rate as provided in Section 2.4(A).
- (B) By 4:00 p.m. ACT, the Day before Buyer is to receive Gas from Seller, Buyer shall send Seller's Gas Control Group an estimate of its Gas needs for the next Day within the quantity provisions set forth in Section 2.3.
- (C) Daily scheduling of Gas by gas controllers shall incorporate an Imbalance Volume.

2.6 Communication and Rescheduling Undelivered Gas.

- (A) Buyer and Seller understand that this Agreement will require frequent communication and cooperation for proper scheduling and delivery of Gas. The acting Party will provide timely notice to the other Party when (i) Buyer changes its receipt rate, (ii) Seller ceases or curtails deliveries or Buyer ceases or curtails receipts, or (iii) either Buyer or Seller incurs a

Force Majeure Event.

- (B) Buyer and Seller will communicate and work in good faith to coordinate Gas deliveries and receipts with the other Party regarding anticipated shut-downs or curtailments, facility outages, maintenance and other scheduled or irregular events which do not constitute Force Majeure Events.
- (C) By mutual agreement of the Parties confirmed by email or other writing, the Parties may reschedule Gas which will not be or has not been delivered and received as provided in Sections 2.3 and 2.5, whether due to shut-downs or curtailments, facility outages, maintenance and other scheduled or irregular events, or due to Force Majeure Events.

2.7 Operational Notices. All notices made pursuant to this Section 2 (other than Section 2.8) will be given as Operational Notices. The Parties will document the commencement and termination of all sales and purchases of Gas, the Continuous Rate, the Delivery Point and any modifications of the Continuous Rate within a reasonable time after the applicable Operational Notice. The transactional summaries will be tabulated by the Seller in a spreadsheet that will be provided to Buyer periodically or in response to a request. Delays in updating the spreadsheet shall not negate or otherwise affect a sale of Natural Gas under this Agreement.

2.8 Optional Volumes. If at any time Buyer anticipates that the requirements of Buyer or Buyer's Affiliates will exceed 5 MMcfpd, Buyer shall notify Seller of its intention to acquire additional volumes. The notice shall set forth the annual quantity, delivery profile and delivery start date for the additional volumes. Buyer and Seller shall then meet to discuss the additional volumes and shall negotiate in good faith to see if an agreement can be reached for the sale of the additional volumes from Seller to Buyer.

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

3.1 Delivery Points. Unless otherwise agreed between the Parties, the authorized delivery points are set forth in Exhibit B ("Delivery Points"). Buyer may request Gas to be delivered at specific Delivery Points and to otherwise minimize the costs payable by Buyer pursuant to Section 7.3, and Seller will work in good faith to honor such requests, in each case within the limitations of Seller's Gas production facilities, the requirements of Seller's other Gas sales agreements and Seller's ability to economically administer its business.

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

4. TERM.

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

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

4.3 Termination. If a Termination Event described in Section 4.2 occurs, the non-defaulting Party shall have the right to immediately withhold or suspend deliveries or payment, or terminate this Agreement.

4.4 Reservations. Each Party reserves all claims, rights, setoffs, counterclaims, and other defenses to which it is entitled under this Agreement.

5. MEASUREMENT.

The measurement standards in effect on the applicable delivery pipelines of the Cook Inlet Gas Distribution System on the date of delivery will apply to all Gas delivered under this Agreement.

6. QUALITY.

Seller warrants all Natural Gas delivered to the Delivery Point will be of a pressure, condition, and quality sufficient to meet the tariffs of the pipelines of the Cook Inlet Gas Distribution System used to transmit Gas to the Delivery Point.

7. SALES PRICE; COST ALLOCATION; STATE'S ROYALTY SHARE.

7.1 Sales Price and Monthly Calculation.

(A) Sales Price: The Sales Price for Gas purchased and sold hereunder shall be as follows:

Contract Year	Pricing Periods	Base Load Gas Price (Dollars per Mcf)	Swing Load Gas Price (Dollars per Mcf)	Emergency Load Gas Price (Dollars per Mcf)
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Contract Year	Pricing Periods	Base Load Gas Price (Dollars per Mcf)	Swing Load Gas Price (Dollars per Mcf)	Emergency Load Gas Price (Dollars per Mcf)
1	07/01/2013 through 12/31/2013	6.60	8.25	9.90
	01/01/2014 through 03/31/2014	6.86	8.58	10.29
2	04/01/2014 through 12/31/2014	6.86	8.58	10.29
	01/01/2015 through 03/31/2015	7.13	8.91	10.70
3	04/01/2015 through 12/31/2015	7.13	8.91	10.70
	01/01/2016 through 03/31/2016	7.42	9.28	11.13
4	04/01/2016 through 12/31/2016	7.42	9.28	11.13
	01/01/2017 through 03/31/2017	7.72	9.65	11.58
5	04/01/2017 through 12/31/2017	7.72	9.65	11.58
	01/01/2018 through 03/31/2018	8.03	10.04	12.05

(B) Monthly Calculation: The amount due from Buyer to Seller for Gas sales shall be calculated on a Monthly basis as follows:

- (1) Base Load Gas Charge: The Base Load Gas Charge shall be the Base Load Gas Price times the Monthly Contract Quantity or the Average Monthly Contract Quantity, whichever is less.
- (2) Swing Load Gas Charge: The Swing Load Gas Charge shall be the applicable Swing Load Gas Price times the positive difference between the Monthly Contract Quantity and the Average Monthly Contract Quantity.
- (3) Emergency Load Gas Charge: The Emergency Load Gas Charge shall be the Emergency Load Gas volume Seller sold and delivered and Buyer purchased and received during the Month times the

applicable Emergency Load Gas Price.

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

- (A) Gas development, production, separation, dehydration and other processing;
- (B) Facility construction, operation and maintenance;
- (C) Gas gathering, treatment and compression necessary to meet pipeline specifications and pressures;
- (D) Costs other than Transportation Costs to move Gas to a Delivery Point;
- (E) Lessor royalties, overriding royalties, production payments and other payments of any kind (other than taxes) due to third parties upon the production and sale of the Gas at the Sales Price, but not including Excess Royalties; and
- (F) Severance and/or production taxes at the tax rates and under the laws and rules in place on the Effective Date, but not including Excess Taxes.

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

- (A) Transportation Costs to, at, from and after delivery at a Delivery Point, including reimbursement of Transportation Costs paid initially by Seller;
- (B) Storage, facilities, equipment, operations, and maintenance costs after delivery at a Delivery Point;
- (C) Taxes imposed on the Gas or Buyer's operations after a Delivery Point;
- (D) Excess Royalties; and
- (E) Excess Taxes.

8. INVOICING AND CREDIT REQUIREMENTS.

8.1 Billing. By the fifteenth (15th) Day of each Month, Seller shall give Buyer an invoice showing the following for the previous Month:

- (A) the charge for the Gas showing the volumes of each Category of Gas sold times the applicable Sales Price for each Category as calculated in accordance with Section 7.1(B);

- (B) the credit for Buyer's Remedy, if any, or charge for Seller's Remedy, if any, as provided and calculated in accordance with Section 2.4;
- (C) the costs allocated to Buyer;
- (D) any corrections for the previous or prior Months;
- (E) any interest charges imposed under Section 8.4; and
- (F) the total amount due from Buyer to Seller.

8.2 Payment.

- (A) Buyer shall make payment to Seller on or before the twenty-fifth (25th) Day of each Month by Automated Clearing House ("ACH") or wire transfer to the account of Seller set out below. Upon thirty (30) Days' written notice, Seller may designate a different financial institution or account to which Buyer will thereafter make payments.

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

- (B) Buyer may set-off against and withhold from amounts payable by Buyer to Seller any and all amounts that are due Buyer by Seller under this Agreement where such amounts have not been credited to Buyer in Seller's invoice.
- (C) Buyer may, without prejudice to any claim or right, pay any disputed amount and must pay any undisputed amount. The Parties shall cooperate to resolve any disputed amount in a timely manner.

8.3 Remedies for Non-Payment. If Buyer fails to pay undisputed amounts to Seller for Gas within thirty (30) Days after the invoice is received, in addition to any other remedy available, Seller will have the right to cease or curtail deliveries under this Agreement after notice to Buyer until payment (and interest under Subsection 8.4 below) is received, which right will not prejudice Seller's rights to collect any sums due Seller (including interest under Subsection 8.4 below) for Gas previously delivered to Buyer hereunder.

8.4 Interest. Pending resolution of a billing dispute, if payment is not made within thirty (30) Days of invoice receipt, the unpaid balance shall bear interest, compounded Monthly, at the prime rate in effect at JPMorgan Chase Bank, NA, plus 1% on the first Day of each Month, or the maximum contract rate permitted

by law, whichever is less, plus attorney's fee, court costs, and other costs in connection with the collection of unpaid amounts.

8.5 Adequate Assurance of Performance.

- (A) Failure to Pay or Reasonable Ground for Insecurity: If (i) Buyer fails to pay according to the provisions hereof and such failure continues for a period of ten (10) Business Days after written notice of such failure is provided to Buyer or (ii) Seller has reasonable grounds for insecurity regarding the performance by Buyer of any obligation under this Agreement, then Seller, by written notice to Buyer, may, singularly or in combination with any other rights it may have, demand Adequate Assurance of Performance by Buyer. "Adequate Assurance of Performance" means, at the option of Seller, (x) advance payment in cash by Buyer to Seller for volumes of Gas expected to be sold hereunder in the following two-Month period, as determined by Buyer, or (y) delivery to Seller by Buyer of an acceptable letter of credit in an amount equal to not less than the aggregate proceeds that would be due from Buyer for such volumes of Gas. If Buyer fails to provide Adequate Assurance of Performance to Seller within five (5) Business Days of Seller's notice, then Seller shall have the right to cease or curtail all sales of Gas under this Agreement without prior notice and without limiting any other rights or remedies available to it under this Agreement or otherwise. Failure of Seller to exercise its right to suspend or reduce sales of Gas as provided in this Section 8.5 shall not constitute a waiver by Seller of any rights or remedies Seller may have under this Agreement, applicable law, or otherwise.
- (B) Guarantee: Guarantor unconditionally and irrevocably guarantees to Seller that in the event of the Buyer failing in any respect to perform any or all of its duties and obligations or discharge any or all of its liabilities under or pursuant to the Agreement, Guarantor shall immediately upon first demand in writing by Seller perform or take such steps as are necessary to achieve performance of such obligations and discharge of such liabilities and shall indemnify and keep indemnified Seller against any and all losses, damages, claims, costs, charges and expenses howsoever arising from the said failure to the extent to which the Buyer is liable under the terms of the Agreement.
- (1) The liability of Guarantor hereunder shall not be reduced or discharged:
- (a) by any alteration in the relationship between Guarantor and Buyer;
 - (b) by any arrangement between Buyer and Seller;

- (c) by any variation in or amendment to the Agreement;
 - (d) by any alteration in the obligations of Buyer which has been consented to by Seller in writing (with or without the knowledge or consent of Guarantor) under the Agreement;
 - (e) by any alteration in the extent or nature of the work to be performed under the Agreement;
 - (f) by any forbearance or indulgence by Seller toward Buyer or Guarantor whether as to performance, time or otherwise;
 - (g) by any other act or omission which but for this provision might exonerate or discharge Guarantor; or
 - (h) by any invalidity or unenforceability of the Agreement or insolvency, bankruptcy, winding up or reorganization of Buyer or any Party.
- (2) Guarantor agrees to make any payment due hereunder upon first written demand without set-off or counterclaim and without any legal formality such as protest or notice being necessary and waives all privileges or rights which it may have as a guarantor, including any right to require Seller to claim payment or to exhaust remedies against Buyer or any other person.
 - (3) The obligations of Guarantor hereunder shall survive and continue in full force and effect after the completion of the assignment and sale set forth in the Agreement and until all duties, obligations and liabilities of Buyer in connection with the Agreement have been fully discharged.
 - (4) The guarantee and the undertakings herein contained shall be binding upon the successors and assignees of Guarantor and shall extend to and inure for the benefit of the successors or permitted assignees of Seller. Seller may assign, charge or transfer all or any of its right, title and interest in this Guarantee to any assignee or successor of Seller in the Agreement. Guarantor may not otherwise assign or otherwise transfer any of its rights or obligations hereunder.
 - (5) Notwithstanding anything to the contrary above, in the event of any claim under this Guarantee, Guarantor shall be entitled to assert any defense, set-off or counterclaim that Buyer could assert

had such claim been made directly against Buyer under the Agreement.

- (6) Seller hereby agrees that the total responsibilities and liabilities which Guarantor shall assume to Seller under this guarantee shall in no event be beyond those for which Buyer shall assume to Seller under the Agreement.

9. WARRANTY OF TITLE.

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

10. FORCE MAJEURE.

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

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

the repair, maintenance, improvement, replacement, test, or alteration to the machinery, equipment, facilities, or lines of pipe, and the freezing of a well or line of pipe, well blowout, or the partial or entire failure of a Gas well; or (v) act, order, or requisition of any governmental agency or acting governmental authority, or any governmental law, proration, regulation, or priority.

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

10.4 Diligence. The Party experiencing a Force Majeure Event shall exercise diligence in good faith to remedy the Force Majeure Event and resume full performance under this Agreement as soon as reasonably practicable (except that the settlement of strikes, lockouts, or other labor disputes or the restoration of a failed natural gas well shall be entirely within the discretion of the affected Party).

10.5 Extended Force Majeure Events. If the Party claiming the Force Majeure Event estimates that the Force Majeure Event will not be remedied for a period of more than ninety (90) Days, the Parties shall meet within thirty (30) Days to agree upon a commercially reasonable course of action during the period of the Force Majeure Event that is consistent with the intent of this Agreement. If the Parties are unable to agree upon a commercially reasonable course of action, either Party, upon sixty (60) Days' notice, may reduce Seller's and Buyer's obligations with respect to the affected portion of the Gas to be made available and taken hereunder; provided however, that the remaining provisions of this Agreement shall apply with respect to the portion of Seller's and Buyer's obligations that are not so reduced.

11. [RESERVED]

12. INDEMNIFICATION.

12.1 Indemnification. Each Party will protect, defend, indemnify and hold harmless the other from any and all liability and expense on account of all Claims arising from any act or accident including a failure to act, as to which and to the extent that the indemnifying Party was at fault in connection with the installation, presence, maintenance, and operation of property, equipment, and facilities of the indemnifying Party used in connection with or associated with the Gas delivered hereunder. This duty to protect, defend, indemnify, and hold harmless will survive the expiration or termination of this Agreement.

12.2 No Alteration of Remedy Provisions. Nothing in this Section 12 shall add to,

detract from or otherwise modify the provisions of this Agreement concerning the failure or refusal of Seller to deliver Gas or the failure or refusal of Buyer to receive Gas under this Agreement, for which the sole recourse and remedy is set forth in Section 2.4.

13. NOTICES

13.1 Regular Notices. Except as specifically provided otherwise in Sections 2.5 and 10.3 of this Agreement, all notices and communications under this Agreement (other than Operational Notices) 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, 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

Hilcorp Alaska, LLC

Attn: Senior Vice President

Physical: 3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503

Mailing: PO Box 244027
Anchorage, AK 99524-4027

Fax: (907) 777-8350

Email: jbarnes@hilcorp.com

Buyer

Titan Alaska LNG, LLC

Attn: Dan Britton, President

Physical: 3408 International Way
Fairbanks, AK 99701

Mailing: 3408 International Way
Fairbanks, AK 99701

Fax: (907) 457-8111

Email: dwbritton@fngas.com

Guarantor

Pentex Alaska Natural Gas Company, LLC
Attn: Dan Britton, President
Physical: 3408 International Way
Fairbanks, AK 99701
Mailing: 3408 International Way
Fairbanks, AK 99701
Fax: (907) 457-8111
Email: dwbritton@fngas.com

- 13.2 Operational Notices.** 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 13.3). Notices given by telephone will be effective immediately and the confirmation by email will be effective as provided in Section 13.1. 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

Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 100
Anchorage, AK 99503

Primary Contact:

Rich Novcaski
Commercial Manager
Telephone: (907) 777-8336
Mobile: (907) 301-1357
Fax: (907) 777-8351
Email: movcaski@hilcorp.com

Alternate Contact:

Tami Ertz
Commercial Marketing Technician
Telephone: (907) 777-8411
Mobile: (907) 351-8283
Fax: (907) 777-8351
Email: tertz@hilcorp.com

Buyer

Titan Alaska LNG, LLC
3408 International Way
Fairbanks, AK 99701

Primary Contact:

Jim Branch
Plant Manager
Telephone: (907) 373-6111
Mobile: (907) 863-3112
Fax: (907) 373-6233
Email: jbranch@fngas.com

Alternate Contact:

Dan Britton
Telephone: (907) 452-7111
Mobile: (907) 322-7111
Fax: (907) 457-8111
Email: dwbritton@fngas.com

- 13.3 Changes in Contact Information.** Either Party may designate address changes by formal written notice as provided in this section.

14. GOVERNING LAW AND RESOLUTION OF DISPUTES.

- 14.1 Governing Law.** This Agreement is governed by and interpreted under the laws of the State of Alaska, without regard to its choice of law rules. Arbitration shall be governed by the Revised Uniform Arbitration Act as adopted by the State of Alaska, AS 09.43.300 - .595 ("Arbitration Act"), except as modified in this Agreement.
- 14.2 Resolution of Disputes.** Before initiating litigation, the Parties shall work together in good faith to resolve any Dispute between them using direct negotiations and mediation as set out in this Section 14. While the procedures in this Section 14 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.
- 14.3 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. A meeting between the Parties, attended by individuals with decision-making authority, must take place within thirty (30) Days from the date the notice was sent in an attempt to resolve the Dispute through direct negotiations.

- 14.4 Mediation.** If the Dispute cannot be settled by direct negotiations within thirty (30) Days of initiation of the resolution process, either Party may initiate non-binding mediation by giving notice to the other Party. The place of mediation shall be Anchorage, Alaska. The Parties shall select a mutually acceptable mediator within five (5) Business Days of the notice initiating mediation.
- 14.5 Arbitration.** If the Dispute is not resolved by mediation within thirty (30) Days from the date of the notice requiring mediation, or if the Dispute is unresolved within sixty (60) Days from the date of the notice requiring direct negotiations, then the Dispute shall be finally settled by binding arbitration and either Party may initiate such arbitration by giving notice to the other Party. The arbitration shall be conducted in accordance with The International Institute for Conflict Prevention & Resolution (“CPR”) Rules for Non-Administered Arbitration (“CPR Rules”), except to the extent of conflicts between the CPR Rules at present in force and the provisions of this Agreement, in which event the provisions of this Agreement prevail. The CPR is the appointing authority. The place of arbitration shall be Anchorage, Alaska.
- 14.6 Procedure.** The following provisions shall apply to any arbitration proceedings commenced pursuant to Section 14.5:
- (A) The number of arbitrators shall be one if the monetary value of the Dispute is US \$5,000,000 or less. The number of arbitrators shall be three if the monetary value is greater than US \$5,000,000.
 - (B) The arbitrator or arbitrators must remain neutral, impartial and independent regarding the Dispute and the Parties. If the number of arbitrators to be appointed is one, that arbitrator, or the presiding arbitrator if the arbitrators are three, must be a lawyer experienced in the resolution of disputes with experience relating to the issues in dispute.
 - (C) The Parties waive any claim or right to recover for, and the arbitrator has or arbitrators have no power to award, incidental, consequential, punitive or exemplary damages. The arbitrator has or arbitrators have no authority to appoint or retain expert witnesses for any purpose unless agreed to by the Parties. The arbitrator has or arbitrators have the power to rule on objections concerning jurisdiction, including the existence or validity of this arbitration clause and existence or the validity of this Agreement.
 - (D) All arbitration fees and costs shall be borne equally regardless of which Party prevails. Each Party shall bear its own costs of legal representation and witness expenses.
 - (E) The arbitrator is or arbitrators are authorized to take any interim measures as the arbitrator considers or arbitrators consider necessary, including the making of interim orders or awards or partial final awards. An interim

order or award may be enforced in the same manner as a final award using the procedures specified below. Further, the arbitrator is or arbitrators are authorized to make pre- or post-award interest at the interest rate specified in Subsection 8.4.

- (F) The arbitrator or arbitrators must render a reasoned award in writing. This award shall be based upon a decision which must detail the findings of fact and conclusions of law on which it rests.
- (G) The Dispute will be resolved as quickly as possible. The arbitrator's or arbitrators' award must be issued within three (3) Months from completion of the hearing, or as soon as possible thereafter.

14.7 Enforceability.

- (A) All disputes arising under this Agreement not resolved by the Parties via mediation and/or arbitration will be resolved in 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.
- (B) Except for proceedings to preserve property pending determination by the arbitrator or arbitrators or to enforce an award, the mandatory exclusive venue for any judicial proceeding permitted in this Agreement is Anchorage, Alaska. The Parties consent to the jurisdiction of the state and federal courts in Anchorage, Alaska, and waive any defenses they have regarding jurisdiction.
- (C) 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.

14.8 Confidentiality.

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

any third party.

- (C) Without prejudice to the foregoing, the Parties agree that disclosure may be made:
 - (1) In order to enforce any of the provisions of this Agreement including without limitation, the agreement to arbitrate, any arbitration order or award and any court judgment.
 - (2) To the auditors, legal advisers, insurers and affiliates of that Party to whom the confidentiality obligations set out in this Agreement shall extend.
 - (3) Where that Party is under a legal or regulatory obligation to make such disclosure, but limited to the extent of that legal obligation.
 - (4) With the prior written consent of the other Party.
- (D) The Parties agree to submit to the jurisdiction of the state and federal courts in Anchorage, Alaska, for the purposes of any proceedings to enforce this Section 14.8.

15. MISCELLANEOUS

- 15.1 Authority.** Each Party covenants to each other Party that it has the legal authority to enter into and perform this Agreement and each obligation assumed by such Party under this Agreement.
- 15.2 Further Assurances.** The Parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or perform the intent and purposes of this Agreement or to show the ability to perform the intent and purposes of this Agreement.
- 15.3 No Duty to Third Parties.** This Agreement is made for the sole benefit of the Parties and their respective successors and assigns. The Parties do not intend to create, and this Agreement will not be construed to create, by implication or otherwise, any rights in any other person or entity not a Party to this Agreement, and no such person or entity will have any rights or remedies under or by reason of this Agreement, or any right to the exercise of any right or power hereunder or arising from any default hereunder.
- 15.4 No Partnership.** The execution and performance of this Agreement is not intended by the Parties to create and will not be construed to create any partnership or business association between the Parties.

- 15.5 Right to Examine Books and Records.** Each Party to this Agreement, at its sole expense, will have the right to audit the books and records of the other Party relating to performance of this Agreement. All audits will be conducted in accordance with professional auditing standards and during normal business hours. The audited Party will fully cooperate with the auditing Party to accomplish the audit as expeditiously as possible. Each Party's right to audit will remain in effect until two (2) years after termination or expiration of this Agreement.
- 15.6 Conflicts of Interest.** Each Party represents and warrants to the other Party that said Party or its subcontractors, and its and their owners, shareholders, partners, directors, offices, employees or other agents have neither paid, agreed to pay, nor will pay, any sums, kickbacks, or other such consideration to any owners, shareholders, partners, directors, offices, employees or other agent of the other Party, or to any third party in connection with this Agreement, nor has any such payment or agreement for payment been requested or solicited by any such owners, shareholders, partners, directors, offices, employees or other agents.
- 15.7 Binding Nature; Successors and Assigns; Assignment.** This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective Parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the full term of this Agreement. This Agreement is assignable only with the prior written consent of the other Party, which consent will not be unreasonably withheld. No assignment for which written consent has been received will be effective until the assignee agrees in writing to assume and fully perform the terms of this Agreement.
- 15.8 Seller Not A Public Utility.** Seller is not a public utility and nothing contained herein will be deemed as a dedication to the public of the Natural Gas, or any land, wells, pipelines, or other facilities, or any part thereof.
- 15.9 Counterparts.** This Agreement may be executed by the Parties in any number of counterparts and on separate counterparts, including electronic transmittals, each of which when so executed will be deemed an original, but all such counterparts, when taken together, will constitute but one and the same Agreement. In the event one Party executes the Agreement, and the other Party does not execute the Agreement within ten (10) Days of the first Party's execution, the execution of the Agreement by the first Party will be deemed null and void.

The remainder of the page intentionally left blank.


IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date set forth in the preamble.

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

HILCORP ALASKA, LLC

TITAN ALASKA LNG, LLC

Signature:



Name: John A Barnes

Title: SR VP HAK

Date: 7-30-2013

Signature:



Name: Dan Britton

Title: President

Date: 7-29-2013

**PENTEX ALASKA NATURAL GAS
COMPANY, LLC**

(solely as Guarantor per Section 8.5)

Signature:



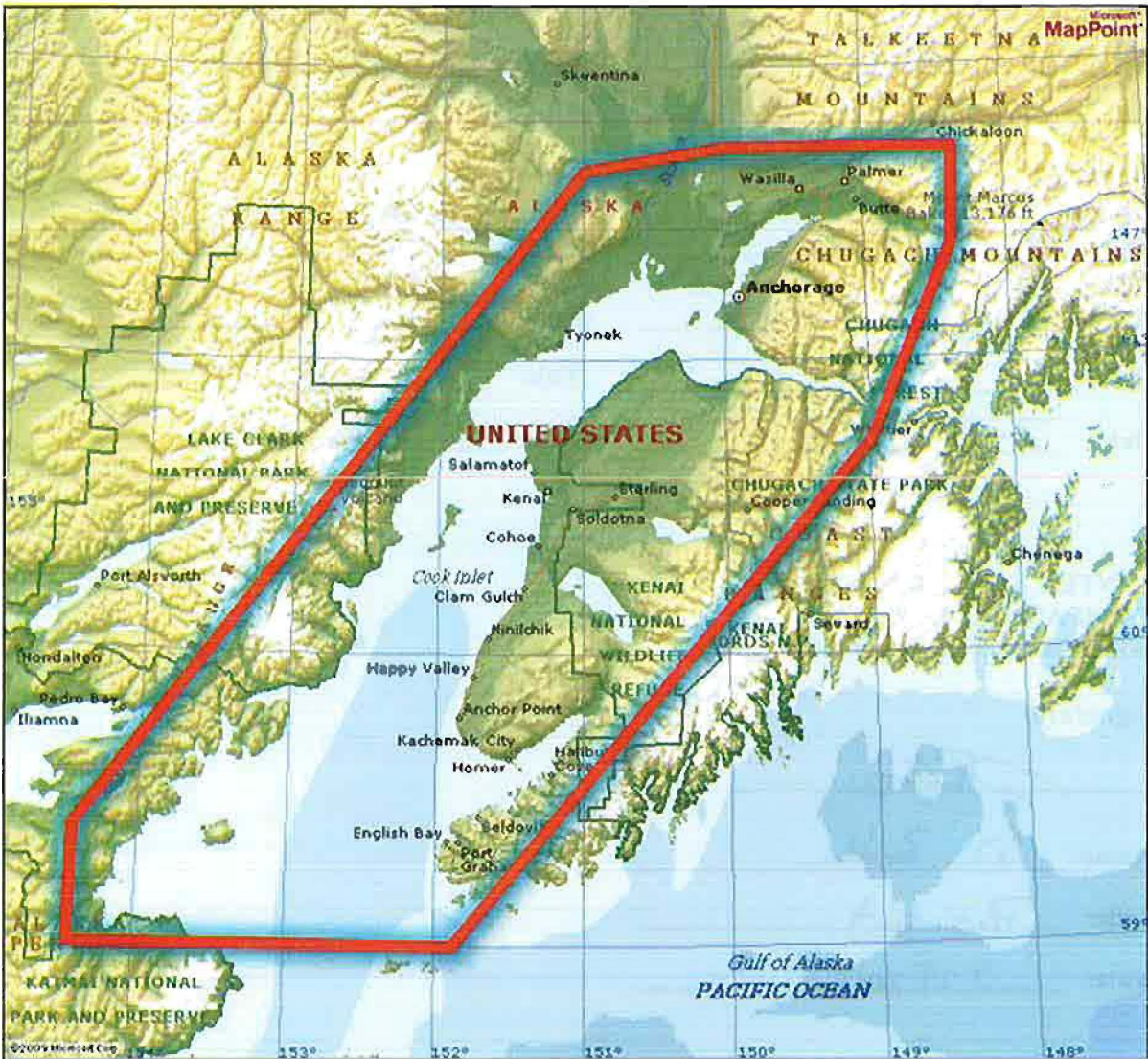
Name: Dan Britton

Title: President

Date: 7-29-2013

GAS SALE AND PURCHASE AGREEMENT

Exhibit A Map of Cook Inlet Area



GAS SALE AND PURCHASE AGREEMENT

Exhibit B Delivery Points

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

- (1) Any delivery point on the APL pipeline system. Deliveries will generally be made to the following points on the APL pipeline system:
 - (a) 170 (BRU)
 - (b) 600W (Ivan River)
 - (c) 168 (Lewis River)
 - (d) 8101 (Beluga Pipeline to APC)
 - (e) 189 (Pretty Creek)

