

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G17-08**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY RELATING TO THE MUSTANG  
DEVELOPMENT PROJECT AND MUSTANG OPERATIONS  
CENTER 1 LLC**

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**WHEREAS**, the Board of the Alaska Industrial Development and Export Authority (the “Authority”) previously approved participating in the Mustang Oil Field development with Brooks Range Petroleum Corporation (“BRPC”) through two development finance projects under AS 44.88.172, with one project being the construction of the Mustang road and pad through its investment into Mustang Road LLC, and the other project being the development of an oil processing facility through its investment into Mustang Operations Center 1 LLC;

**WHEREAS**, successful completion of the Mustang Oil Field development is contingent on securing the financing necessary to conduct the full field drilling program and to complete the oil processing facility, and the Authority has been advised that the needed financing will be more readily obtained through the demonstration of oil production through one Mustang Oil Field well;

**WHEREAS**, BRPC, the operator of the Mustang Oil Field, is pursuing plans to complete at least one well to actively produce oil from the field and BRPC has requested that the Authority support BRPC’s efforts;

**WHEREAS**, the Staff of the Authority and the Authority’s financial advisor, PFM Group Consulting LLC, are recommending a phased approach to proceeding with the project, with the first phase being the Authority providing a form of bridge financing;

**WHEREAS**, the recommended bridge financing would consist of the Authority providing an additional \$2.5 million to Mustang Operations Center 1 LLC (“MOC1”), either in the form of an equity contribution or as a member loan;

**WHEREAS**, the bridge financing would enable MOC1 to preserve its existing assets, pay outstanding obligations, and fund additional surface infrastructure that will support BRPC’s planned drilling/production efforts; if BRPC’s efforts are successful, the bridge financing should also put the project in a position to seek and obtain the necessary financing to successfully complete the project;

**WHEREAS**, the Staff of the Authority and the Authority’s financial advisor are also recommending that the Authority acquire 100% of the membership interests in MOC1, which, once the Authority acquires 100% of Mustang Road LLC as authorized in Resolution No. G17-06, will give the Authority complete control of all of the surface infrastructure of the Mustang Oil Field; and

**WHEREAS**, in taking complete ownership of MOC1 and Mustang Road LLC, the Authority can more easily coordinate with other state entities, including the Department of Natural Resources, and the Department of Environmental Conservation, with respect to the work on the Mustang Oil Field and other developments in the vicinity;

**WHEREAS**, the Staff of the Authority and the Authority’s financial advisor have provided the Board with a revised finance plan for MOC1 to support the proposed bridge financing; and

**WHEREAS**, having the Authority provide the bridge financing and acquire 100% of the membership interests in MOC1 are in furtherance of the Authority’s statutory purposes of promoting economic development and creating additional employment in the State of Alaska;

**NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**

Section 1. The Authority is authorized to acquire 100% of the membership interests in MOC1. The Executive Director is authorized to negotiate with CES Oil Services Pte. Ltd. to convert its equity to debt and to otherwise obtain its withdrawal from the limited liability company on terms the Executive Director determines to be appropriate.

Section 2. The Authority shall provide an additional \$2.5 million to MOC1 for use as a form of bridge financing for the project. The \$2.5 million shall be provided from the Economic Development Account of the Revolving Fund. The \$2.5 million shall constitute either an equity contribution or a member loan to the limited liability company as the Executive Director determines is appropriate and shall be on terms and conditions the Executive Director may establish. The Executive Director is authorized to negotiate with and to have MOC1 enter into agreements with BRPC to deploy the bridge financing in the manner and under the terms and conditions the Executive Director determines to be appropriate. The revised finance plan for Mustang Operations Center 1 LLC as presented to the Board is approved.

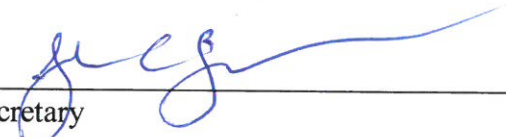
Section 3. The Executive Director is authorized to consult and coordinate with the Department of Natural Resources, the Department of Environmental Conservation, and other state and local government agencies and officials, with respect to the Authority taking complete control of the surface infrastructure and facilities of the Mustang Oil Field, and with respect to such agencies and officials assisting or supporting the development of the Mustang Oil Field and other any projects in the vicinity that may make use of the infrastructure and facilities.

Section 4. The Executive Director is authorized to sign all contracts and other documents, and to take all other actions, necessary or expedient in fulfilling the purposes of this Resolution.

Dated at Anchorage, Alaska, this 29<sup>th</sup> day of June 2017.



  
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Chair

  
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Secretary