



PRESS RELEASE

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AIDEA Board Approves Brooks Range Loan Modifications *Move to Advance Mustang Oil Field Development and Production*

(Anchorage) – The Alaska Industrial Development and Export Authority (AIDEA) Board at its meeting Wednesday approved a resolution that enables the Authority to modify terms of its loans related to development of the Southern Miluveach Unit (known as the Mustang Field).

These modifications come with a \$60 million investment commitment from Brooks Range Petroleum Corporation (Brooks Range) shareholders in the USA, Asia, and Western Europe. This Q1 2020 commitment into the Alaska company is intended to bring the Mustang Field into sustained production, and begin repaying creditors while putting Alaskans to work.

Additionally, AIDEA consented to the sale of certain oil field equipment and other assets not essential to the Mustang Field, with proceeds to be applied to past-due Brooks Range payables. Most of these payables are owed to Alaska companies. Provided certain benchmarks are met, including establishing a debt service reserve fund and hitting specified oil production targets, AIDEA will allocate additional funds through a mid-year line of credit that can only be used for drilling additional wells necessary to meet state lease requirements.

“The AIDEA mission to advance economic development and create job opportunities can sometimes run into delays, disappointments, and missed production deadlines,” said AIDEA Board Chairman Dana Pruhs. “Brooks Range startup problems and the oil tax credits veto three years ago, along with other factors, created the largest workout situation at AIDEA as identified by the Dunleavy transition team in early 2019. Producing from these state oil leases in 2020 requires better understanding of North Slope challenges, reserve base lending, and capital requirements.”

“With the increasingly favorable state business climate, together with oil price and tax stability, Brooks Range owners and creditors took another look at Mustang. So here we go, and I hope the equity holders can obtain a buy-in from the entire list of creditors,” Pruhs concluded.

AIDEA took a \$10.5 million allowance from earnings for Fiscal Year 2019 when Brooks Range failed to meet targets. Other creditors are agreeing to workouts with similar rationales, but thus far not every creditor has come on board. AIDEA and equity holders generally concur that final agreement on these matters is needed by the end of January 2020.

“I want to thank the AIDEA Board and Governor Dunleavy for assigning a high priority to fixing this problem,” said Brooks Range CEO Majid Jourabchi. “Brooks Range and our contractors on the North Slope are completely aligned in what needs to be done, and the urgency to have it be so.”

The Alaska Industrial Development and Export Authority is a public corporation of the state. AIDEA’s purpose is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska.

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