

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G20-26**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY APPROVING THE NEGOTIATION AND EXECUTION OF A DEBT SETTLEMENT AND RESTRUCTURING AGREEMENT, AND AUTHORIZING THE AUTHORITY TO SELL THE FORECLOSED LEASES, AND PROVIDE FINANCING TO FINNEX LLC, SUBJECT TO CERTAIN CONDITIONS, ALL IN SUPPORT OF THE MUSTANG OIL FIELD DEVELOPMENT PROJECT**

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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”) as a development finance project under AS 44.88.172, with the Authority’s participation being through Mustang Road LLC (“MRLLC”) and Mustang Operations Center 1 LLC (“MOC1”);

**WHEREAS**, in Resolution No. G18-05, adopted May 31, 2018, the Board approved a restructuring of the Authority’s involvement in Mustang Oil Field project with the Authority selling its membership interests in MRLLC and MOC1 to Caracol Petroleum LLC (“Caracol”), an affiliate of BRPC, and the Authority providing financing to Caracol for its purchase of the membership interests in MRLLC and MOC1;

**WHEREAS**, consistent with Resolution No. G18-05, on May 24, 2019, the Authority closed on the transactions to restructure the Mustang Oil Field project and entered into a Loan Agreement and other ancillary agreements with Caracol, BRPC, and other parties;

**WHEREAS**, Caracol and BRPC encountered certain operational and cash flow difficulties in proceeding with the development of the Mustang Oil Field, although Caracol and BRPC were successful in achieving first oil production from the field;

**WHEREAS**, Caracol's difficulties have led it to not make the initial payment due the Authority under the Loan Agreement and to not satisfy other obligations owed to the Authority under the loan documents, and the Authority notified Caracol it was in default and the Authority accelerated the indebtedness Caracol owes under the Loan Agreement;

**WHEREAS**, the Authority modified the debt owed by Caracol for the Mustang Oil Field project, which was intended to allow Caracol to resolve outstanding obligations and to pursue a drilling program;

**WHEREAS**, because Caracol was not able to carry out its plan, the Authority has begun foreclosure proceedings against the relevant leases used by the project in accordance with its financing agreements;

**WHEREAS**, the Authority is working with other creditors and working interest owners to settle various outstanding debts and attempt to restructure the project into a viable enterprise to be owned by Finnex LLC, an affiliate of Thyssen Petroleum Alaska, LLC;

**WHEREAS**, the Executive Director and staff of the Authority have negotiated with the relevant parties a Debt Settlement and Restructuring Agreement and prepared a term sheet for the financing required, and copies of the agreement and term sheet are attached to this resolution;

**WHEREAS**, the Executive Director and staff of the Authority recommend that the Board approve the Debt Settlement and Restructuring Agreement and the terms of financing, as may be amended and approved by the Executive Director and staff of the Authority; and

**WHEREAS**, a restructuring of the Mustang Oil Field project plan in cooperation with the relevant parties is in furtherance of the Authority's statutory mission.

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


Section 1. The Debt Settlement and Restructuring Agreement, as outlined in the draft agreement provided to the Board, is approved. The Executive Director is authorized and directed to finalize and sign on behalf of the Authority, a Debt Settlement and Restructuring Agreement and/or any other related agreements as are necessary for implementation. These agreements shall be on the same terms and conditions as are stated in the draft agreement presented to the Board, or with modifications to those terms and conditions that the Executive Director determines to be appropriate.

Section 2. The Executive Director, any other officer of the Authority to whom the Executive Director delegates, is authorized to negotiate, finalize, execute and deliver a purchase and sale agreement, a loan agreement, and all other contracts and documents that are necessary or expedient in completing the transactions contemplated by the term sheet. The contracts shall be on the same terms as are set out in the Term Sheet, or with any modifications to those terms the Executive Director determines to be appropriate.

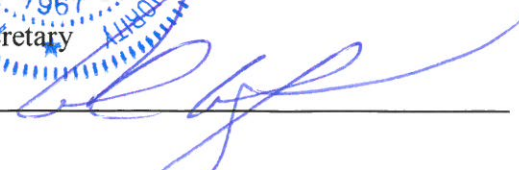
Section 3. The Executive Director is authorized and directed to sign all other documents and instruments, and to take such other actions, as may be necessary or convenient in implementing this resolution.

Dated at Anchorage, Alaska this 16th day of September 2020.

ALASKA INDUSTRIAL  
DEVELOPMENT AND EXPORT  
AUTHORITY

  
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Chair



  
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