Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2015

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
KENAI DRILLING LIMITED 401K PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2009

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)

KENAI DRILLING LIMITED

PO BOX 2248
ORCUTT, CA 93457

2b Employer Identification Number (EIN)
95-3325796

2c Plan Sponsor's telephone number
805-937-7871

2d Business code (see instructions)
211110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	03/10/2017	DAVID UHLER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a	Plan administrator's name and address [X] Same as Plan Sponsor	**3b**	Administrator's EIN
		3c	Administrator's telephone number
4	If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:	**4b**	EIN
a	Sponsor's name	**4c**	PN

5	Total number of participants at the beginning of the plan year	**5**	256
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	240
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	116
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	34
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	150
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	150
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	77
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2A 2E 2F 2G 2J 2K 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	[X] Insurance	**(1)**	[X] Insurance
(2)	[ ] Code section 412(e)(3) insurance contracts	**(2)**	[ ] Code section 412(e)(3) insurance contracts
(3)	[X] Trust	**(3)**	[X] Trust
(4)	[ ] General assets of the sponsor	**(4)**	[ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [X] 1 **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [X] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III **Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2015 Form M-1 annual report. If the plan was not required to file the 2015 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
KENAI DRILLING LIMITED 401K PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KENAI DRILLING LIMITED

D Employer Identification Number (EIN)
95-3325796

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
JOHN HANCOCK LIFE INSURANCE CO.

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
01-0233346	65838	19539	76	01/01/2015	12/31/2015

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
25260	28771

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
WELLS FARGO INVESTMENT LLC
PO BOX 2248
ORCUTT, CA 93401

(b) Amount of sales and base commissions paid	Fees and other commissions paid		
	(c) Amount	(d) Purpose	(e) Organization code
25260			3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
HICKS PENSION SERVICES
555 CHORRO STREET
SAN LUIS OBISPO, CA 93405

(b) Amount of sales and base commissions paid	Fees and other commissions paid		
	(c) Amount	(d) Purpose	(e) Organization code
	28771	TPA FEES AND COMPENSATION	5

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

HICKS PENSION SERVICES

555 CHORRO STREET
SAN LUIS OBISPO, CA 93405

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	
			5

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	**4**	0
5	Current value of plan's interest under this contract in separate accounts at year end	**5**	4233504

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	**6b**	
c	Premiums due but unpaid at the end of the year	**6c**	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	**6d**	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			**7b**	
c	Additions: (1) Contributions deposited during the year	**7c(1)**			
	(2) Dividends and credits	**7c(2)**			
	(3) Interest credited during the year	**7c(3)**			
	(4) Transferred from separate account	**7c(4)**			
	(5) Other (specify below)	**7c(5)**			
	▶				
	(6) Total additions			**7c(6)**	
d	Total of balance and additions (add lines **7b** and **7c(6)**).			**7d**	
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	**7e(1)**			
	(2) Administration charge made by carrier	**7e(2)**			
	(3) Transferred to separate account	**7e(3)**			
	(4) Other (specify below)	**7e(4)**			
	▶				
	(5) Total deductions			**7e(5)**	
f	Balance at the end of the current year (subtract line **7e(5)** from line **7d**)			**7f**	

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line **9c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2015

This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
KENAI DRILLING LIMITED 401K PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
KENAI DRILLING LIMITED

D Employer Identification Number (EIN)
95-3325796

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: POOLED SEPARATE ACCOUNTS

b Name of sponsor of entity listed in (a): JOHN HANCOCK USA

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
01-0233346-000	P	4233504

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2015

This Form is Open to Public Inspection

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
KENAI DRILLING LIMITED 401K PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KENAI DRILLING LIMITED

D Employer Identification Number (EIN)
95-3325796

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	3637	1632
(2) Participant contributions	1b(2)	378	
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	293987	256873
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	4861486	4233504
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	5159488	4492009
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	102985	18984
k	Total liabilities (add all amounts in lines 1g through1j)	1k	102985	18984
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	5056503	4473025

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	68237	
	(B) Participants	2a(1)(B)	390922	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		459159
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	14625	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		14625
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-42900
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		430884
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	959722	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		959722
f Corrective distributions (see instructions)	2f		609
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	28771	
(2) Contract administrator fees	2i(2)	25260	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		54031
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1014362
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		-583478
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: FARBER HASS HURLEY LLP (2) EIN: 77-0254835

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	N/A	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X		
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X		

		Yes	No	N/A	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X		
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X		
e Was this plan covered by a fidelity bond?	4e	X			500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X		
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X		
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X		
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X		
l Has the plan failed to provide any benefit when due under the plan?	4l		X		
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n				
o Did the plan trust incur unrelated business taxable income?	4o			X	
p Were in-service distributions made during the plan year?	4p	X			243996

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2015

This Form is Open to Public Inspection.

For calendar plan year 2015 or fiscal plan year beginning 01/01/2015 and ending 12/31/2015

A Name of plan
KENAI DRILLING LIMITED 401K PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
KENAI DRILLING LIMITED

D Employer Identification Number (EIN)
95-3325796

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 01-0233346

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan?	☐ Yes	☐ No
20b If "Yes," how does the 401(k) plan satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under sections 401(k)(3) and 401(m)(2)?	☐ Design-based safe harbor method	☐ ADP/ACP test
20c If the ADP/ACP test is used, did the 401(k) plan perform ADP/ACP testing for the plan year using the "current year testing method" for nonhighly compensated employees (Treas. Reg sections 1.401(k)-2(a)(2)(ii) and 1.401(m)-2(a)(2)(ii))?	☐ Yes	☐ No
21a Check the box to indicate the method used by the plan to satisfy the coverage requirements under section 410(b):	☐ Ratio percentage test	☐ Average benefit test
21b Does the plan satisfy the coverage and nondiscrimination tests of sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules?	☐ Yes	☐ No
22a Has the plan been timely amended for all required tax law changes?	☐ Yes	☐ No ☐ N/A

22b Date the last plan amendment/restatement for the required tax law changes was adopted ____/____/____. Enter the applicable code _____ (See instructions for tax law changes and codes).

22c If the plan sponsor is an adopter of a pre-approved master and prototype (M&P) or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter _____/_____/_____ and the letter's serial number _____.

22d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter _____/_____/_____.

23 Is the Plan maintained in a U.S. territory (i.e., Puerto Rico (if no election under ERISA section 1022(i)(2) has been made), American Samoa, Guam, the Commonwealth of the Northern Mariana Islands or the U.S. Virgin Islands)?	☐ Yes	☐ No

KENAI DRILLING 401(K) PLAN

Financial Statements
For the Years Ended
December 31, 2015 and 2014

KENAI DRILLING 401(K) PLAN
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Farber Hass Hurley LLP
Certified Public Accountants
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Camarillo, CA 93010
www.fhhcpas.com
Telephone: (805) 504-8410
Facsimile: (805) 388-1300

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Trustees
of the Kenai Drilling 401(k) Plan:

Report on the Financial Statements
We were engaged to audit the accompanying financial statements of Kenai Drilling 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion
As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C which was certified by John Hancock Life Insurance Company ("John Hancock"), the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2015 and 2014, and for the year ended December 31, 2015, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter
The supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets(Held at End of Year) as of December 31, 2015 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations
The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Farber Hass Hurley LLP

Camarillo, California
September 19, 2016

KENAI DRILLING 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
ASSETS		
Investments, at fair value:		
Pooled separate accounts	$ 4,233,504	$ 4,861,486
Receivables:		
Notes receivable from participants	256,873	293,987
Participant contribution	-	378
Employer contribution	1,632	3,637
Total Receivables	258,505	298,002
TOTAL ASSETS	4,492,009	5,159,488
LIABILITIES		
Payables:		
Excess contributions refundable	18,701	102,985
Other	283	-
Total Liabilities	18,984	102,985
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,473,025	$ 5,056,503

See accompanying notes to financial statements.

KENAI DRILLING 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2015

ADDITIONS TO NET ASSETS		
Additions to net assets attributed to:		
Interest income on notes receivable from participants	$	14,625
Contributions:		
Participant		390,922
Employer		68,237
Total additions to net assets		473,784
DEDUCTIONS FROM NET ASSETS		
Deductions from net assets attributed to:		
Net depreciation in fair value of investments		42,900
Benefits paid to participants		960,331
Administrative expenses		54,031
Total deductions from net assets		1,057,262
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS		(583,478)
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 2014		5,056,503
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 2015	$	4,473,025

See accompanying notes to financial statements.

A. PLAN DESCRIPTION

The following description of the Kenai Drilling (the "Company") 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General – The Plan is a defined contribution plan covering all employees of the Company and its wholly owned subsidiaries who have completed at least 1,000 hours of service during the 12 month period of time preceding their first contribution. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ('ERISA"). The Plan's trustee is responsible for oversight of the plan, determining the appropriateness of the Plan's investment offerings and monitoring investing performance.

Contributions – Each year, participants may contribute all or a portion of their pre-tax compensation, as defined in the Plan, subject to limits imposed by the Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds as investment options for participants. The Company contributes 30% of the first 6 percent of base compensation that a participant contributes to the Plan. The matching contribution is invested in accordance with participant elections. Contributions are subject to certain IRS limitations.

Participant Accounts – Each participant's account is credited with the participant's contributions and Company matching contributions, plan earnings, and an allocation of administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting – Participants are vested immediately in their contributions plus actual earnings thereon. Company matching contributions vest depending upon each participant's years of service with the Company, as follows:

Years of Service	Vested %
Less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

Notes Receivable From Participants – Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate, determined quarterly, is set at 2 percent above the prime rate, as defined. Principal and interest is paid ratably through bi-weekly payroll deductions.

A. PLAN DESCRIPTION (Continued)

Payment of Benefits – On termination of service due to death, the participant's beneficiary will be entitled to receive 100% of the account balance. Upon termination of service due to disability or retirement, a participant may elect to receive benefits in the form of a single lump-sum amount equal to their vested account balance. For termination of service for any other reason, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeitures – At December 31, 2015 and 2014, forfeited non-vested accounts totaled $24,833 and $19,782, respectively. These accounts will be used to reduce future employer contributions and/or offset plan expenses.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared on the accrual basis of accounting.

Recent Accounting Pronouncements - In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurements (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value ("NAV") per share as a practical expedient. Instead, entities must disclose these investments in a reconciliation of total investments classified within the hierarchy to the total fair value of the Plan's investments. This update also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, the required disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This amendment is applied retrospectively effective for fiscal years beginning after December 15, 2015. Management elected to early adopt the provisions of this new standard and has retrospectively applied the pronouncement to the December 31, 2014 financial statements.

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. The Part I update clarified those entities holding indirect investments in fully benefit-responsive investment contracts should no longer account for such investments as fully-benefit responsive investment contracts. The Part II standard removes the requirement to disclose both (1) individual investments that represent 5 percent or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type. Additionally, the standard requires that disclosures of investments of employee benefit plans be grouped only on the basis of general type, thereby eliminating the need to also disclose investments grouped on the basis of nature, characteristics and risks. Amendments I and II are applied retrospectively and Part III is applied prospectively effective for fiscal years beginning after December 15, 2015. Management has elected to

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

early adopt Parts I and II during the year ending December 31, 2015 and has retrospectively applied the pronouncement to the December 31, 2014 financial statements.

The adoption of these standards had no effect on the Plan's net assets available for benefits or changes therein.

Reclassification - Certain reclassifications of the prior year amounts and presentation have been made to conform to the presentations for the current year as a result of the recently adopted accounting standards.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Contract with Insurance Company – The Plan maintains its investments in an unallocated group annuity contract with John Hancock Life Insurance Company (U.S.A) (the "Custodian" or "John Hancock"). John Hancock pools the investments of the Plan and other plans together, but each plan's ownership interest in the pooled investments is accounted for separately. The Plan's separate account is credited with contributions made and actual earnings on the underlying investments (principally mutual funds) and charged for Plan withdrawals and administrative expenses. The Plan's unallocated group annuity contract is included in the financial statements at contract value, which approximates fair value.

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's trustee determines the Plan's valuation policies utilizing information provided by the custodian. See Note D for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expense and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits – Benefits are recorded when paid.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses –Fees related to the administration of notes receivable from participants are charged directly to participant's account and are included in administrative expenses. Certain expenses of maintaining the plan are paid by the company on behalf of the Plan and are excluded from these financial statements. Investment related expenses are included in net appreciation of fair value of investments.

Subsequent Events – The Plan has evaluated subsequent events through September 19, 2016, the date the financial statements were available to be issued.

C. INFORMATION CERTIFIED BY THE CUSTODIAN

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the following investment information was certified by John Hancock, the custodian, and was not subjected to any auditing procedures:

- Fair value of investments as shown in the Statements of Net Assets Available for Benefits as of December 31, 2015 and 2014 which total $4,233,504 and $4,861,486, respectively.
- Notes receivable from participants as shown in the Statements of Net Assets Available for Benefits as of December 31, 2015 and 2014 total $256,873 and $293,987, respectively. Interest income on notes receivable from participants as shown in the Statement of Changes in Net Assets Available for Benefits was $14,625 for 2015.
- Net depreciation in fair value of investments as shown in the Statement of Changes in Net Assets Available for Benefits for 2015 of $42,900.
- All investment-related information in the accompanying Schedule H, Line 4i - Schedule of Assets (Held at end of year), December 31, 2015.

D. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements & Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;

D. FAIR VALUE MEASUREMENTS (Continued)

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Pooled separate accounts: Valued at the net asset value ("NAV") of the shares held as of the Plan year end. The NAV is not a publicly quoted price in an active market. The pooled separate accounts do not have unfunded commitments relating to its investments, or any significant restrictions on participant-directed withdrawals. Participant-directed withdrawals can be made on any business day and do not have a redemption notice period. Participant-directed transfers to other investment options are generally limited to two per calendar month.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015 and 2014:

Investments at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Investments at fair value	$ -	$ -	$ -	$ -
Pooled separate account investments measured at net asset value[(a)]	-	-	-	4,233,504
Investments at fair value	$ -	$ -	$ -	$ 4,233,504

D. FAIR VALUE MEASUREMENTS (Continued)

Investments at Fair Value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Investments at fair value	$ -	$ -	$ -	$ -
Pooled separate account investments measured at net asset value[(a)]	-	-	-	4,861,486
Investments at fair value	$ -	$ -	$ -	$ 4,861,486

[(a)] In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

E. EXCESS CONTRIBUTIONS REFUNDABLE

During 2015 and 2014, certain highly-compensated Plan participants contributed amounts to their accounts that exceeded amounts permitted by the Internal Revenue Code. Accordingly, the Plan recorded liabilities as of December 31, 2015 and 2014 of $18,701 and $102,985, respectively, for the amounts of those excess contributions which are refundable to the participants. The Plan distributed the 2015 excess contributions to the applicable participants on February 23, 2016.

F. PARTIES-IN-INTEREST AND RELATED PARTY TRANSACTIONS

John Hancock, Hicks Pension Services (the Company's third-party administrator), and the Company are parties-in-interest as defined by ERISA. Certain Plan investments are shares of mutual funds managed by John Hancock. Notes receivable from participants and the related transactions are also considered party-in-interest transactions. Fees incurred by the Plan for investment management services are included in net appreciation in fair value.

G. PLAN TERMINATION

While the Company has no current intent to terminate the Plan, the Company reserves the right to terminate the Plan as described in the Plan agreement and subject to provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

Due to a downturn in the plan sponsor's industry, the plan sponsor was forced to lay off a significant portion of its workforce during the year ended December 31, 2015, which triggered a partial Plan termination. Effective January 1, 2015, all active participants of the Plan that were terminated as a result of the reduction in workforce were made fully vested in the employer contributions to their account, if they were not already fully vested.

H. TAX STATUS

The IRS has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and therefore believes that the Plan is qualified and that the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

I. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Certain Plan investments include securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

SUPPLEMENTAL SCHEDULES FURNISHED PURSUANT
TO DOL REGULATIONS UNDER ERISA
YEAR ENDED DECEMBER 31, 2015

KENAI DRILLING 401(K) PLAN
EMPLOYER IDENTIFICATION NUMBER 95-3325796
PLAN NUMBER 001
SCHEDULE H – LINE 4(i)
SCHEDULE OF ASSETS (HELD AT END OF YEAR) - DECEMBER 31, 2015

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity, Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	John Hancock	JH LS Grow Active Strategy	**	$ 1,041,989
*	John Hancock	JH LS Bal Active Strategy	**	738,599
*	John Hancock	JH LS Con Active Strategy	**	515,398
*	John Hancock	JH LS Agg Active Strategy	**	441,522
*	John Hancock	Fidelity Advisor Total Bond	**	211,052
*	John Hancock	Financial Industries Fund	**	183,194
*	John Hancock	Capital Appreciation Fund	**	157,159
*	John Hancock	Investment Company of America	**	137,608
*	John Hancock	500 Index Fund	**	112,692
*	John Hancock	JH LS Mod Active Strategy	**	106,268
*	John Hancock	Real Est. Securities Fund	**	105,372
*	John Hancock	Mutual Global Discovery	**	76,656
*	John Hancock	T. Rowe Price Health Sci	**	52,980
*	John Hancock	JH Thru 2045 Active Strategy	**	45,211
*	John Hancock	Capital World Growth & Income	**	35,000
*	John Hancock	Small Cap Index Fund	**	33,821
*	John Hancock	Victory Diversified Stock	**	24,869
*	John Hancock	T. Rowe Price Sci & Tech	**	24,370
*	John Hancock	Money Market Fund	**	23,707
*	John Hancock	Oppenheimer Intl Growth Fund	**	23,495
*	John Hancock	Small Cap Growth Fund	**	23,261
*	John Hancock	Vanguard Mid-Cap Value ETF	**	22,845
*	John Hancock	Utilities Fund	**	22,149
*	John Hancock	T. Rowe Price Sml Cap Val	**	17,535
*	John Hancock	Vanguard Energy Fund	**	17,117
*	John Hancock	Vanguard Small Cap Grow Index	**	16,679
*	John Hancock	JH Thru 2050 Active Strategy	**	8,599
*	John Hancock	Intl Equity Index Fund	**	7,710
*	John Hancock	Total Stock Market Index Fund	**	4,605
*	John Hancock	Vanguard Small Cap Value Index	**	1,012
*	John Hancock	Vanguard Value Index Fund	**	523
*	John Hancock	Mid Cap Index Fund	**	507
		Total Investments		$ 4,233,504
*	Participant Loans	5.25% - 7.00%		256,873
				$ 4,490,377

* Party-in-interest as defined by ERISA
** Cost data omitted for participant-directed investments.

KENAI DRILLING 401(K) PLAN

Financial Statements
For the Years Ended
December 31, 2015 and 2014

KENAI DRILLING 401(K) PLAN
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Farber Hass Hurley LLP
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Telephone: (805) 504-8410
Facsimile: (805) 388-1300

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Trustees
of the Kenai Drilling 401(k) Plan:

Report on the Financial Statements
We were engaged to audit the accompanying financial statements of Kenai Drilling 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion
As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C which was certified by John Hancock Life Insurance Company ("John Hancock"), the custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2015 and 2014, and for the year ended December 31, 2015, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter
The supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets(Held at End of Year) as of December 31, 2015 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations
The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Farber Hass Hurley LLP

Camarillo, California
September 19, 2016

KENAI DRILLING 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
ASSETS		
Investments, at fair value:		
Pooled separate accounts	$ 4,233,504	$ 4,861,486
Receivables:		
Notes receivable from participants	256,873	293,987
Participant contribution	-	378
Employer contribution	1,632	3,637
Total Receivables	258,505	298,002
TOTAL ASSETS	4,492,009	5,159,488
LIABILITIES		
Payables:		
Excess contributions refundable	18,701	102,985
Other	283	-
Total Liabilities	18,984	102,985
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,473,025	$ 5,056,503

See accompanying notes to financial statements.

KENAI DRILLING 401(K) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2015

ADDITIONS TO NET ASSETS		
Additions to net assets attributed to:		
Interest income on notes receivable from participants	$	14,625
Contributions:		
Participant		390,922
Employer		68,237
Total additions to net assets		473,784
DEDUCTIONS FROM NET ASSETS		
Deductions from net assets attributed to:		
Net depreciation in fair value of investments		42,900
Benefits paid to participants		960,331
Administrative expenses		54,031
Total deductions from net assets		1,057,262
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS		(583,478)
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 2014		5,056,503
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 2015	$	4,473,025

See accompanying notes to financial statements.

A. PLAN DESCRIPTION

The following description of the Kenai Drilling (the "Company") 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General – The Plan is a defined contribution plan covering all employees of the Company and its wholly owned subsidiaries who have completed at least 1,000 hours of service during the 12 month period of time preceding their first contribution. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ('ERISA"). The Plan's trustee is responsible for oversight of the plan, determining the appropriateness of the Plan's investment offerings and monitoring investing performance.

Contributions – Each year, participants may contribute all or a portion of their pre-tax compensation, as defined in the Plan, subject to limits imposed by the Internal Revenue Code ("IRC"). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds as investment options for participants. The Company contributes 30% of the first 6 percent of base compensation that a participant contributes to the Plan. The matching contribution is invested in accordance with participant elections. Contributions are subject to certain IRS limitations.

Participant Accounts – Each participant's account is credited with the participant's contributions and Company matching contributions, plan earnings, and an allocation of administrative expenses. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting – Participants are vested immediately in their contributions plus actual earnings thereon. Company matching contributions vest depending upon each participant's years of service with the Company, as follows:

Years of Service	Vested %
Less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

Notes Receivable From Participants – Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate, determined quarterly, is set at 2 percent above the prime rate, as defined. Principal and interest is paid ratably through bi-weekly payroll deductions.

A. PLAN DESCRIPTION (Continued)

Payment of Benefits – On termination of service due to death, the participant's beneficiary will be entitled to receive 100% of the account balance. Upon termination of service due to disability or retirement, a participant may elect to receive benefits in the form of a single lump-sum amount equal to their vested account balance. For termination of service for any other reason, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeitures – At December 31, 2015 and 2014, forfeited non-vested accounts totaled $24,833 and $19,782, respectively. These accounts will be used to reduce future employer contributions and/or offset plan expenses.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared on the accrual basis of accounting.

Recent Accounting Pronouncements - In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurements (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value ("NAV") per share as a practical expedient. Instead, entities must disclose these investments in a reconciliation of total investments classified within the hierarchy to the total fair value of the Plan's investments. This update also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, the required disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This amendment is applied retrospectively effective for fiscal years beginning after December 15, 2015. Management elected to early adopt the provisions of this new standard and has retrospectively applied the pronouncement to the December 31, 2014 financial statements.

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. The Part I update clarified those entities holding indirect investments in fully benefit-responsive investment contracts should no longer account for such investments as fully-benefit responsive investment contracts. The Part II standard removes the requirement to disclose both (1) individual investments that represent 5 percent or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type. Additionally, the standard requires that disclosures of investments of employee benefit plans be grouped only on the basis of general type, thereby eliminating the need to also disclose investments grouped on the basis of nature, characteristics and risks. Amendments I and II are applied retrospectively and Part III is applied prospectively effective for fiscal years beginning after December 15, 2015. Management has elected to

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

early adopt Parts I and II during the year ending December 31, 2015 and has retrospectively applied the pronouncement to the December 31, 2014 financial statements.

The adoption of these standards had no effect on the Plan's net assets available for benefits or changes therein.

Reclassification - Certain reclassifications of the prior year amounts and presentation have been made to conform to the presentations for the current year as a result of the recently adopted accounting standards.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Contract with Insurance Company – The Plan maintains its investments in an unallocated group annuity contract with John Hancock Life Insurance Company (U.S.A) (the "Custodian" or "John Hancock"). John Hancock pools the investments of the Plan and other plans together, but each plan's ownership interest in the pooled investments is accounted for separately. The Plan's separate account is credited with contributions made and actual earnings on the underlying investments (principally mutual funds) and charged for Plan withdrawals and administrative expenses. The Plan's unallocated group annuity contract is included in the financial statements at contract value, which approximates fair value.

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's trustee determines the Plan's valuation policies utilizing information provided by the custodian. See Note D for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expense and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits – Benefits are recorded when paid.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses –Fees related to the administration of notes receivable from participants are charged directly to participant's account and are included in administrative expenses. Certain expenses of maintaining the plan are paid by the company on behalf of the Plan and are excluded from these financial statements. Investment related expenses are included in net appreciation of fair value of investments.

Subsequent Events – The Plan has evaluated subsequent events through September 19, 2016, the date the financial statements were available to be issued.

C. INFORMATION CERTIFIED BY THE CUSTODIAN

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the following investment information was certified by John Hancock, the custodian, and was not subjected to any auditing procedures:

- Fair value of investments as shown in the Statements of Net Assets Available for Benefits as of December 31, 2015 and 2014 which total $4,233,504 and $4,861,486, respectively.
- Notes receivable from participants as shown in the Statements of Net Assets Available for Benefits as of December 31, 2015 and 2014 total $256,873 and $293,987, respectively. Interest income on notes receivable from participants as shown in the Statement of Changes in Net Assets Available for Benefits was $14,625 for 2015.
- Net depreciation in fair value of investments as shown in the Statement of Changes in Net Assets Available for Benefits for 2015 of $42,900.
- All investment-related information in the accompanying Schedule H, Line 4i - Schedule of Assets (Held at end of year), December 31, 2015.

D. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements & Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;

D. FAIR VALUE MEASUREMENTS (Continued)

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Pooled separate accounts: Valued at the net asset value ("NAV") of the shares held as of the Plan year end. The NAV is not a publicly quoted price in an active market. The pooled separate accounts do not have unfunded commitments relating to its investments, or any significant restrictions on participant-directed withdrawals. Participant-directed withdrawals can be made on any business day and do not have a redemption notice period. Participant-directed transfers to other investment options are generally limited to two per calendar month.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2015 and 2014:

Investments at Fair Value as of December 31, 2015

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Investments at fair value	$ -	$ -	$ -	$ -
Pooled separate account investments measured at net asset value[(a)]	-	-	-	4,233,504
Investments at fair value	$ -	$ -	$ -	$ 4,233,504

D. FAIR VALUE MEASUREMENTS (Continued)

Investments at Fair Value as of December 31, 2014

	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Investments at fair value	$ -	$ -	$ -	$ -
Pooled separate account investments measured at net asset value[(a)]	-	-	-	4,861,486
Investments at fair value	$ -	$ -	$ -	$ 4,861,486

[(a)] In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

E. EXCESS CONTRIBUTIONS REFUNDABLE

During 2015 and 2014, certain highly-compensated Plan participants contributed amounts to their accounts that exceeded amounts permitted by the Internal Revenue Code. Accordingly, the Plan recorded liabilities as of December 31, 2015 and 2014 of $18,701 and $102,985, respectively, for the amounts of those excess contributions which are refundable to the participants. The Plan distributed the 2015 excess contributions to the applicable participants on February 23, 2016.

F. PARTIES-IN-INTEREST AND RELATED PARTY TRANSACTIONS

John Hancock, Hicks Pension Services (the Company's third-party administrator), and the Company are parties-in-interest as defined by ERISA. Certain Plan investments are shares of mutual funds managed by John Hancock. Notes receivable from participants and the related transactions are also considered party-in-interest transactions. Fees incurred by the Plan for investment management services are included in net appreciation in fair value.

G. PLAN TERMINATION

While the Company has no current intent to terminate the Plan, the Company reserves the right to terminate the Plan as described in the Plan agreement and subject to provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

Due to a downturn in the plan sponsor's industry, the plan sponsor was forced to lay off a significant portion of its workforce during the year ended December 31, 2015, which triggered a partial Plan termination. Effective January 1, 2015, all active participants of the Plan that were terminated as a result of the reduction in workforce were made fully vested in the employer contributions to their account, if they were not already fully vested.

H. TAX STATUS

The IRS has determined and informed the Company by a letter dated March 31, 2008, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and therefore believes that the Plan is qualified and that the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2012.

I. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Certain Plan investments include securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies.

SUPPLEMENTAL SCHEDULES FURNISHED PURSUANT
TO DOL REGULATIONS UNDER ERISA
YEAR ENDED DECEMBER 31, 2015

KENAI DRILLING 401(K) PLAN
EMPLOYER IDENTIFICATION NUMBER 95-3325796
PLAN NUMBER 001
SCHEDULE H – LINE 4(i)
SCHEDULE OF ASSETS (HELD AT END OF YEAR) - DECEMBER 31, 2015

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity, Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	John Hancock	JH LS Grow Active Strategy	**	$ 1,041,989
*	John Hancock	JH LS Bal Active Strategy	**	738,599
*	John Hancock	JH LS Con Active Strategy	**	515,398
*	John Hancock	JH LS Agg Active Strategy	**	441,522
*	John Hancock	Fidelity Advisor Total Bond	**	211,052
*	John Hancock	Financial Industries Fund	**	183,194
*	John Hancock	Capital Appreciation Fund	**	157,159
*	John Hancock	Investment Company of America	**	137,608
*	John Hancock	500 Index Fund	**	112,692
*	John Hancock	JH LS Mod Active Strategy	**	106,268
*	John Hancock	Real Est. Securities Fund	**	105,372
*	John Hancock	Mutual Global Discovery	**	76,656
*	John Hancock	T. Rowe Price Health Sci	**	52,980
*	John Hancock	JH Thru 2045 Active Strategy	**	45,211
*	John Hancock	Capital World Growth & Income	**	35,000
*	John Hancock	Small Cap Index Fund	**	33,821
*	John Hancock	Victory Diversified Stock	**	24,869
*	John Hancock	T. Rowe Price Sci & Tech	**	24,370
*	John Hancock	Money Market Fund	**	23,707
*	John Hancock	Oppenheimer Intl Growth Fund	**	23,495
*	John Hancock	Small Cap Growth Fund	**	23,261
*	John Hancock	Vanguard Mid-Cap Value ETF	**	22,845
*	John Hancock	Utilities Fund	**	22,149
*	John Hancock	T. Rowe Price Sml Cap Val	**	17,535
*	John Hancock	Vanguard Energy Fund	**	17,117
*	John Hancock	Vanguard Small Cap Grow Index	**	16,679
*	John Hancock	JH Thru 2050 Active Strategy	**	8,599
*	John Hancock	Intl Equity Index Fund	**	7,710
*	John Hancock	Total Stock Market Index Fund	**	4,605
*	John Hancock	Vanguard Small Cap Value Index	**	1,012
*	John Hancock	Vanguard Value Index Fund	**	523
*	John Hancock	Mid Cap Index Fund	**	507
		Total Investments		$ 4,233,504
*	Participant Loans	5.25% - 7.00%		256,873
				$ 4,490,377

* Party-in-interest as defined by ERISA
** Cost data omitted for participant-directed investments.