

# Caelus Energy Alaska Activity Update

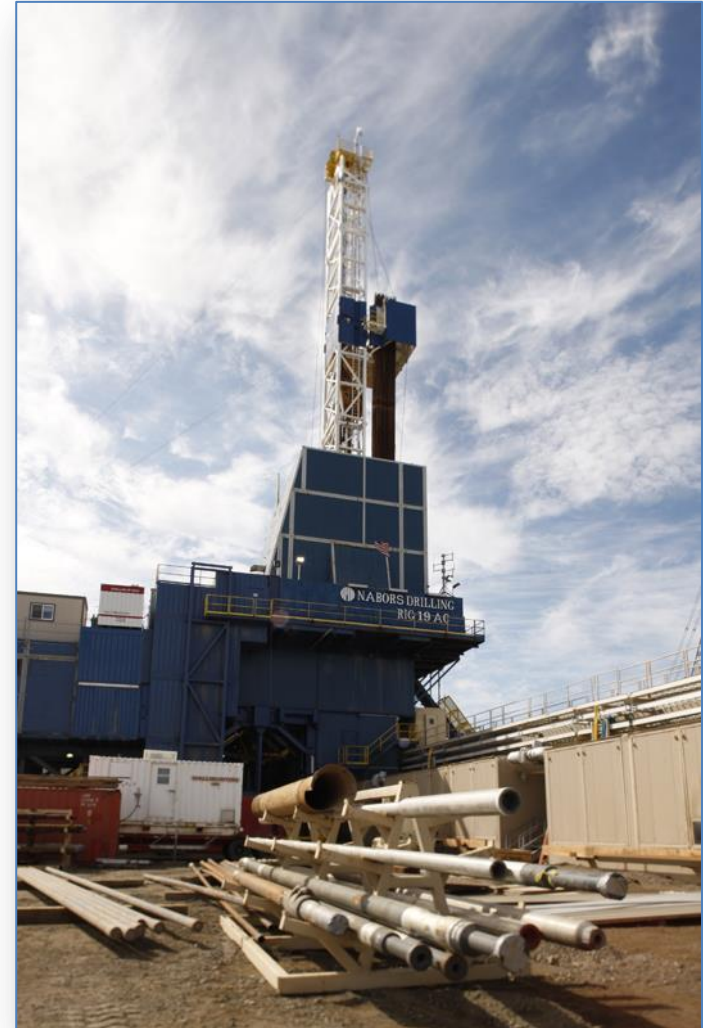
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Dec. 10, 2015



J. Patrick Foley  
*Senior Vice President, Alaska Operations*

- ❖ Privately-held E&P company formed to pursue large-scale exploration and development opportunities on Alaska's North Slope
  - Seasoned management team with proven track record, led by CEO Jim Musselman
  - Strong equity sponsorship from Apollo Global Management
- ❖ Acquired 100% of Pioneer Natural Resources Alaska ("PNRA") in April 2014
  - ~70 full-time Alaska employees
  - Seasoned operational staff with extensive North Slope experience
  - **SB 21 attracted Caelus and provides good investment structure**
- ❖ Many of the Caelus leadership have been working together over three decades



# North Slope Operations Orientation Map / Year in Review

**Smith Bay Exploration 'Tulimaniq**

- 75% WI in 117,000 acres (Operator)
- 2-well exploration program Jan 16
- Billion Barrel Potential

**Oooguruk Unit (ODS / OTP)**

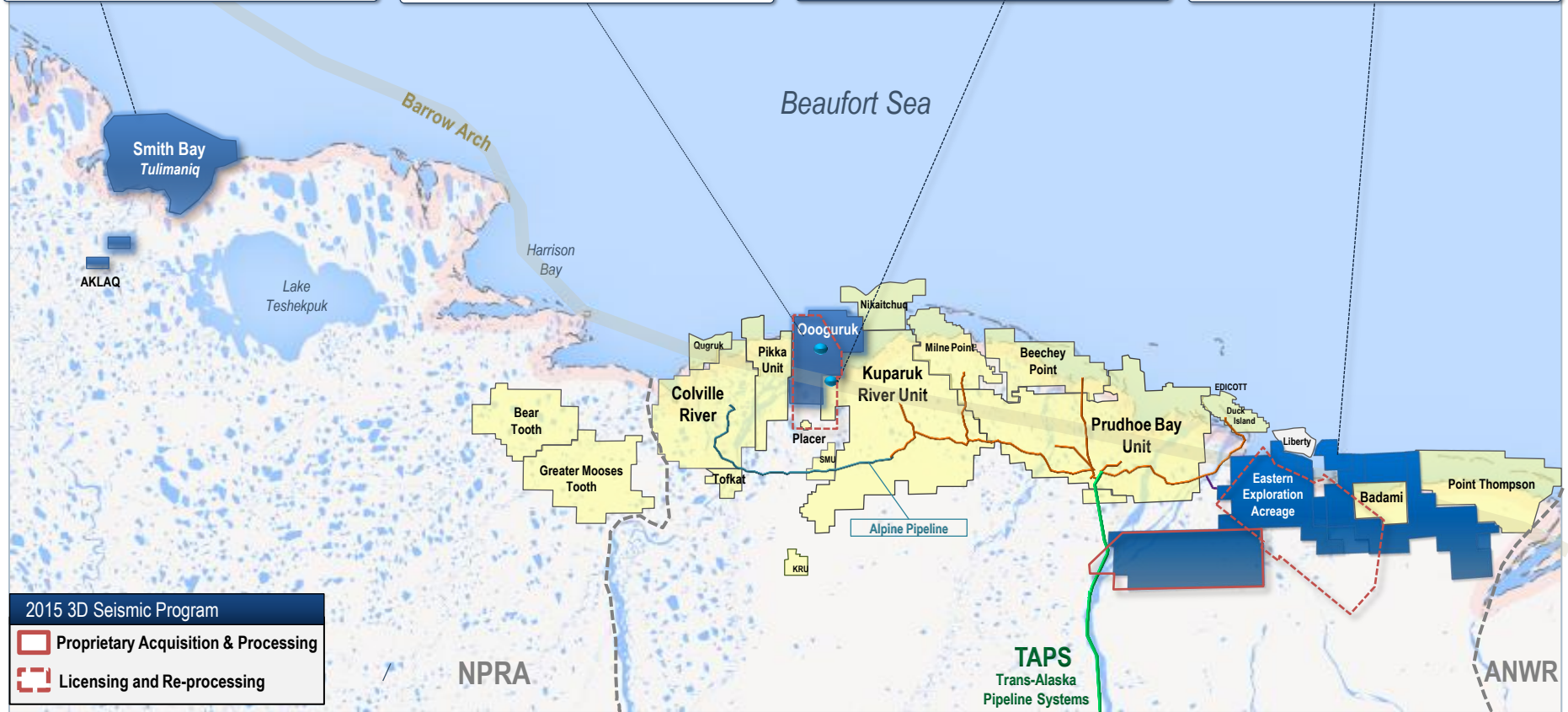
- Largest fracs in North Slope history
- ~23 MMBO Produced since 2008
- ~125 MM paid to AK via royalties / Ad Val

**Nuna Drill Site**

- 22 acre gravel pad and 4 mile road construction installed winter 2015
- First oil target 4Q 2017

**Eastern ANS Exploration Acreage**

- ~350,000 acres acquired (100% WI)
- 167 miles2 new hi resolution 3D seismic
- Initial exploration drilling anticipated 2017



**2015 3D Seismic Program**

- Proprietary Acquisition & Processing
- Licensing and Re-processing

## Large Scale Smith Bay Exploration Project with True Billion Barrel Potential

### Project Overview

- ❖ 75 % WI owner and operator
- ❖ 26 leases, ~117,000 acres
- ❖ True billion barrel potential
- ❖ High quality 3D seismic
- ❖ Stacked turbidite fans
- ❖ Extremely remote location
  - 60 mi SE of Barrow / 150 NW of Prudhoe



### 2015-2016 Program Underway

- ❖ 1-2 exploration wells planned (CT-1, CT-2)
- ❖ 400+ contractor jobs
- ❖ Doyon Arctic Fox rig mobilized by barge
- ❖ Exploration and LCF credits remain critical



- ❖ First Independent operator on North Slope
- ❖ Caelus 70% WI owner/operator (Eni 30%)
- ❖ ~ \$ 2 billion invested to date
- ❖ ~ 23 MMBO produced since 2008
- ❖ Peak production: 25,531 BOPD (May 23, 2015)
- ❖ Annual budget of ~\$300 million through 2018
  - Remaining reserves ~100 MMBO
  - 39 of 48 Wells drilled (22 producers, 17 injectors)

## Economic Benefits to Alaska

- ❖ Annual contractor load ~ 300 jobs
- ❖ ~ \$ 65 MM royalties paid to Alaskans
- ❖ ~ \$ 60 MM Ad Valorem paid

Oooguruk Island Drill Site (ODS)



Oooguruk Tie-In Pad (OTP)



- ❖ Caelus holds 100% interest
- ❖ 2P Reserves: 102 MMBO
- ❖ ~ \$1.2 billion total facilities and development capital
  - Construction of 22-acre Nuna pad and 4+ mile road complete
  - First oil October 2017
  - Primary target: Brookian Torok
  - Estimated peak production: 20-25 MBOPD
  - Phase I: 30 wells
    - (15 producers/15 injectors)
  - Capital intensive frac program
    - Frac both production and injection wells
- ❖ New high resolution 3D seismic data acquired

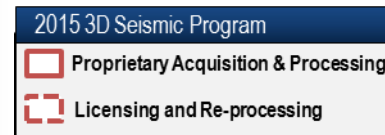
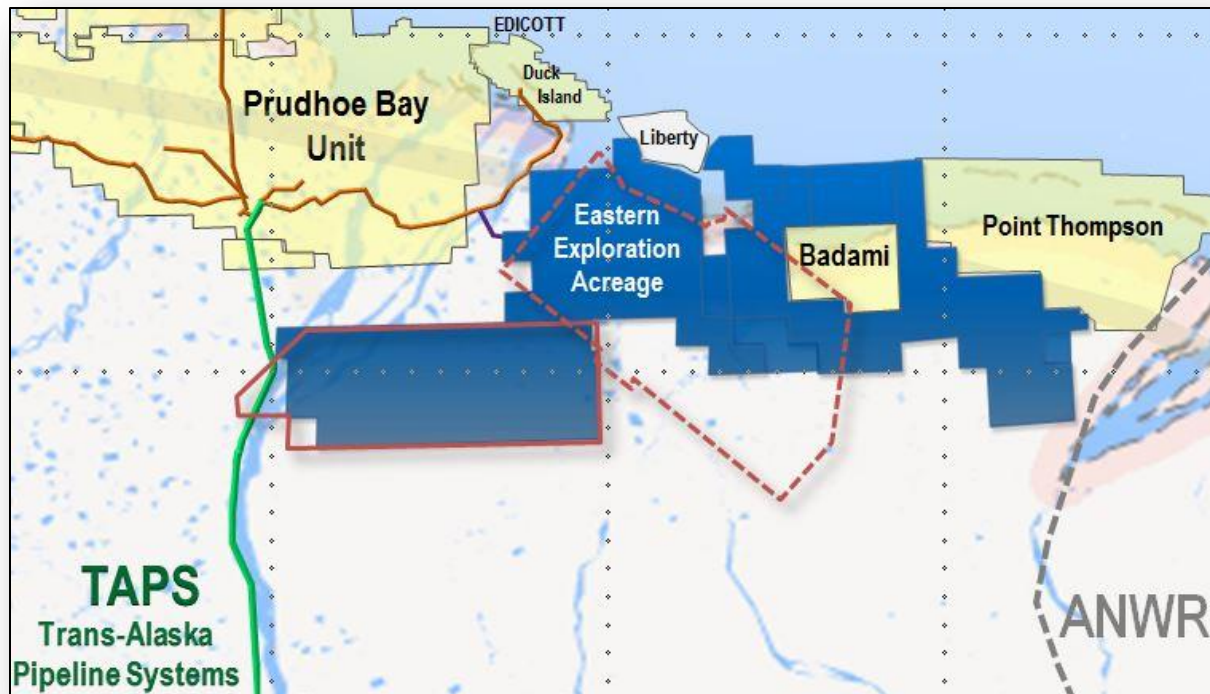
Nuna gravel pad



## Estimated Economic Benefits to Alaska

- ❖ ~ \$1.25 to AK via taxes/royalties
- ❖ Year round jobs and economic development
- ❖ State royalty modification and existing credit program remain critical to success

- ❖ ~ 350,000 acres acquired
- ❖ 167 sq. miles of high resolution 3D seismic acquired in 2015
  - Numerous brookian turbidities potential
- ❖ Additional 3D acquisition likely
- ❖ Initial exploration drilling anticipated in 2017
- ❖ Alaska benefits from seismic data, exploration well data,





## Operational Excellence

- ❖ Record annual production ~ 4 MMBO
- ❖ Best plant uptime / 25% improvement yr:yr
- ❖ Longest well and frac

## Environmental Stewardship

- ❖ 2<sup>nd</sup> lowest number of reportable spills

## Health and Safety

- ❖ Lowest number of recordable injuries

## Social Responsibility

- ❖ AHA Heart Walk, Habitat, United Way, North Slope Activities



# North Slope Operations



Alaska Air Fuel	<b>AUTOMATED LAUNDRY SYSTEMS</b>	<b>CONSTRUCTION MACHINERY IND LLC</b>	Fence Emporium	Industrial Engineering	<b>NANA OILFIELD SERVICES INC</b>	<b>RELIAB</b>
<b>ALASKA BEARING CORPORATION</b>	Avaya	Container Specialties of Alaska	Fircroft Engineering	<b>INDUSTRIAL INSTRUMENT SVC INC</b>	<b>NANA Worley Parsons</b>	<b>RESMA</b>
Alaska Cab	<b>Baker Engineering &amp; Risk</b>	<b>CONTROL COMPONENTS INC</b>	Flowline Alaska	<b>INDUSTRIAL SCIENTIFIC CORP</b>	nanqu	Rocky
Alaska Crane Ltd.	<b>BAKER HUGHES</b>	<b>CORE LABORATORIES LP</b>	<b>FLOWSERVE</b>	<b>ISSCO</b>	<b>NEI FLUID TECHNOLOGY</b>	<b>ROHRB SYSTEM</b>
Alaska Department of Labor-Mechanical Inspection	<b>BAKER OIL TOOLS</b>	Corpro Companies	<b>FMC FLUID CONTROL</b>	<b>JACKOVICH INDUSTRIAL &amp;</b>	<b>NEMA7.COM</b>	<b>ROSCO DECALS</b>
Alaska Enterprise Solutions, <b>ALASKA FITNESS</b>	<b>BAKER PETROLITE CORP</b>	Crowley Marine Services	Foss Maritime	<b>JCI CYCLONICS LTD.</b>	Norberg-IES LLC	<b>ROSEM</b>
<b>ALASKA HYDRAULICS INC</b>	Bakersfield Pipe and Bald Mountain	Cruz Construction Cruz Marine LLC	<b>FRIGID NORTH</b> <b>FRONTIER SUPPLY COMPANY</b>	Jim Gilroy JL Properties (Centerpoint West)	<b>NORTH COAST ELECTRIC</b> North Slope Telecom, Inc.	<b>RPS En</b> <b>RWDY I</b>
Alaska Inaugural Ball Committee Inc.	Be...	Be...	Be...	Be...	Be...	Air Cargo (NAC)
<b>ALASKA INDUSTRIAL HARDWARE INC</b>	BE...	BE...	BE...	BE...	BE...	Consulting
Alaska Industrial LLC	BE...	BE...	BE...	BE...	BE...	Engineering &
<b>ALASKA INSTRUMENT COMPANY LLC</b>	Be...	Be...	Be...	Be...	Be...	Maritime
<b>ALASKA INSULATION SUPPLY</b>	Blade Energy	Delta Constructors LLC	<b>GAUMER PROCESS</b>	Judy Patrick Photography	Northern Solutions	Sender...
Alaska Interstate Construction LLC	<b>BRENNTAG PACIFIC INC</b>	<b>DELTA INDUSTRIES (MOYNO PUMP DISTRIBUTOR)</b>	GBR Equipment	Kakvik Asset Management	<b>NORTHERN SOLUTIONS LLC</b>	Sentry...
Alaska Marine Surveyors Inc.	Brice Marine LLC	Delta Leasing	GCI	Katch Kan	<b>NORTHLAND WOOD</b>	<b>SIEMEN</b>
<b>ALASKA METROLOGY &amp; CALIBRATION</b>	<b>BROACH</b>	Delta Technical Solutions (DTSI)	GCISIT	Kodiak Breakers & Supplies, Inc.	NovaLynx Corporation	<b>SIMPLE</b>
Alaska Oil & Gas Operations Consultant	<b>BROOKS RANGE SUPPLY INC</b>	<b>DELTA WESTERN INC</b>	GCSIT Solutions	Kuukpik Arctic Catering (KAS)	<b>NRC Alaska (DBA Emerald Alaska)</b>	Site Pro...
<b>ALASKA PUMP &amp; SUPPLY INC</b>	<b>BUILDERS MILLWORK &amp; SUPPLY</b>	Detection Services	GE Oil & Gas Inc.	Kuukpik Hotel (DBA Nanuq/AFC)	<b>ODRILL-MCM INC</b>	Skyline
<b>ALASKA PURE WATER PRODUCTS</b>	C & R Pipe	<b>DET-TRONICS</b>	Geokinetics	<b>L N CURTIS &amp; SONS</b>	Olgoonik Oilfield	Slalom
<b>ALASKA RESTAURANT</b>	C & R PIPE	<b>DNOW LP</b>	GeoKinetics USA, Inc.	<b>LIEBERT CORPORATION</b>	<b>OMNISENS SA</b>	SLR
<b>ALASKA RUBBER &amp; SUPPLY INC</b>	C&B PUMPS & COMPRESSORS LLC	Dooley Tackaberry, Inc.	Glacier Services Inc (GSI)	<b>LITTLE RED SERVICES INC</b>	Orbis Engineering	Society Geophy

**Thank you!**

- ❖ **Alaska has Great Resource Potential**
  - Alaska needs exploration/development companies to fully tap all of Alaska's petroleum resources
  
- ❖ **Stable, Competitive, North Slope Fiscal Regime Remains Crucial to new Investments and Investors**
  - Credit system is attracting new forms of investors and capital to Alaska
  - Credits are investment in that future, and they're working





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