

# Alaska Oil: At a Crossroads

Alaska Support Industry Alliance

Annual Meeting

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# Thank You for Your Great Work and Focus on Safety!

## *On track for 3rd best safety year*

### **New-build rigs**

- Doyon 142 and Nabors CDR3 – delivered in 2016
- Sanctioned construction of new ERD rig

### **New drill site at Kuparuk (DS 2S)**

- Start-up Oct 2015 - ~ 8,000 BOPD est. gross peak production
- About \$475 million gross cost
- ~250 construction jobs at peak



### **Alpine CD5**

- Start-up October 27, 2015
- Peak production ~26,000 vs 16,000 BOPD gross originally estimated
- Approx. \$1.3B gross cost
- ~700 construction jobs at peak

### **Viscous oil expansion in Kuparuk (1H NEWS)**

- About 8,000 BOPD gross
- About \$450 million gross cost
- Drilling underway; first oil in late 2017
- ~ 150 construction jobs at peak

**Collaboration with Support Industry Has Helped Keep Alaska in the Race**

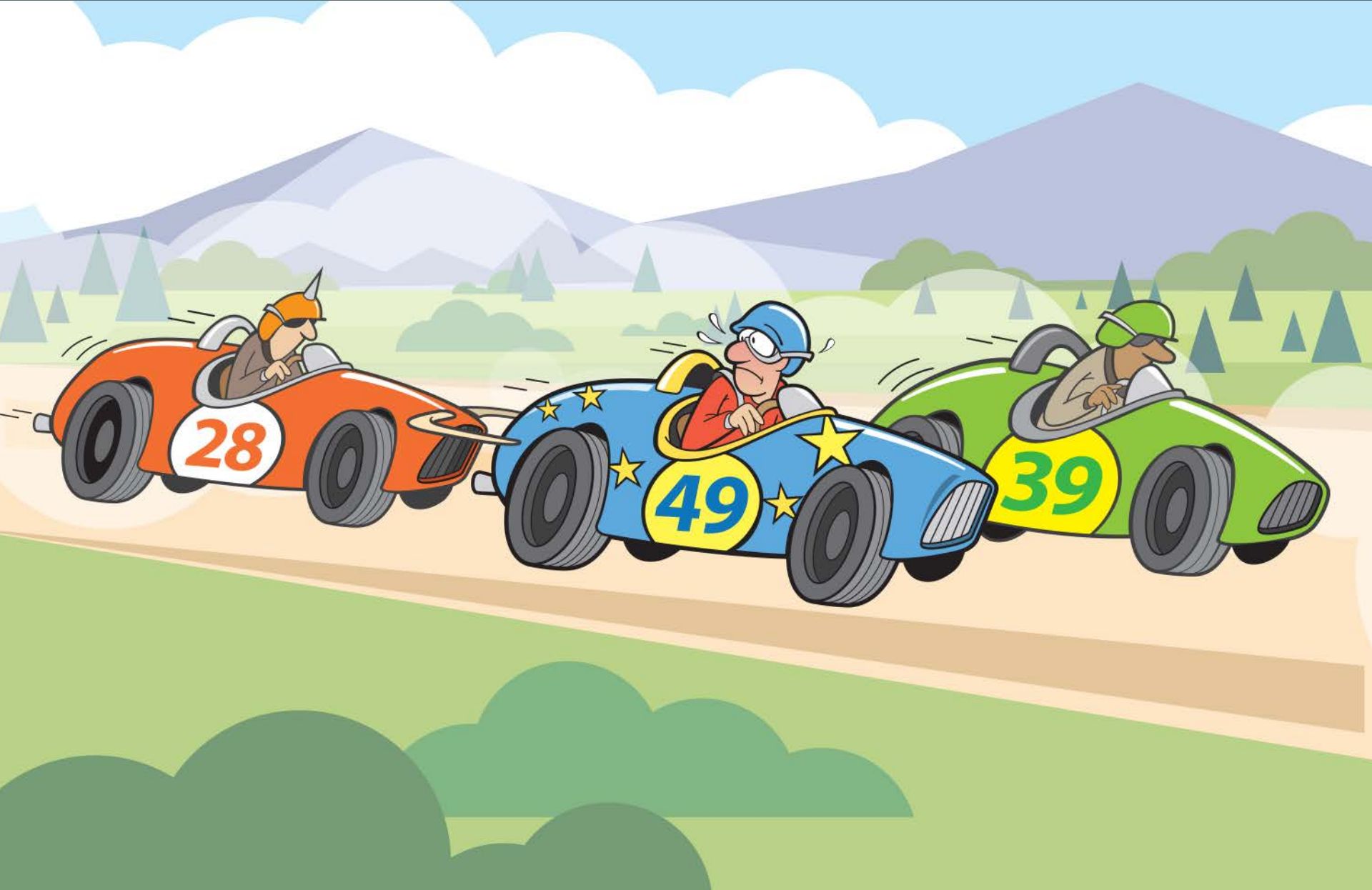
# Racing to Catch Up with the Pack!



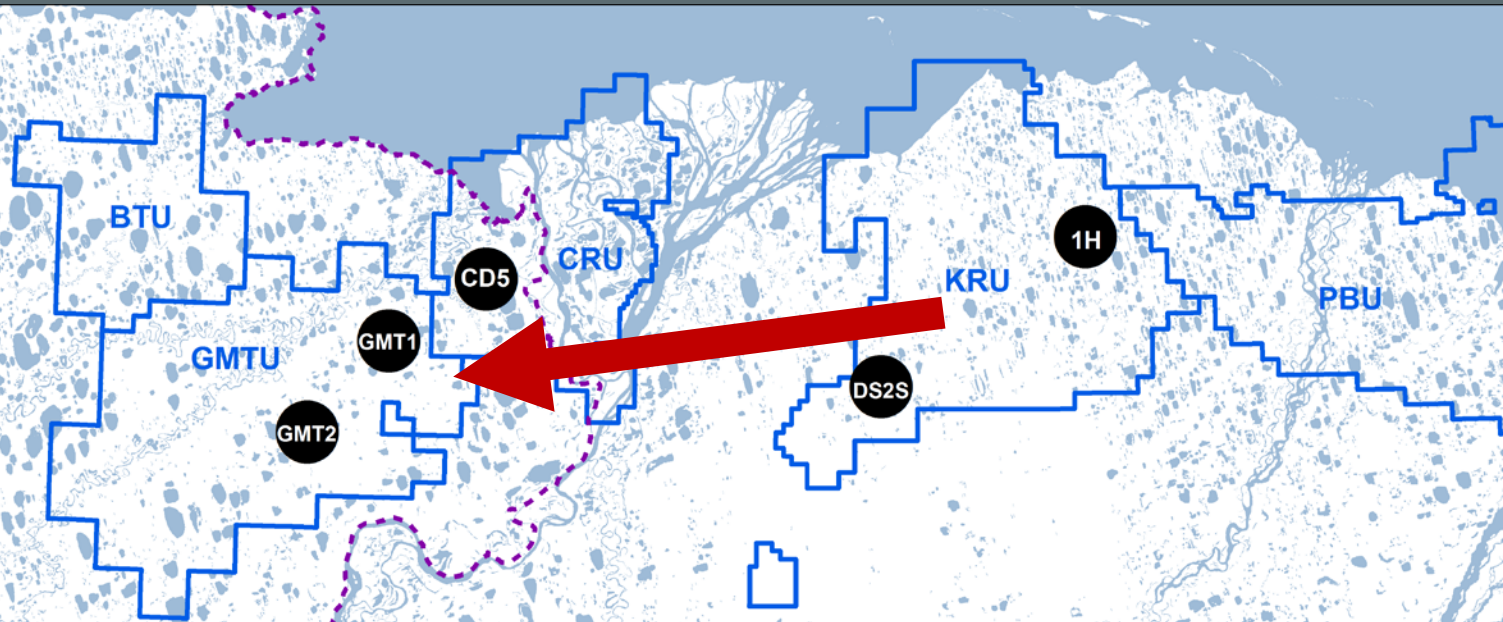
# Confident Our Hard Work Has Paid-Off!



# Reality Check: Everyone Has Been Driving Hard to Get Ahead



# The Journey West



## GMT1

- \$900 million, potential for 33 wells
- Peak production ~30,000 bbls/day
- Peak employment ~700 positions
- First oil Q4 2018 NPR-A

## GMT2

- \$1 billion, potential for 48 wells
- Peak production ~25-30,000 bbls/day
- Peak employment ~700 positions
- Targeting first oil Q4 2021

# The Journey West



- Estimated ~300 million barrels gross recoverable resource
- Anticipated production up to ~100,000 bbls/day

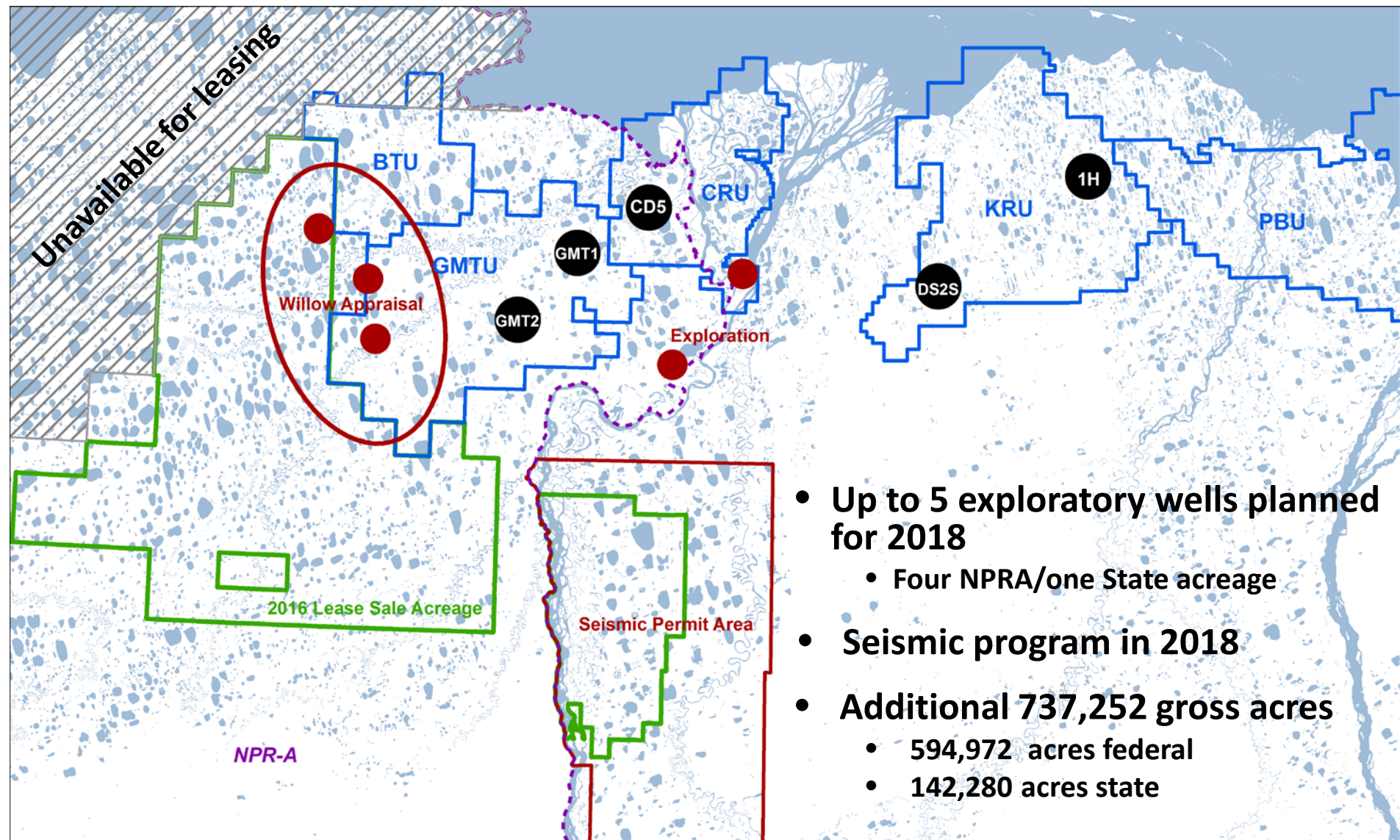
NPR-A

## Willow

- Potentially thousands of construction jobs and hundreds of permanent jobs
- Delineation and economic evaluation in progress



# 2018 Could Be a Leveraging Year



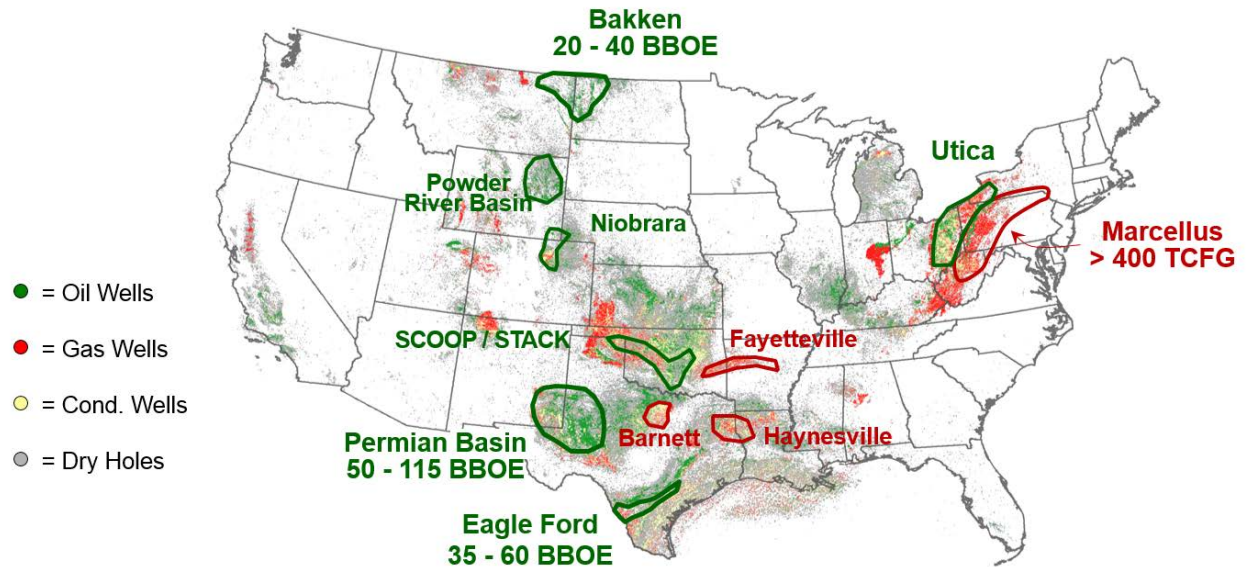
- **Up to 5 exploratory wells planned for 2018**
  - Four NPRA/one State acreage
- **Seismic program in 2018**
- **Additional 737,252 gross acres**
  - 594,972 acres federal
  - 142,280 acres state

**Largest Exploration Program Since 2002**

# Significant Investment Competition

## Oil Price Lower for Longer:

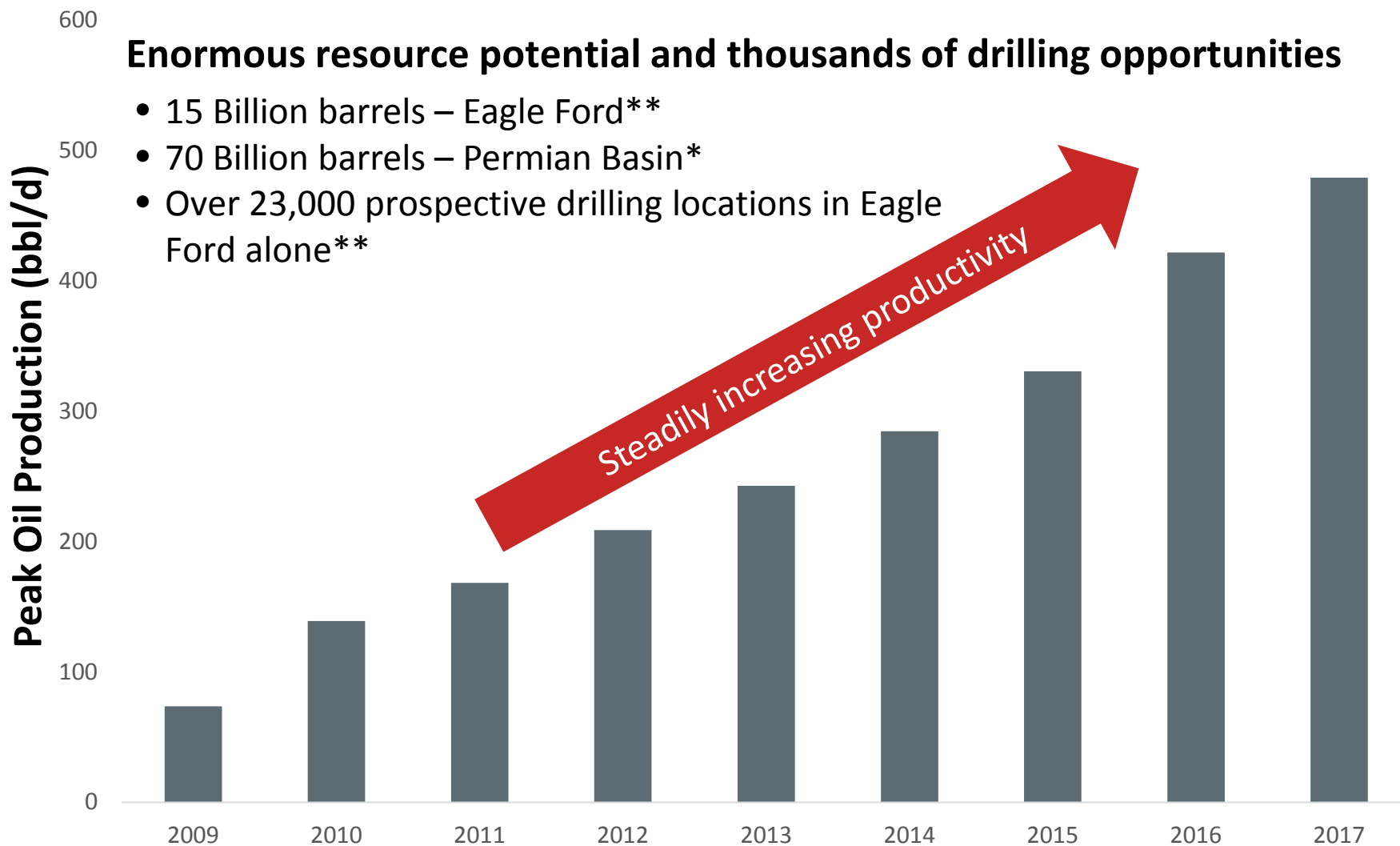
- ***Not something we can control***
- Less capital available for investment
- Capital goes to lowest cost-of-supply projects
- Many L48 projects are cheaper, closer to market and easier to permit



**Cost of Supply Critical to Investment Decisions**

Survey; resource estimates based on publicly available sources and ConocoPhillips estimates.

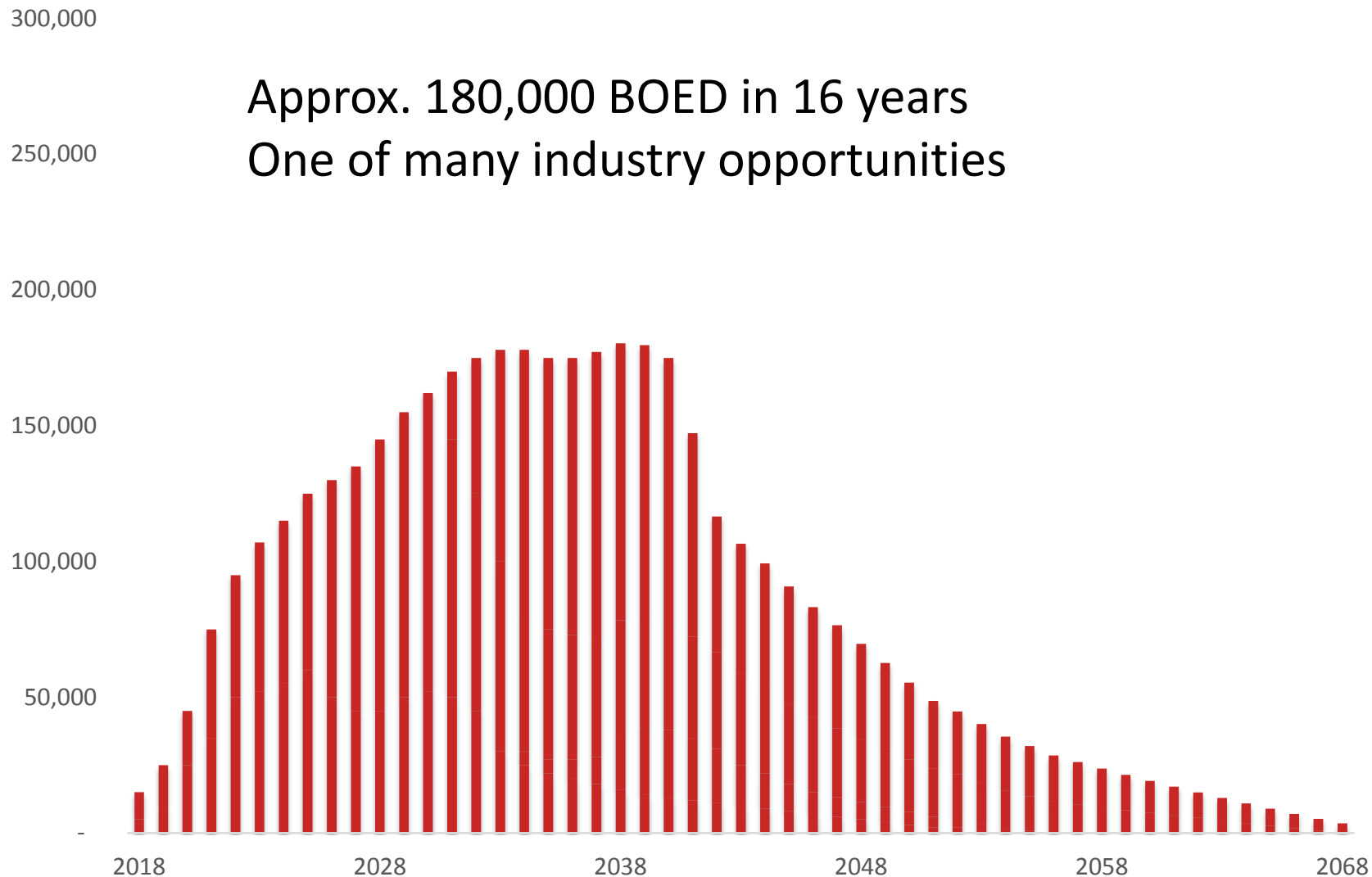
# Increasing Unconventional Productivity



**Learning Curve Results in Increased Production Rates**

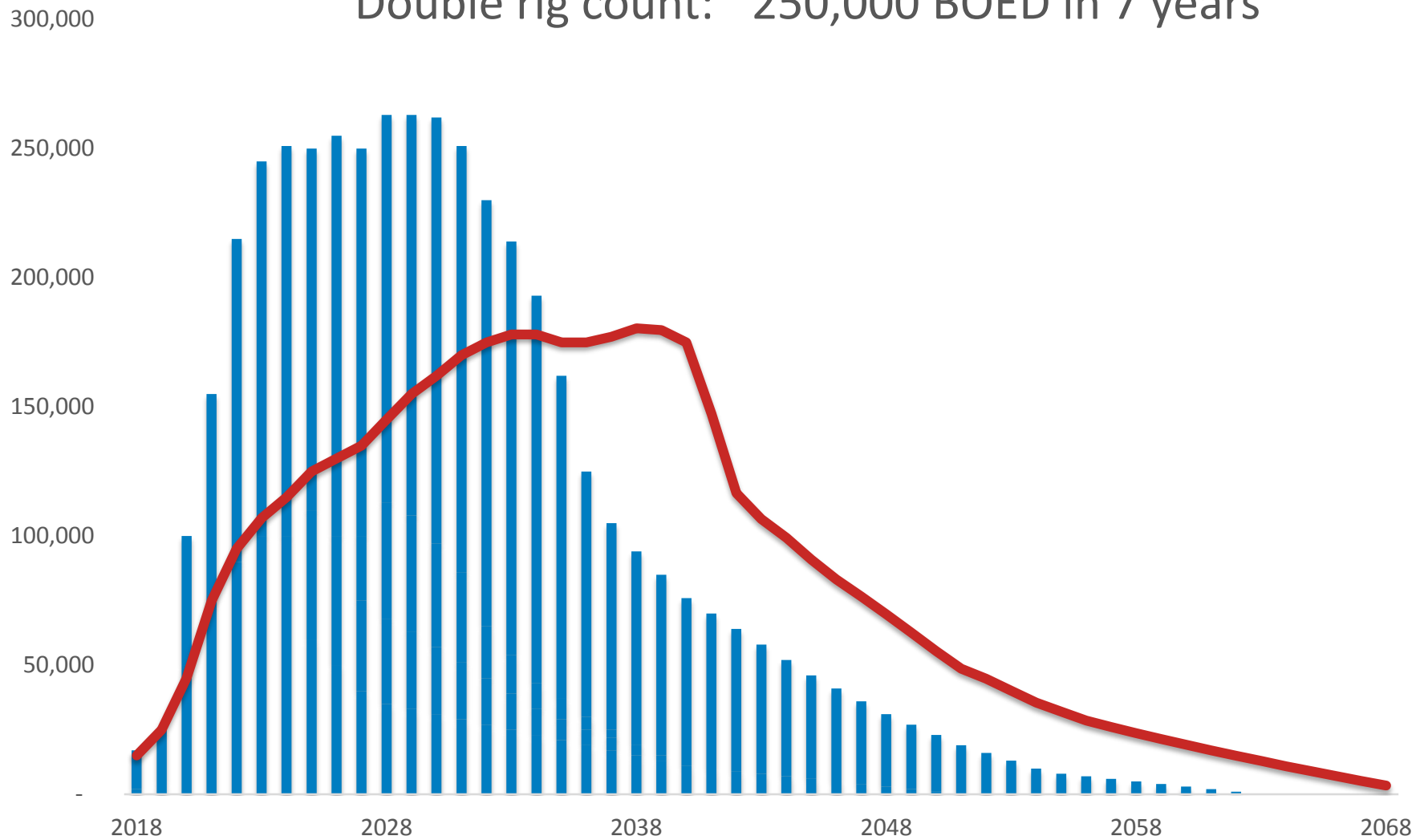
# L48 Unconventional Opportunity X

Approx. 180,000 BOED in 16 years  
One of many industry opportunities



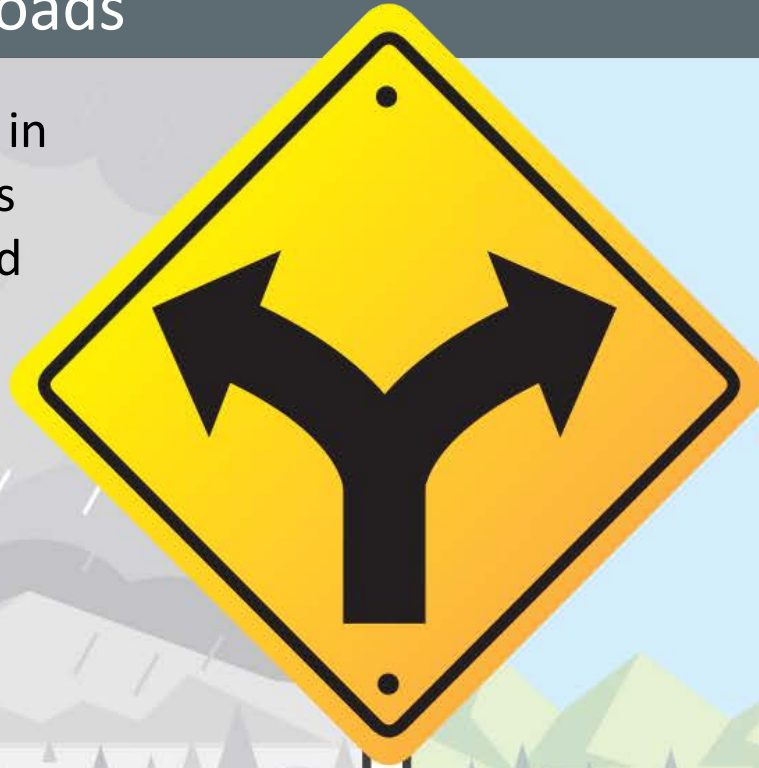
# Opportunity "X" Upside

Double rig count: ~250,000 BOED in 7 years



# We're at a Crossroads

- Intense competition in unconventional plays
- High North Slope and transportation costs are challenging
- Capital scarcity
- **Alaska's fiscal uncertainty**



- + **Highly competent & collaborative support industry**
- + Liquids rich, lower reservoir risk
- + Well-developed infrastructure
- + Highly trained workforce



**Only the State Can Provide a Stable, Competitive Fiscal Environment**

# Continued Focus Required to Stay in the Game

- **Cannot lose our safety focus**
- **Cost management critical to continued investment**
- **Elections matter**
  - Know the issues
  - Actively support pro-business candidates
  - Help get out the vote
  - Let's keep Alaska competitive!



