



Cook Inlet Energy

OSPREY



Kustatan



WMRU



CIE Overview

- **Founded in January 2009, operating producer since December 2009**
- **Subsidiary of Miller Energy Resources (NASDAQ: MILL)**
- **Located at 601 West 5th Avenue, Suite 310.**
- **CIE is the largest holder of State oil & gas acreage in Alaska - about 600,000 acres**
- **Large reserves of both oil and gas -**
 - **Osprey Platform**
 - **Kustatan Production Facility (KPF)**
 - **West Foreland Pad (WF)**
 - **West McArthur River Unit (WMRU)**
 - **30% WI in Aurora Three Mile Creek Wells #1 & #2 (TMC)**
 - **Exploration Leases**



Cook Inlet Area Map





Executive Summary Cont.

In addition to its upstream properties, CIE owns substantial processing infrastructures as follows,

- **16 MW power generation plant located at KPF**
- **3 MW power generation power plant located at WMRU**
- **Elaborate oil & gas pipeline infrastructure totaling over 37 miles that inner-tie the facilities as well as to third party infrastructure.**
 - **50,000 bbl of storage capacity located at KPF**
 - **13,000 bbls of storage capacity located at WMRU**
- **These assets include the 100% owned, state-of-the-art Kustatan Production Facility.**



CIE Achievements To Date

- **January 2009 – company formed**
- **September 2009 – Pacific Energy abandons all Alaskan assets**
- **December 2009 – CIE gets abandonment order overturned, approved as successor operator, rehires staff, restarts production**
- **Jan – April 2010 – CIE mobilizes Aurora rig to WMRU, reworks wells and increases production ~400% vs. Pacific Energy rate**
- **May 2010 - Dominated 2010 Cook Inlet Areawide Lease Sale, acquiring ~17,000 acres (over half of total sale)**
- **June 2010 – Miller lists on NASDAQ –world’s best performing energy stock**



CIE Achievements To date, Cont.

- **CIPL Pipeline Tariff Settlement from \$14.57 bbl to \$7.20 bbl (was \$4.06).**
- **Three-year extension of 471,000 acre Susitna Basin exploration license**
- **New 80,000 acre North Susitna Basin exploration license**
- **Two-year extension of its Olsen Creek MHT leases**
- **Spent \$12 million in capital, \$6 million in operations**
- **Over \$18 million in gross revenue**

Lease Map

September 2010

Legend



Currently Leased
or Licensed
Acreage

Gross: 568,945

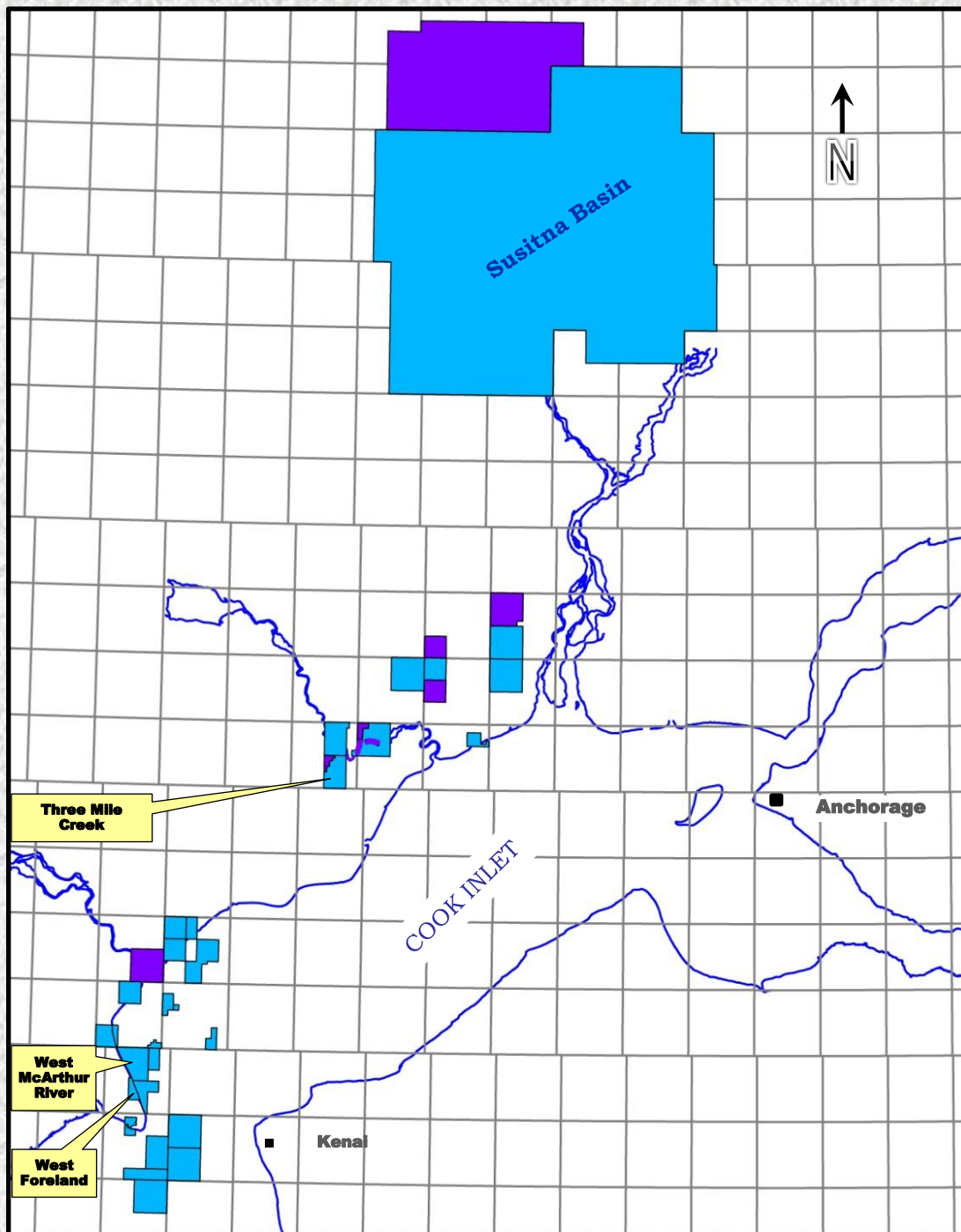
Net: 549,900



Lease or License
Pending

Gross: 80,273

Net: 80,273



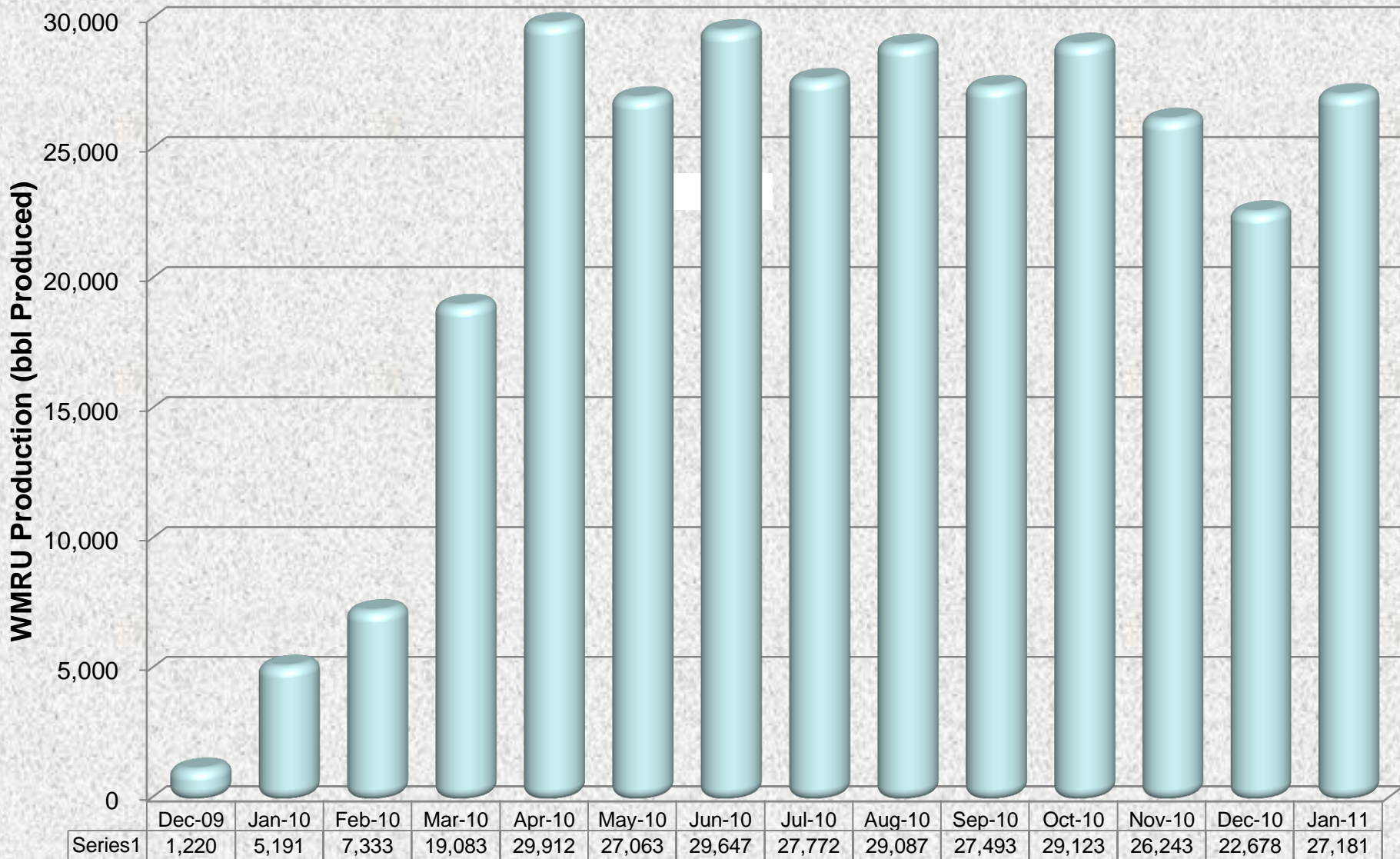


West McArthur River Current Status

- **Successfully worked-over** WMRU-5, producing ~450 bopd
- **Successfully worked-over** WMRU-6, producing ~420 bopd
- **Successfully worked-over** WMRU-1A, producing ~30 bopd
- **Successfully worked-over** WMRU-2A, producing ~30 bopd
- **Work-over in progress** WMRU-7 currently unloading zone of interest
- WMRU-4D online, current injection rate ~2900 bwpd @ 3400 WHP
- WF-2U & 2L online producing ~300 mcf/d
- Current Oil Rate = ~930 bopd



West McArthur River Production

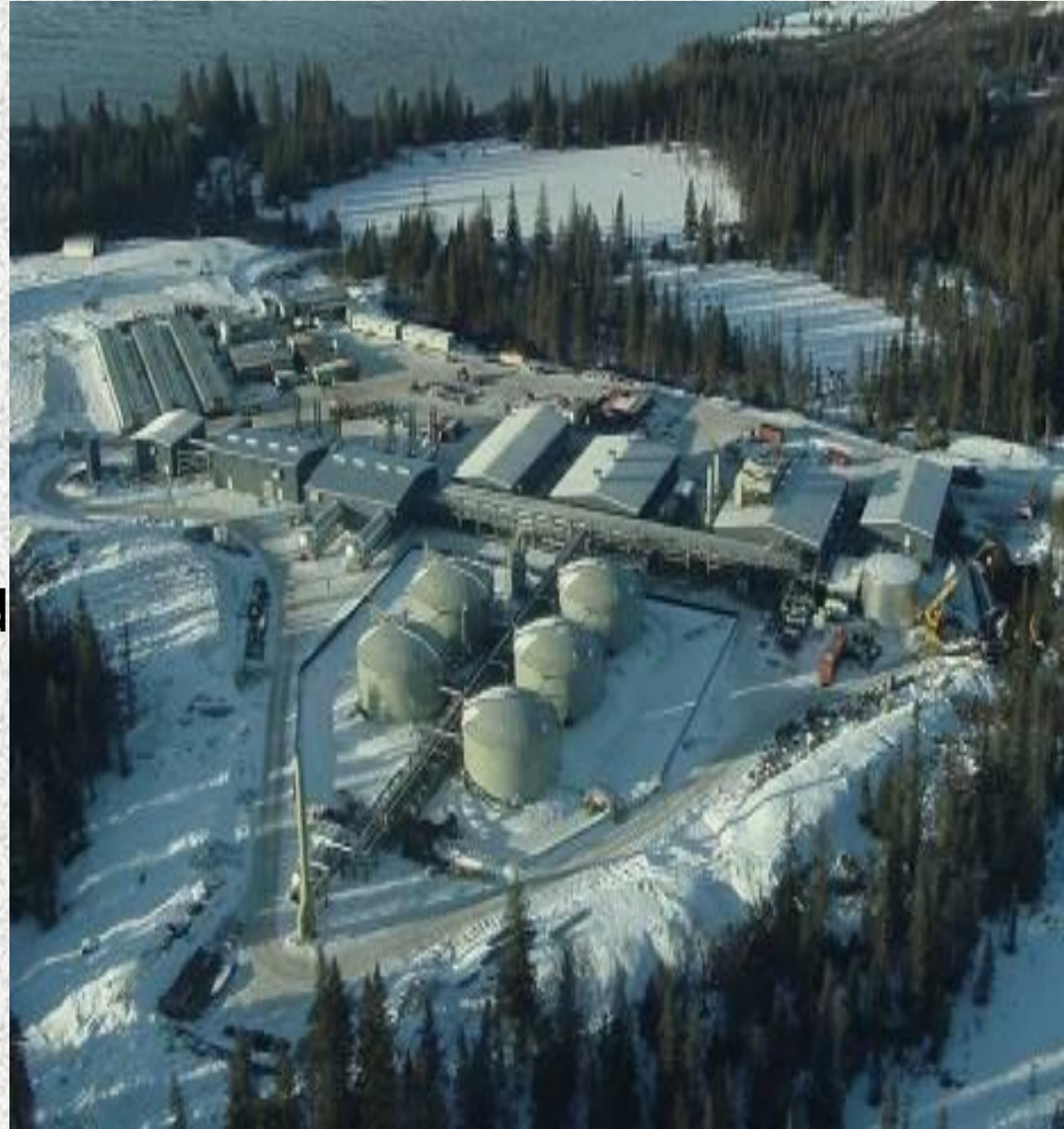


Total oil produced 2010 = 265,519 bbls



Kustatan current condition

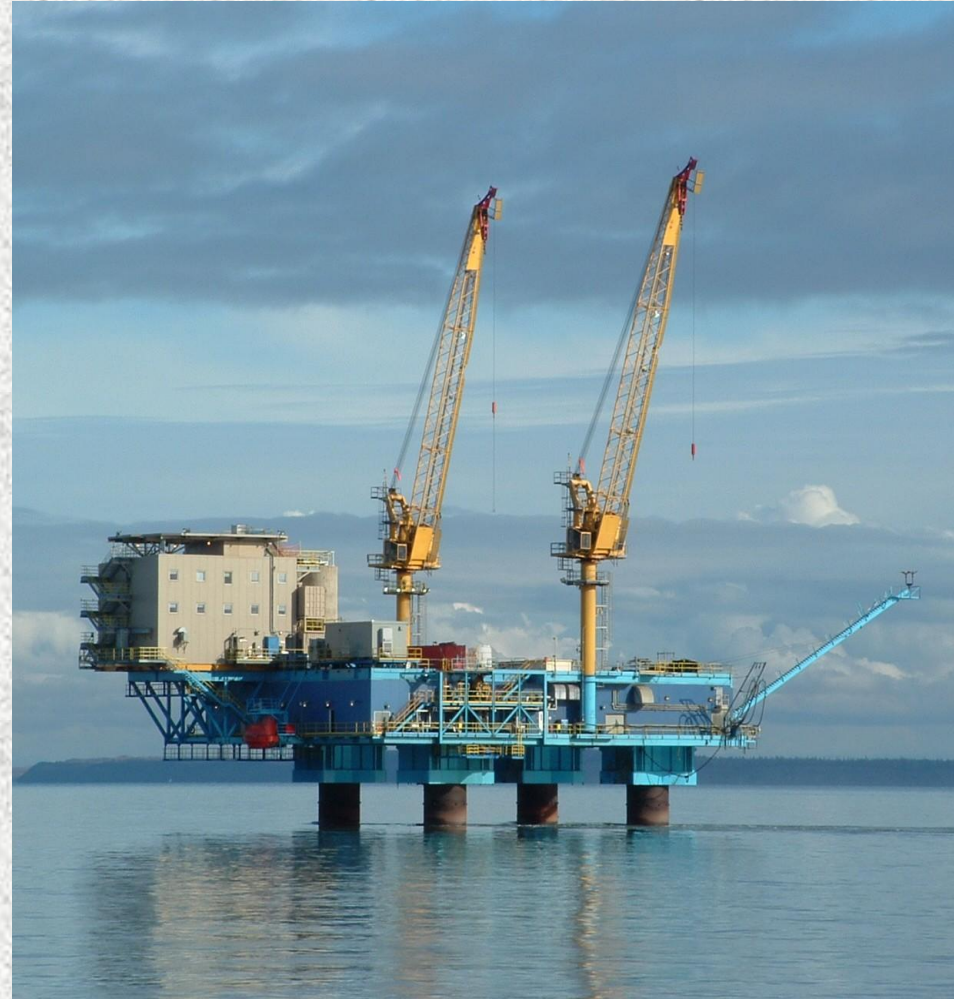
- Partially activated, crude oil tank, crude oil pipeline, gas process equipment, etc
- Cathodic protection system fully active
- Continuous monitoring via telemetry system and routine inspections.
- 5 pipelines come in/out of this facility
- ~50,000 barrels of tank capacity





Osprey current condition

- Currently shut-in and in lighthouse mode
- Cathodic protection system fully active
- Continuous monitoring via telemetry system and routine inspections.
- Osprey pipelines to/from Kustatan have been purged & pickled
- Plan to re-activate Osprey this year





Plan Forward

- We spent \$15MM in 2010, hope to increase that
- Redeveloping Kustatan Gas Field
- Continuing wellwork to optimize production, shut off water zones, & improve waterflood
- Execute multi-phase restart of Osprey platform
- Oil & gas drilling opportunities at/near WMRU
- Gas well exploration in West Cook Inlet & Susitna Basin
- Acquiring additional seismic data as needed



WMRU



Being a good neighbor

- CIE sees itself as blazing a trail for other independents
- We all ultimately benefit from more activity; we want other companies to succeed
- Sale of offshore leases to Buccaneer for Southern Cross Unit
- Licensing seismic data
- Supporting others' activities with our camps & facilities
- Chevron oil at Kustatan
- Apache's seismic crew at WMRU
- KPF is open-access facility, route to market for NordAq
- Helped to draft HB 32



WMRU

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MT. Redoubt



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