### Savant Alaska, LLC

# Presentation to Alaska Legislature House Resources Committee

March 10, 2010



# **A Brief History**

- □ Founded in 2006 to invest on the North Slope of Alaska.
- □ Licensed over 190 square miles of 3-D seismic data and leased or acquired access to over 45,000 acres in focus area east of Prudhoe Bay field.
- □ Drilled the Kupcake #1 exploration well in 16′ of water in the Beaufort sea in the winter of 2008 resulting in a dry hole.
- Entered into a farmout agreement with BP Exploration (Alaska) Inc. providing exclusive access to the Badami Unit.
- □ Opened Anchorage operations office in January 2009
- Commenced B1-38 (Red Wolf) exploration well in March 2009
   resumed operations in January 2010
- □ Have invested or caused to be invested over \$43 million dollars in Alaskan exploration and development since inception



## Why Alaska?

- The North Slope contains a prolific hydrocarbon system
- There are multiple oil targets in the geologic section
- □ The eastern half of the North Slope is lightly developed
- □ The State of Alaska under ACES legislation currently offers up to 45 cents per dollar of investment in tax credits (cash rebates) to Explorers
- ☐ The existing Badami infrastructure provides a significant competitive advantage



#### **ACES Tax Credits**

- □ Tax credit summary
  - \$3,397,056 redeemed for cash to date
    - □ \$280,010 in 2008
    - □ \$3,117,046 in 2009
  - Currently have tax credits totaling \$7.9 million which should be redeemed for cash in 2Q 2010
  - Application for \$6.6 million to be filed in 1Q2010
  - Inception to date acquired, earned or redeemed \$19 million in ACFS tax credits
  - Secondary market for tax credit certificates is thin at best



#### **Current Plans**

- ☐ Finish 2010 winter well work program
- Restart the Badami facility and production summer 2010
- Evaluate results of new wells
- □ Potentially drill additional delineation and development wells in winter 2011

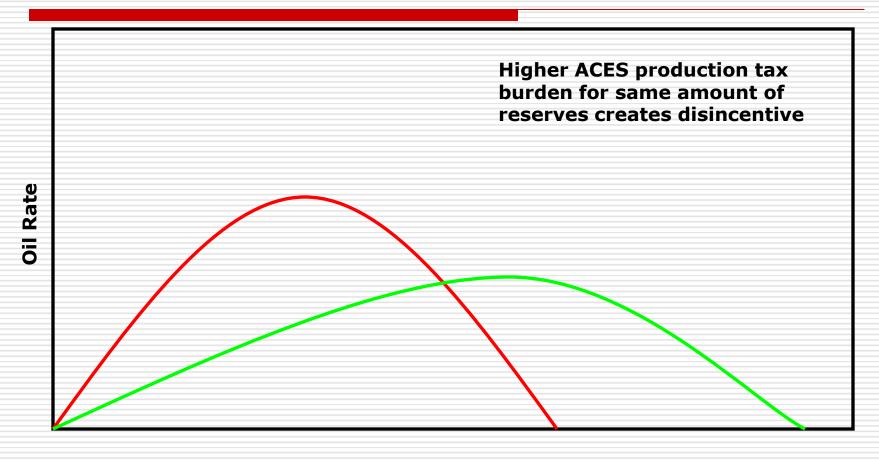


#### **Our View of ACES**

- Exploration Incentives
  - Tax credit system provides meaningful inducement to take risk in the state
  - Any enhancements will only improve our ability to continue exploring
  - We generally support the Governor's proposed Amendments
  - Not widely known or understood in the Lower 48
- Progressivity Feature
  - We've remained silent on this issue because we are not a "producer", yet
  - In general, the progressivity is a disincentive because it results in a diminishing return per incremental barrel produced as indicated by our economic modeling at Badami



# **Badami Redevelopment...**



Time

