

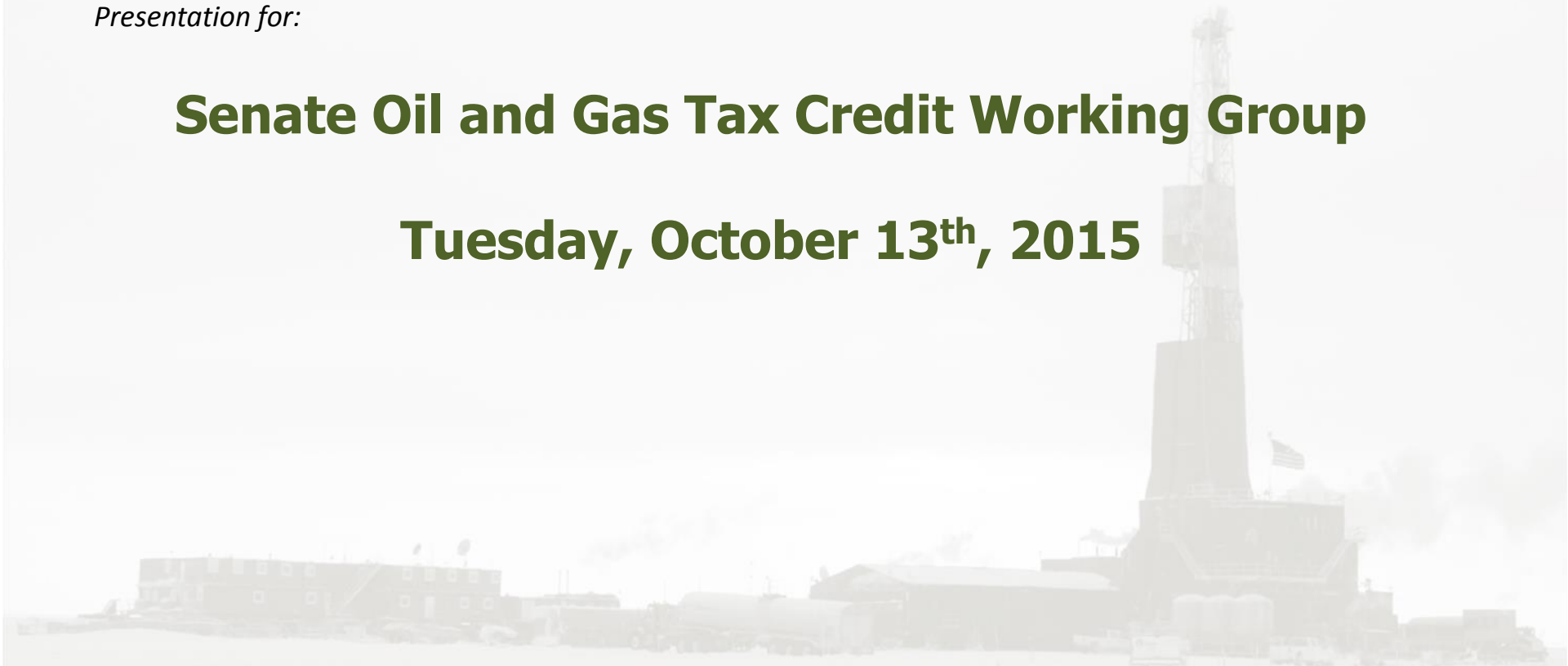
# Brooks Range Petroleum Corporation

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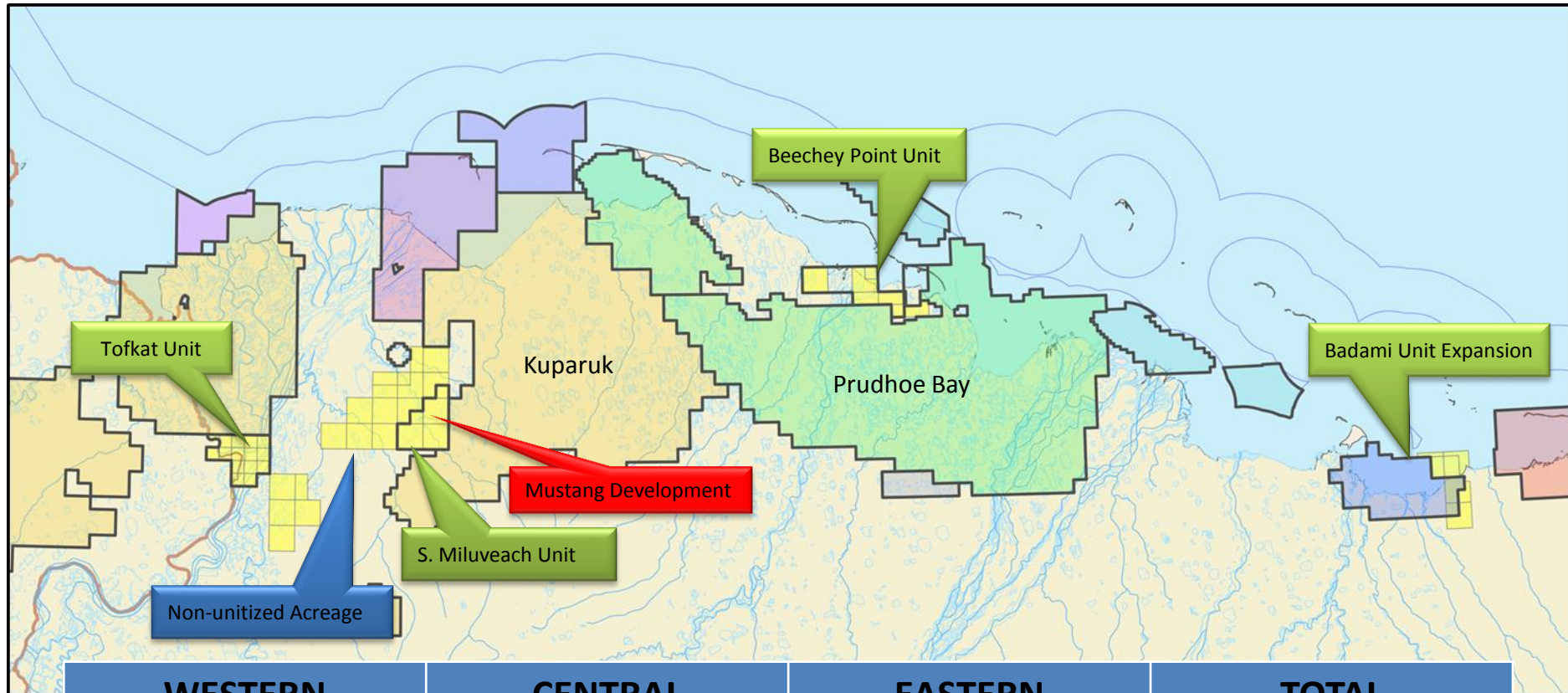
*Presentation for:*

**Senate Oil and Gas Tax Credit Working Group**

**Tuesday, October 13<sup>th</sup>, 2015**



# North Slope Leasehold Position



WESTERN	CENTRAL	EASTERN	TOTAL
60,714	9,640	8,841	79,196

# Mustang Timeline

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2010 – Acquired lease position

2011 – N Tarn discovery

2012 – N Tarn #1A confirmation and test

2013 – Installation of Mustang road and production pad

2014 – MOC1 (Mustang Operations Center 1) design engineering

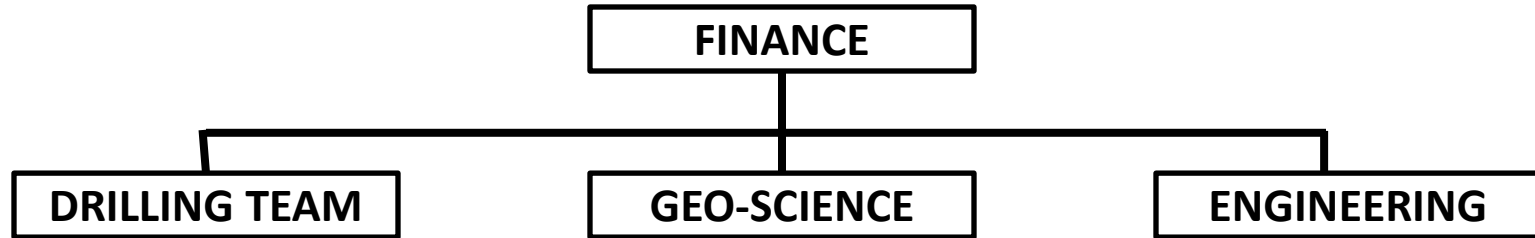
2015 – MOC1 engineering and equipment fabrication

2016 – Module fabrication installation / development drilling

2017 – FIRST OIL in Q1

# Project Staffing

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25 Direct Anchorage based staff

215 Drilling

150 Engineering and design

130 Fabrication and installation

25 Operations

**545 Project Jobs**

# Results and Project Success – Importance of Infrastructure

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## Mustang road and pad

Project funding

Owners = \$ 10 MM

AIDEA = \$ 20 MM (Principal + Interest Repayment Structure)

4.5 miles of new build gravel road - 20 acre facility pad

Avoids costs of annual ice road construction

Provides year round access

Extends existing infrastructure system

## Unexpected benefits:

Residual effect of applied credits – compounding of realized value

Regional utilization - ConocoPhillips – Repsol – Caelus – ASRC

More activity = lower cost increased SOA revenue

# Financial Markets Perception/ Impacts

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Entered into funding agreement with ING on Mustang Development

VETO – deferral – delay = uncertainty

- Delayed funding from agreement

- Funds were frozen

- Accounts Payable delayed

Support industry concerns and cash-flow interruptions

Overall project delays

Elevated project cost impacts with erratic schedule objectives

Administration's outreach to critical support providers and lenders to calm fears

# Criticality of Credits to Offset Barriers to Entry

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\$\$ Oil Price

High cost of entry and execution

Lack of infrastructure / asset access

Narrow operational window

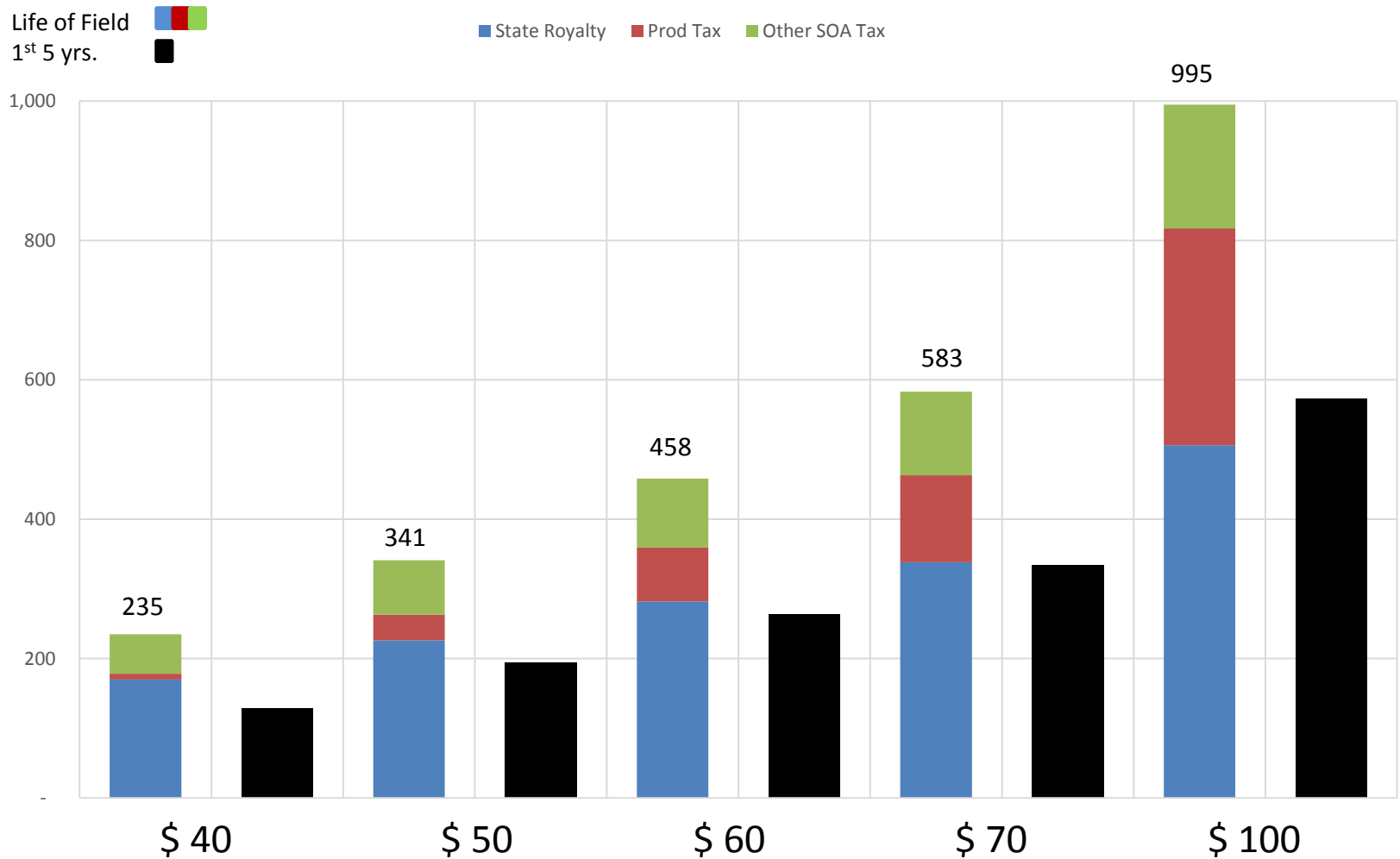
Extended project timelines

Discovery to monetization period

Credits are essential to mitigate these risks / cost

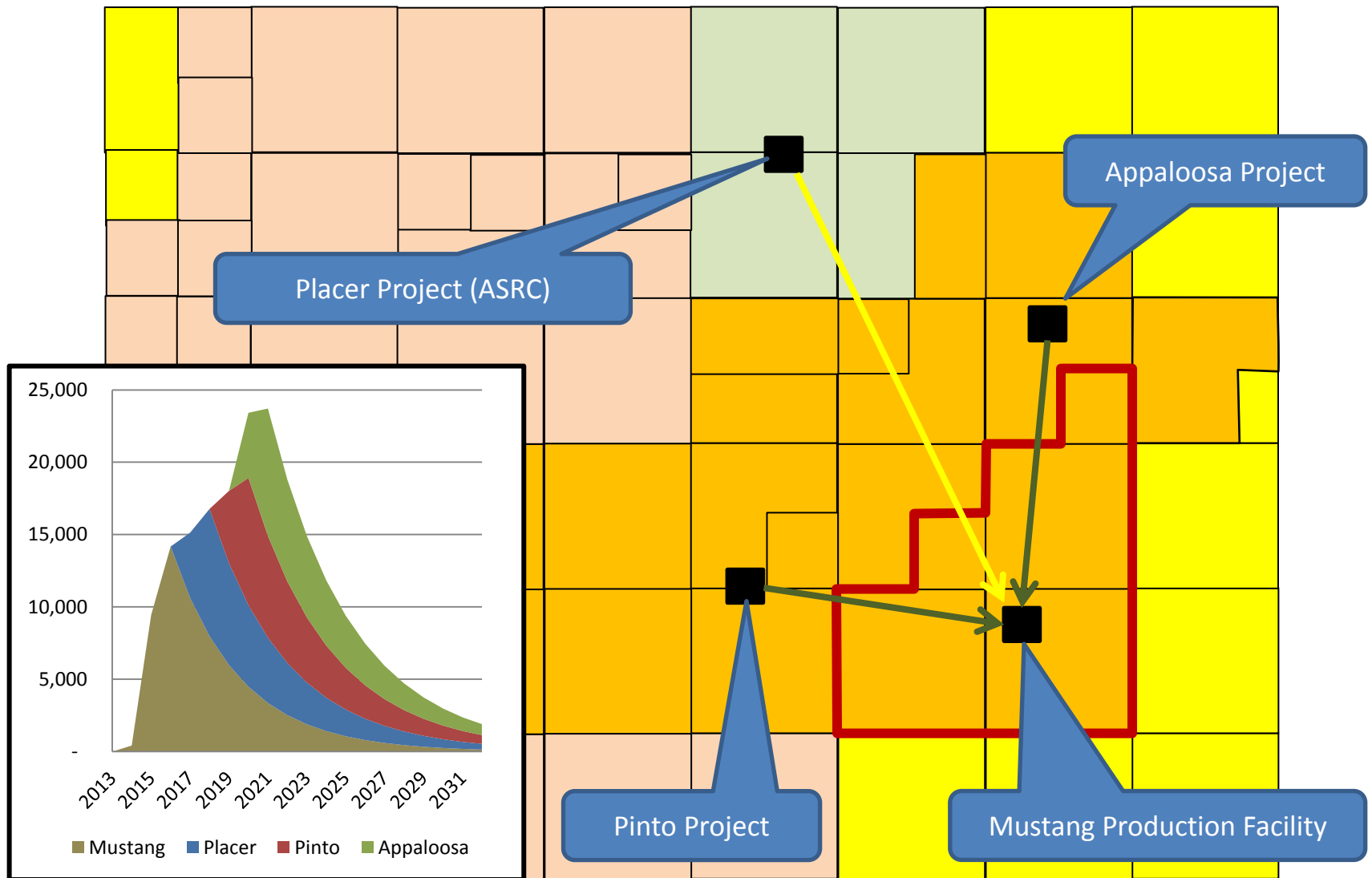
# State Revenue Impact from P50 Reserves

Mustang Leases have a 33% higher royalty rate





# Mustang Regional Plan



# Concluding Thoughts

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Without credits, the Mustang Project would have struggled to access affordable project capital

“Year End Loss” credits are an advance of traditional NOL deductions designed to support and encourage project development

NOT funding credits is a retroactive tax change and is a fundamental change to the fiscal system