

House Resources Committee

Jeff Hastings

Chairman, Chief Executive Officer

Managing Partner

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SAExploration

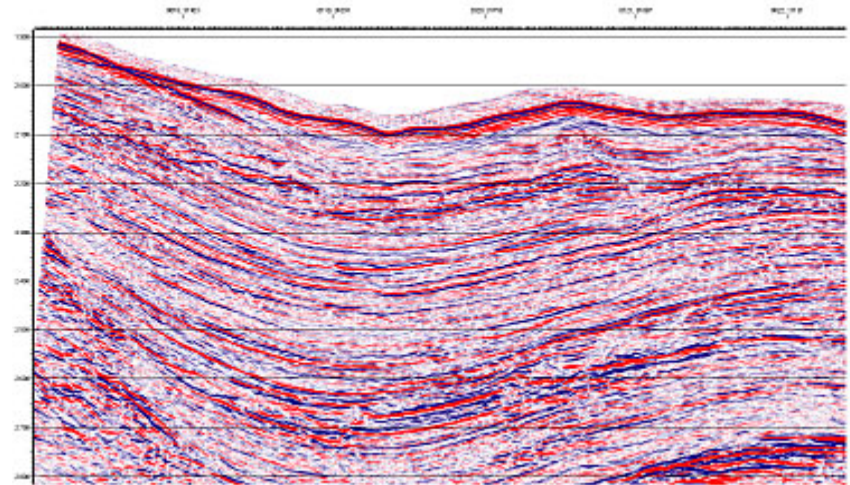
- Our team has been partnered with the Kuukpik Corporation for the past 20 years
- The company employs an average of 400 people per year
- The Kuukpik-SAE JV is a consistent revenue source to
 - ◆ Kuukpik Corporation and its shareholders
 - ◆ The village of Nuiqsut
 - ◆ The hundreds of Alaskan families that benefit from each program
- We are committed to preferentially hire Native Alaskans and Alaska residents
 - ◆ We are proud of our 80%+ Alaskan hire rate
- We are committed to using Alaskan subcontractors and suppliers

190+ Alaska Suppliers

- Afognak Leasing, LLC
- Air Liquide America LP
- Airport Equipment Rentals
- Alaska Air Taxi, LLC
- Alaska Charter & Transport
- Alaska Clean Seas
- Alaska Communications System
- Alaska Emergency Medicine
- Alaska Frontier Constructors
- Alaska Hydraulics, Inc.
- Alaska Industrial Hardware
- Alaska Mining & Diving Supply
- Alaska Pavement Maintenance
- Alaska Printing, Inc.
- Alaska Process Industry C
- Alaska Pure Water Product
- Alaska Rubber
- Alaska Safety
- Alaska Serigraphics
- Alaska Sportsman's Lodge
- Alaska Steel Co.
- Alaska Tent & Tarp
- Alaska Textiles Inc.
- Alaska Urgent Care, LLC
- Alaska Waste
- Alaska Welding Works
- Aldrich Offshore Services
- ALMx-Security Inc.
- Alutiq Oilfield Solutions
- American Marine Corporation
- Anchorage Waste
- Arctic Fox Environmental
- Arctic Office Products
- Arctic Slope Telephone association
- Arctic Wire Rope and Supply
- Atlas Fluid Controls Corp
- B & J Sporting Goods
- Bald Mountain Air Service
- BDO USA, LLP
- Beacon Occupational Health
- BeadedStream LLC
- Best Western Bidarka Inn
- Best Western King Salmon
- Big Ray's
- Boldings Enterprises LLC
- Brooks Range Supply
- Budget Rental car of Anchorage
- Builders Choice Inc.
- Canterwoods Cabins LLC
- Caribou Construction Inc.
- Carlile Transportation Systems
- Central Pacific Rebuilders
- CH2M Hill Alaska Inc.
- Challenger Learning Center
- City of Homer P/H
- Clean Harbors Exploration
- Coburn's Machine Shop
- Container Specialties
- Corvus Specialty Equipmen
- Crowne Plaza Anchorage
- Cruz Construction, Inc.
- Cummins Northwest LLC.
- D & D Equipment Service
- Delta Leasing, LLC
- Delta Western Inc.
- Desperate Marine LLC
- Discovery Luxury Rentals
- Doodlebugger Consulting
- Ekelund Excavating Inc.
- Emerald Alaska/NRC Alaska
- Enstar Natural Gas
- Fairfield Nodal
- Fairweather Science, LLC
- Fairweather, LLC
- Far North Supply
- Ferguson Enterprises, Inc
- Frigid North Company
- Frontier Paper, Inc. - DO
- Frontier Precision Inc.
- Garness Engineering Group
- Garness Industrial Products
- GBR Equipment, Inc.
- GCI Communication Corp
- Glacier Exploration Surveyors
- Glass Doctor of Fairbanks
- Grant Aviation
- H & H Industrial Inc.
- MW Fire Protection
- Holiday Inn Express Anchorage
- Ice Services, Inc.
- Inupiat Resources LLC
- J & J Janitorial Services
- K & L Gates, LLP
- Ketek Group Inc.
- Kuukpiik Arctic Services
- Kuukpiik Corporation
- Kuukpiik Fuel
- Kuukpiik Hotel
- Land's End Resort
- LTR Training Systems, Inc
- Lynden Transport Inc.
- Magic Industries, Inc.
- Magic Metals, Inc.
- MagTec Alaska, LLC
- Main Street Hotel
- Mapmakers Alaska
- Marine Chemist Consulting
- Marsh Creek
- Millennium Alaskan Hotel
- Minto Development Corpora
- Mom's Laundry Service
- Municipality of Anchorage
- N C Machinery
- Nana Oilfield Services
- Naniq Global Logistics
- Nanuq Inc
- Nenana Heating Services
- Nikiski Fuel
- North Slope Borough
- North Slope Telecom
- North Star Terminal & Stevedore
- Northern Air Cargo, Inc
- Northern Oilfield Services
- Northern Sled Works
- Northwest Geophysics, LLC
- Ocean Sonics Ltd
- Olgoonik Fairweather, LLC
- Owl Ridge
- Pacific Alaska Leasing CoPacific Power Group, LLC
- Pacific Western Equipment
- Peak Oilfield Service Co
- Peregrine Falcon Alaska
- Petro Marine Services
- Petroleum newspaper
- Polar Wire Products, Inc.
- Premier Alaska Tours
- Prudhoe Bay Hotel
- Quality Inn - Kenai
- Reanier & Associates
- Rebel Seismic Supply, Inc
- Restoration Science & Eng
- Rotating Services, LLC
- Rough Woods Inn
- Sala LLC Remote Medical Services
- Shoreside Petroleum Inc.
- Skidmore Mac
- Smultea Environmental
- Snug Harbor Seafood's
- Soloy Helicopters, LLC
- Sophie Station
- Stephen R Braund & Assoc.
- Steve's Chevron Service I
- Sukup Geophysical Consulting
- Surveyors Exchange Co
- TekMate, LLC
- Coast International Inn
- Theisen Ventures
- True North Oilfield Servi
- UMIAQ, LLC
- Unitech of Alaska, Inc.

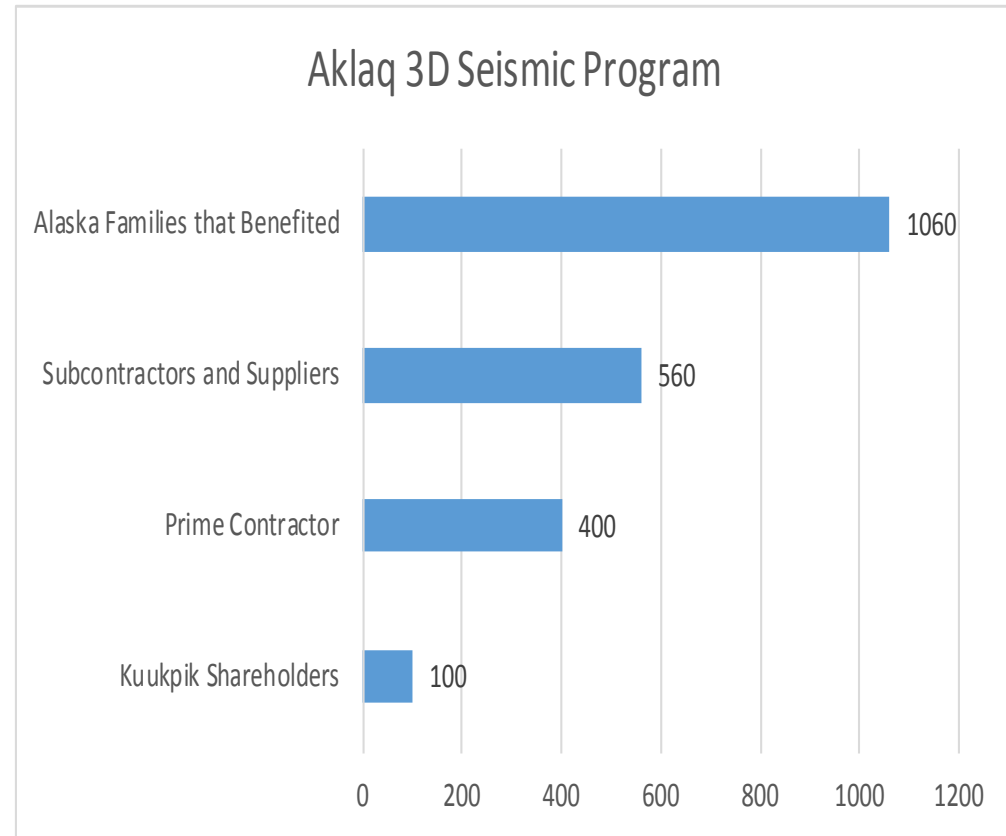
Our Core Business – Collecting Seismic Data

- Seismic Operations are the pointy end of the spear
- Seismic data is critical information, essential to the success of an exploration program
- Recently, use of new technology is producing higher resolution images of the subsurface
 - ◆ Information that is a direct correlation to the new discoveries which have recently been announced
- The information gathered from the seismic data is critical to finding new opportunities, new reserves to sustain us into the future

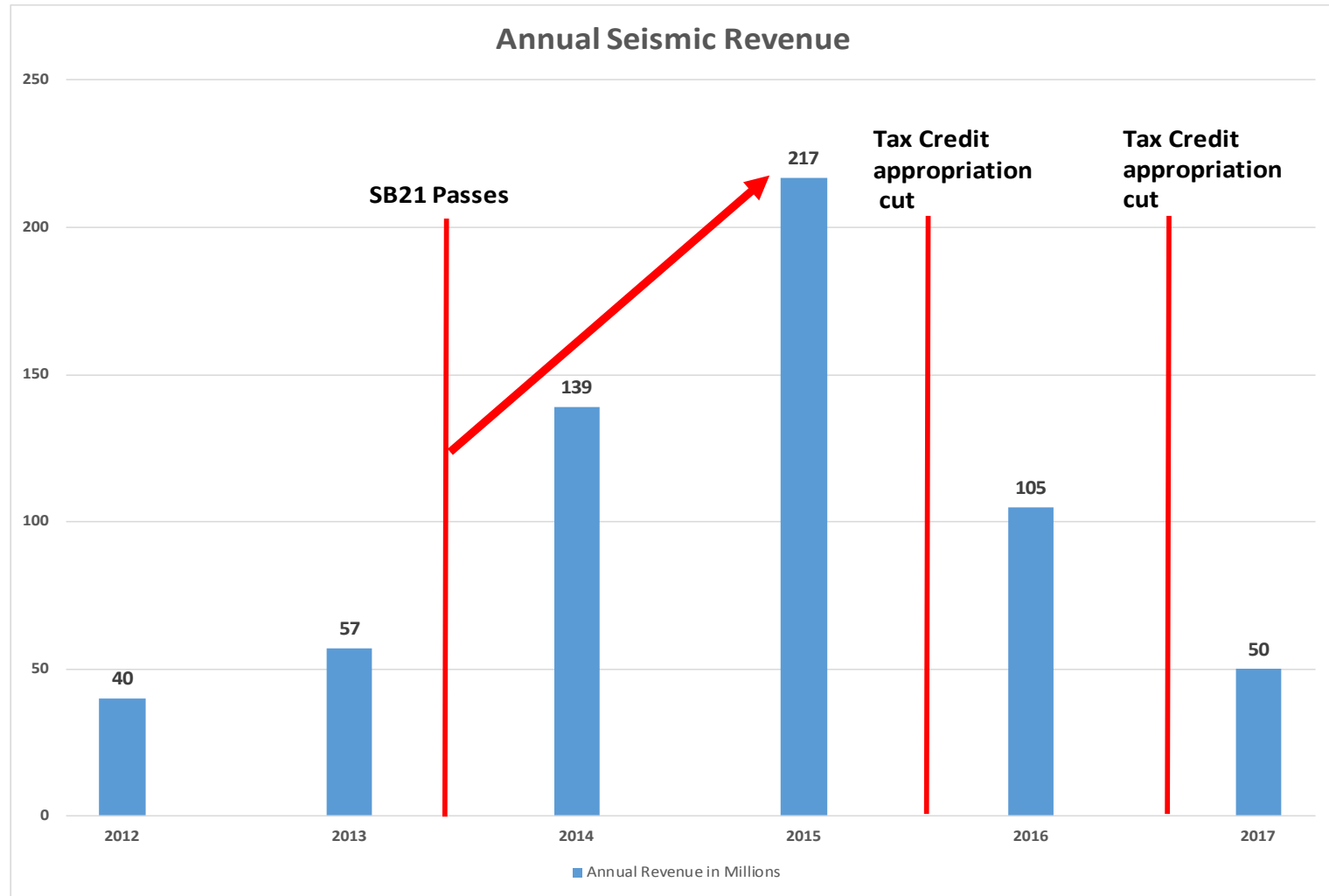


Benefit from a Single Program

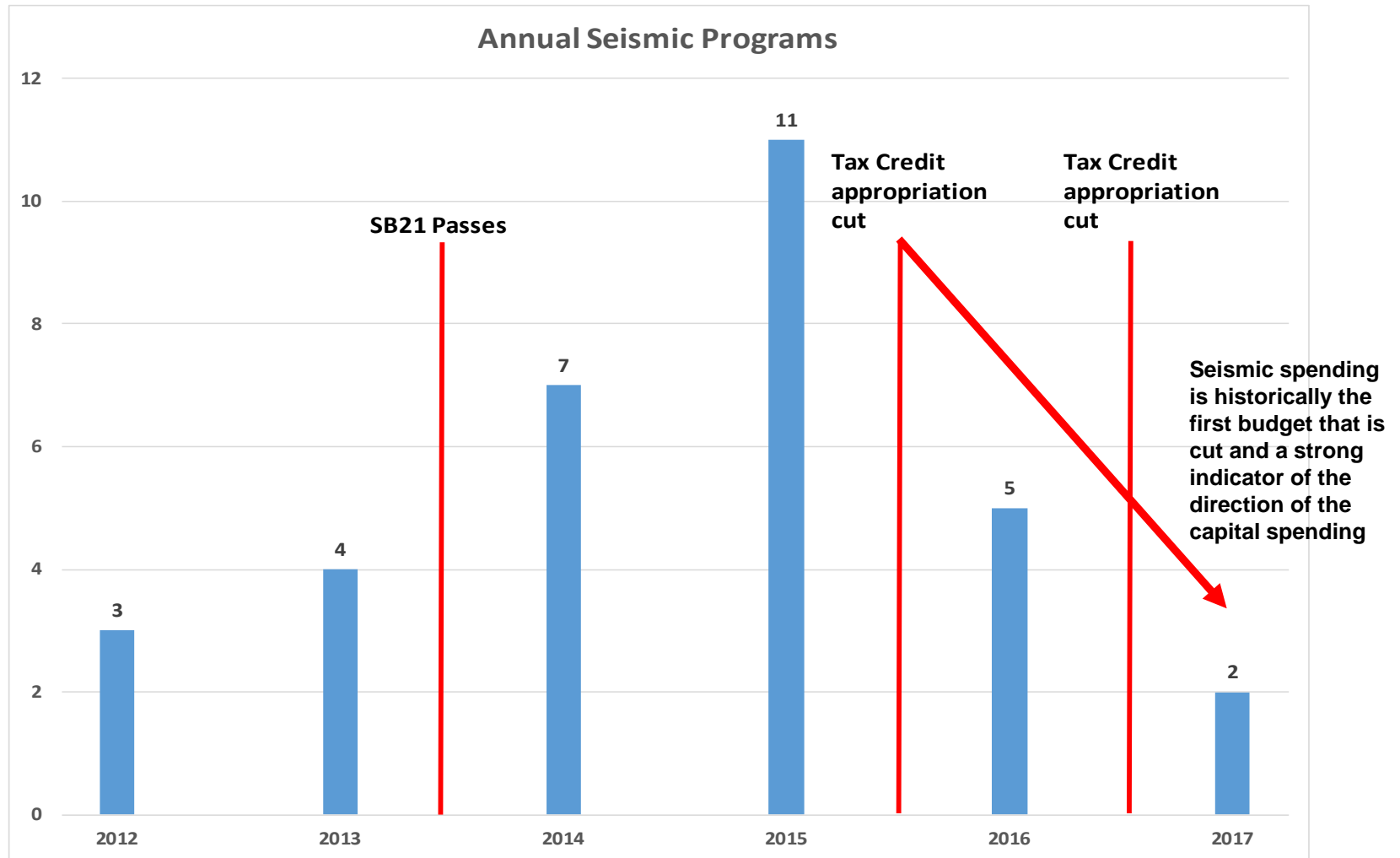
- How does a seismic program benefit Alaskan contractors and their families?
- The graph to the right is a snap shot of a single program “Aklaq”, acquired in the winter of 2016
- More than 1000 Alaska employees and their families gain a direct benefit
- The majority of the revenue generated is paid to subcontractors and suppliers who are Alaskan
- In the case of the Aklaq program of the 57 million dollars in revenue 49 million dollars was earned by to Alaskan contractors and suppliers



Historical Seismic Investment



Historical Seismic Programs



Alaska O&G Tax Policy: Our Perspective

- SB21 resulted in an increase in capital spending, which has resulted in new opportunities and reserves
- The elimination of the tax credit budget appropriation in 2015 and again in 2016 has had several negative effects
 - ◆ Capital spending is down--Including capital spending in the contractor community
 - ◆ There is no visibility, or confidence on the State's willingness to settle what it owes
 - ◆ Liquidity/money needed to fund projects has all but dried up
 - ***Independents, seismic companies, and most contractors cannot self fund***
 - ◆ Many contractors are still waiting to be paid for services they have rendered

The Reality

- For SAE, the delayed tax credit payout forced the company to a crossroads
 - ◆ Option 1: seek protection under the chapter 11 bankruptcy code and leave all our Alaska vendors hanging
 - ◆ Option 2: restructure the company and work with our Alaskan subcontractors and suppliers to find a way to extend payments
- We chose to restructure – eliminating 98% of our shareholders equity, the majority of which was held by employees, many of whom are Alaskans
 - ◆ We are Alaskan and are committed to staying



The Way Ahead

- With regards to pending legislation, whatever is done Alaska must remain competitive with regards to global investment
- We made very hard choices and realize that you are facing the same...
- Ensure a secondary market is available for selling of credits
 - ◆ Transparency and visibility is key
- We need a sustainable structure going forward--one that encourages new development and innovation while maximizing value to the State



Thank You

