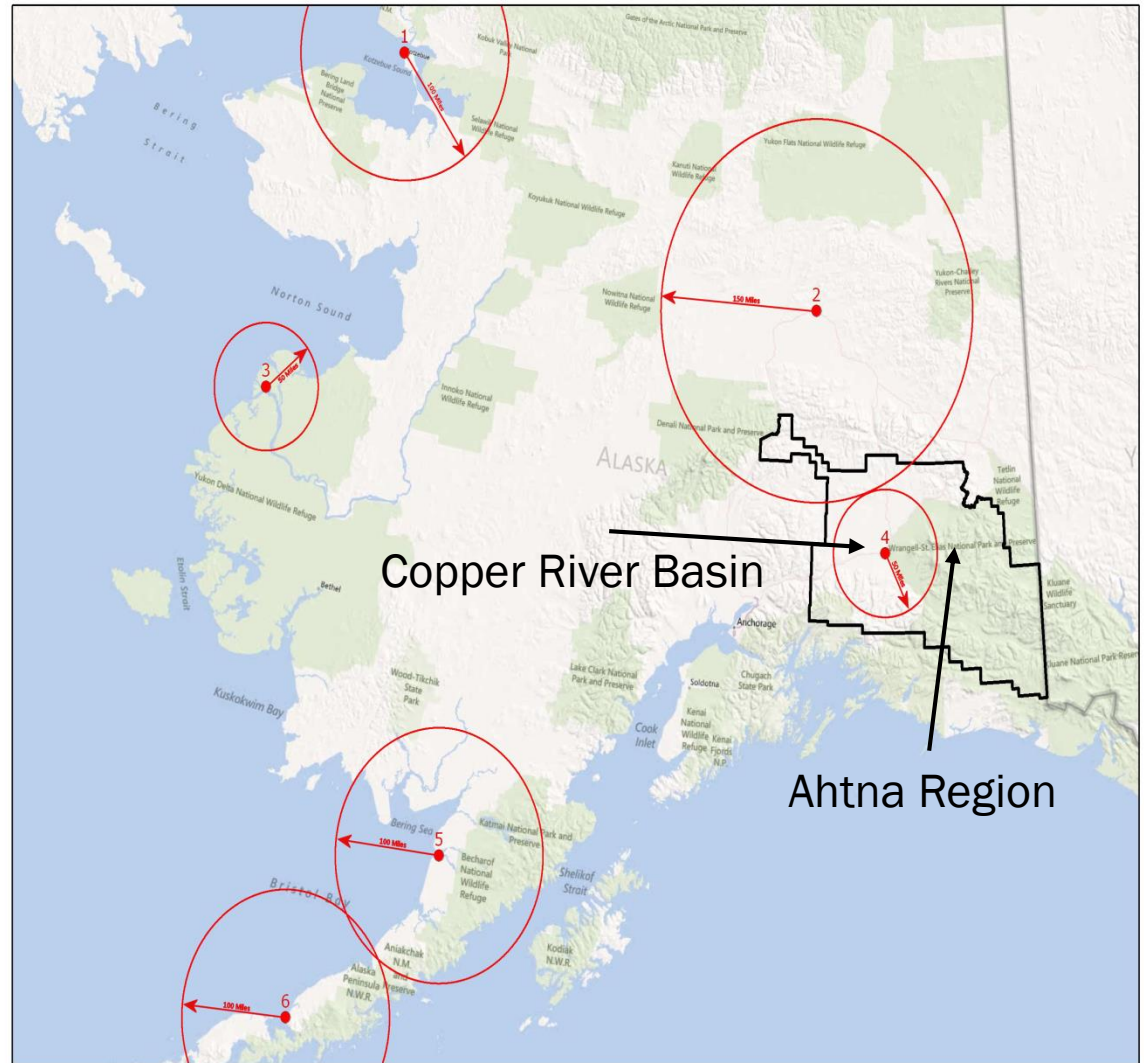


Ahtna, Incorporated

TOLSONA GAS PROJECT REVIEW

Presented to the Alaska Senate Oil and Gas Tax Credit Working Group
November 20, 2015

- ✘ AS.43.55.025 originally created in 2012 under HB 276.
- ✘ Merging with SB23 in 2013
- ✘ Reduce the risk of development of local rural energy to Alaskans
- ✘ Ahtna requested an exploration licenses to explore on state land in 2012, Receiving in 2013.
- ✘ Ahtna Performed Seismic work in 2014-2015.
- ✘ Ahtna Permitting 2015-2016.
- ✘ Ahtna Drilling planned 2016.



FRONTIER BASINS AHTNA EXPERIENCE

AHTNA'S VISION AND PROJECT GOALS:

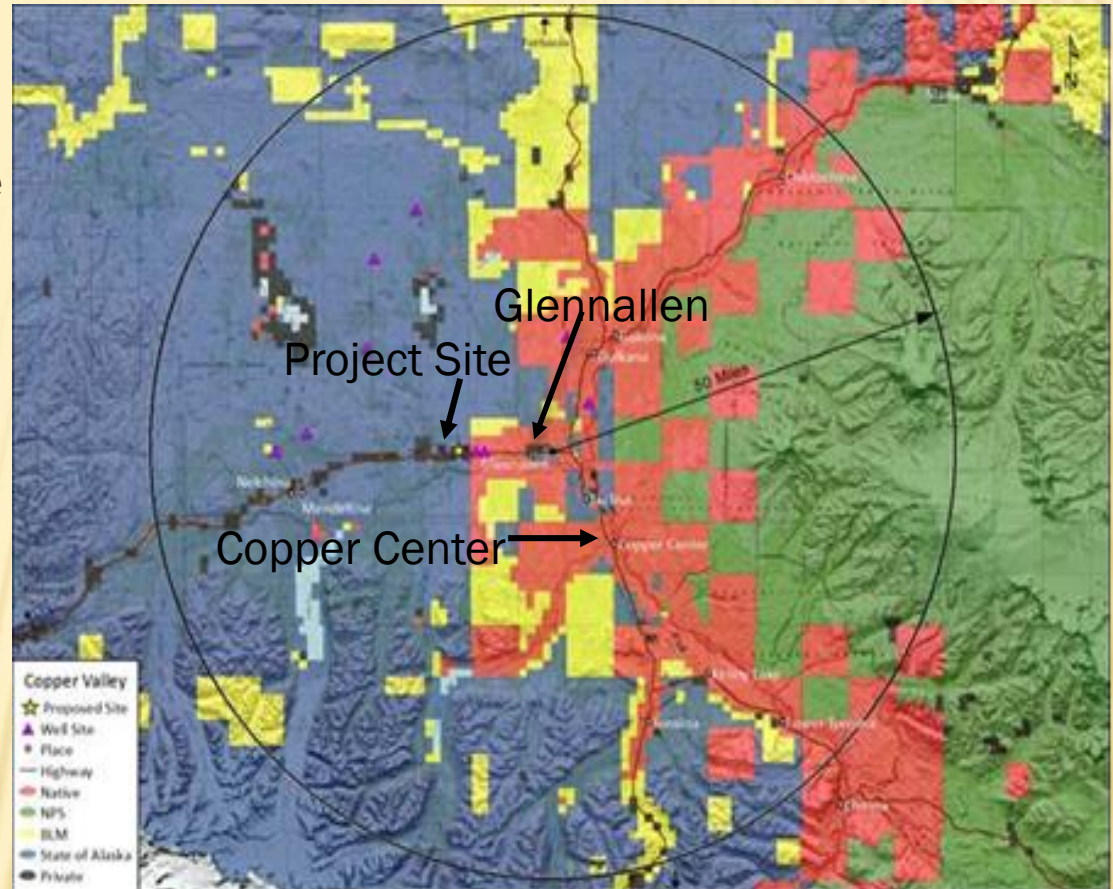
- ✖ Ahtna's Vision:

- + Our Culture Unites Us; Our Land Sustains Us; Our People Are Prosperous

- ✖ Project goals that help achieve this vision:

- + Affordable energy for local rural economy that will reduce costs.
- + Create jobs in-region (including potential jobs to build supporting infrastructure & permanent jobs afterwards).
- + Develop natural resources sustainably within the region, which will help to build up and expand the local community.
- + Stop out-migration and support community growth.

- ✗ Proposed well depth of 4,500' Vertical hole.
- ✗ Targeted structure is the Nelchina sandstone.
- ✗ 11 wells drilled in the basin since 1960's.
- ✗ Most recent well- Ahtna 1-19. drilled 2005.
- ✗ Natural gas shows (approximately 94% methane).
- ✗ Potential for a great fuel source.



COPPER RIVER BASIN

PURPOSE AND NEED

...To conduct exploration within the license area on a single natural gas well, Tolsona #1, with the potential to develop natural gas production for distribution to local residents and electric utilities...

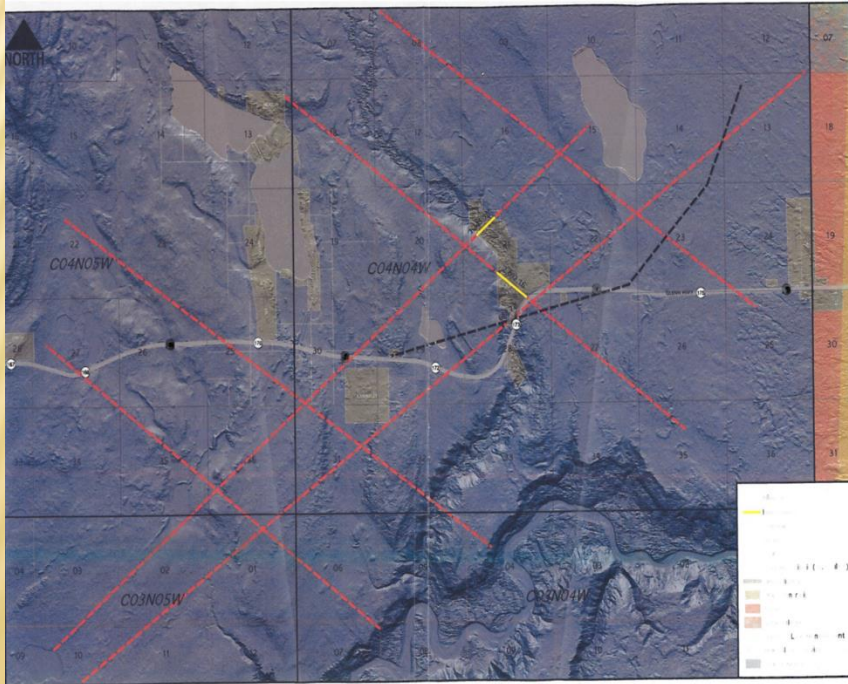
Community and Economic Development Benefits:

- ✗ Potential opportunities for local employment
- ✗ Economical Benefits, expanding local business
- ✗ Lowering High Energy Cost for our Rural Economy

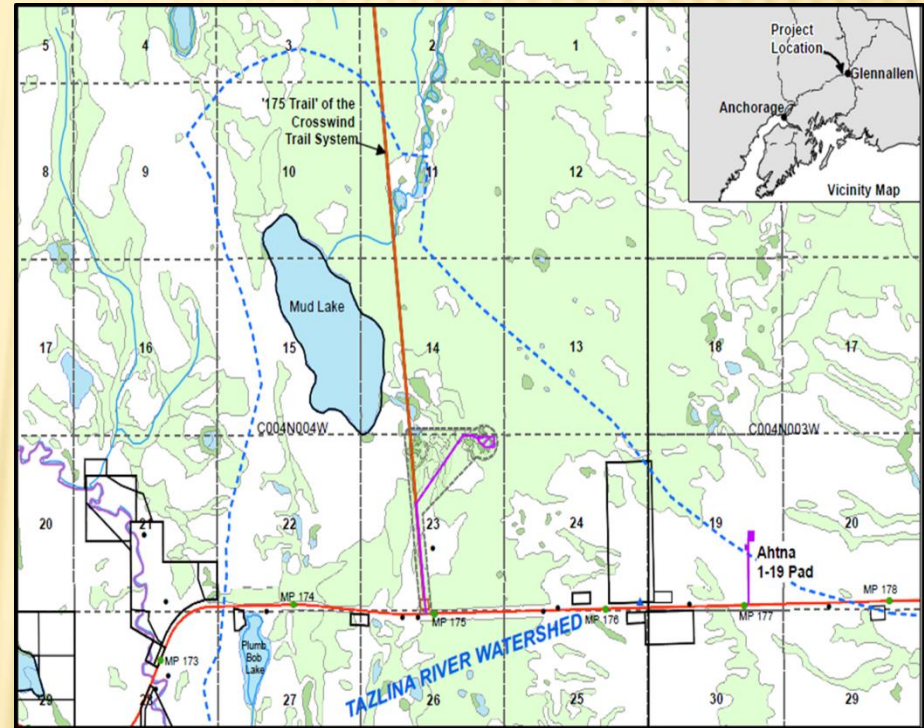
PROJECT OVERVIEW

✕ Seismic

- + Winter 2014/15
- + 40 miles of new seismic
- + Majority on State Land



✕ Current Location



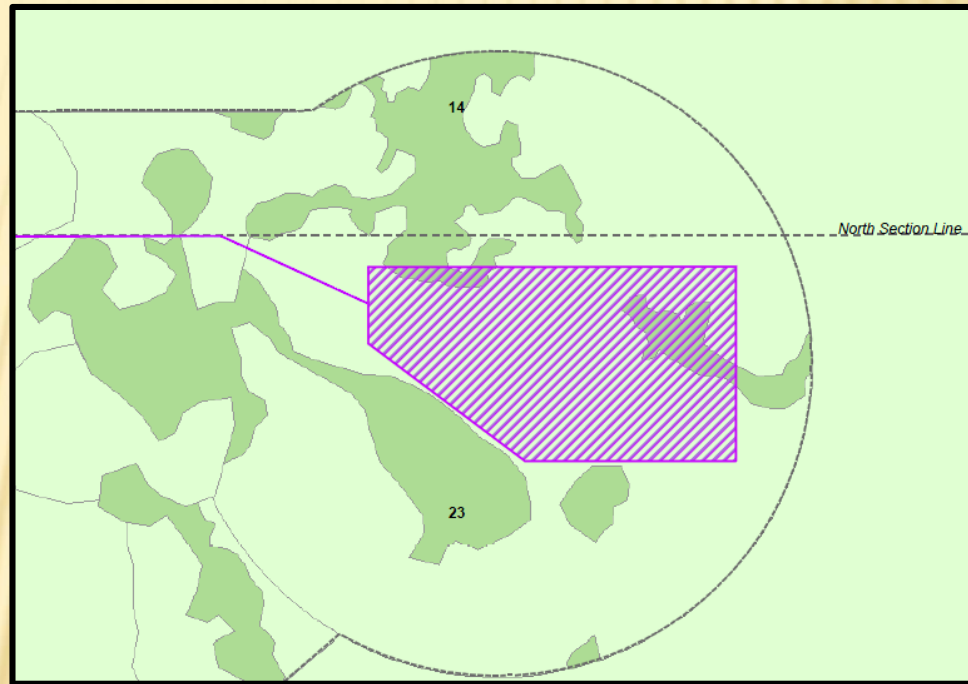
- + Exploration site on State land.
- + Improvement to public access & recreational area.

175 MILE TRAIL AND SEISMIC WORK MADE POSSIBLE BY THE TAX CREDIT PROGRAM



TOLSONA PAD

- ✖ Permanent gravel pad
- ✖ 3.8 acres
- ✖ Majority of staging to occur on existing Ahtna 1-19 pad (MP-177)
- ✖ 2-foot containment berm around perimeter
- ✖ 100-square foot cellar to 10 feet deep



CURRENT INVOLVEMENT

Ahtna, Inc. (DBA Tolsona Exploration Oil and Gas, LLC)

Ahtna Construction

HXR Drilling Services

Restoration Science & Engineering

State, Local, Federal Agencies

ADNR

ADFG

USACE

ADOT

ADEC

AOGCC

USFWS USEPA

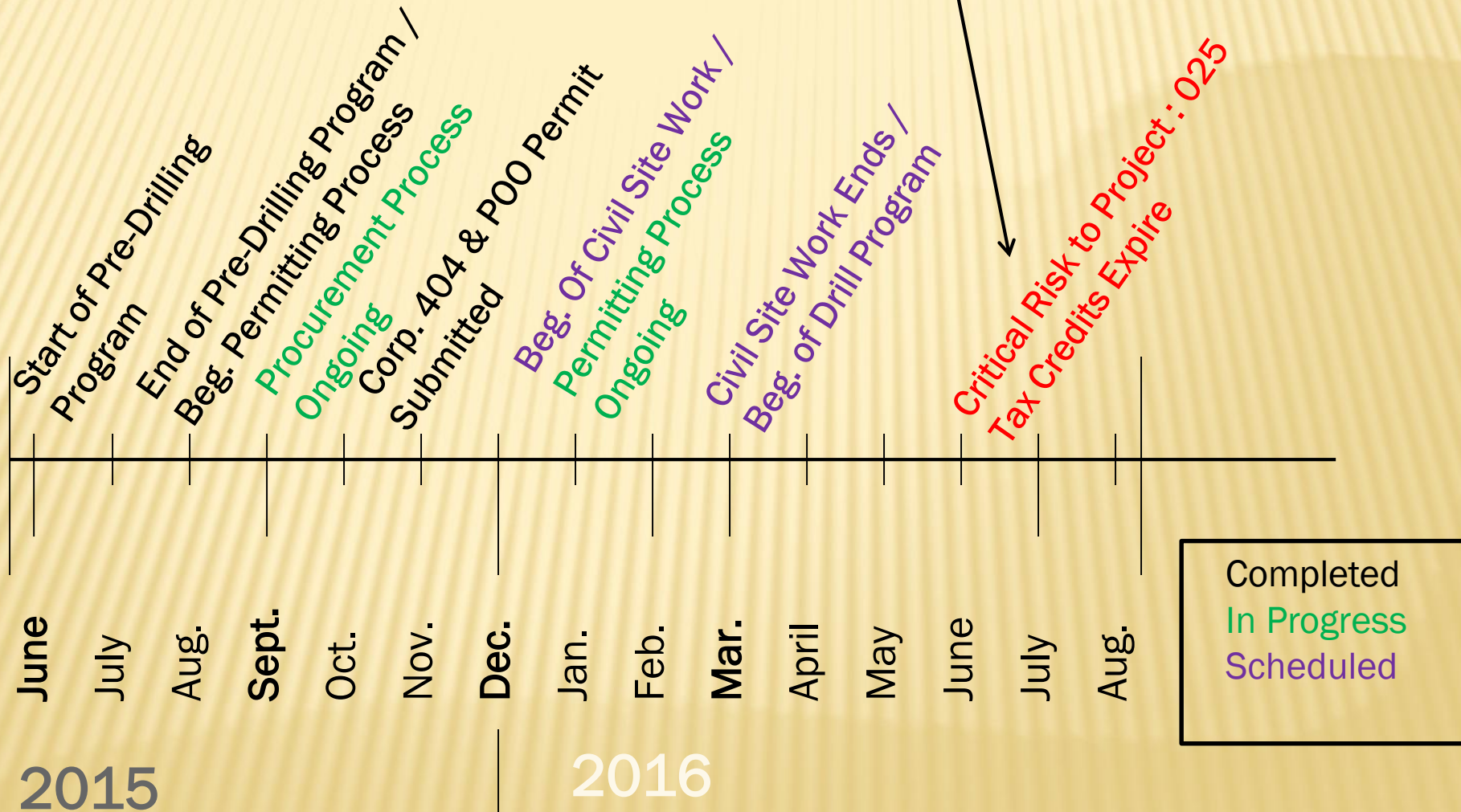
Tremendous agency support, as an example, DNR Division of Oil and Gas, Director has visited the region and project site.

STRONG COMMUNITY SUPPORT

✘ Potential opportunities for local employment and or services:

- + Local fuel suppliers
- + Water, local service
- + Dumpsters service
- + Sewage hauling, and Porta-potties
- + Portable generators, Portable air heaters
- + Restaurant, Lodging, etc.
- + Self-contained portable field offices,
- + Portable security office for site control
- + Heated water storage tanks 400 bbl.
- + Local stores services; food, hardware, parts, etc.
- + Local repairs, welding and fabrication services.

PROJECT SCHEDULE (VERY TIGHT)!



CONCLUSION

- ✖ **Our Request:** It is critical to our project that the middle earth AS 43.55.025 credits are extended from June 30th 2016 to a future date, we recommend 2022 to coincide with other credit expiration dates.
 - + This will greatly help the Tolsona Project that is under way with a committed investment and a very tight schedule.
- ✖ Ahtna also supports the AS 43.55.023 credits be kept in place, as an incentive to the Middle Earth exploration and development efforts by Ahtna and other explorers who have taken the risk and committed investment based on these incentives.

THANK YOU TO OUR GOOD PARTNERS

- ✕ We would like to thank the members of this committee for the opportunity to share our experience. We would also like to thank the Alaska Legislature, Governor, Staff and the citizens of the State of Alaska for your support for developing an affordable energy source in our region.

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QUESTIONS?

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