

FRONTIER BASINS OVERVIEW

Senator Giessel Working Group Presentation

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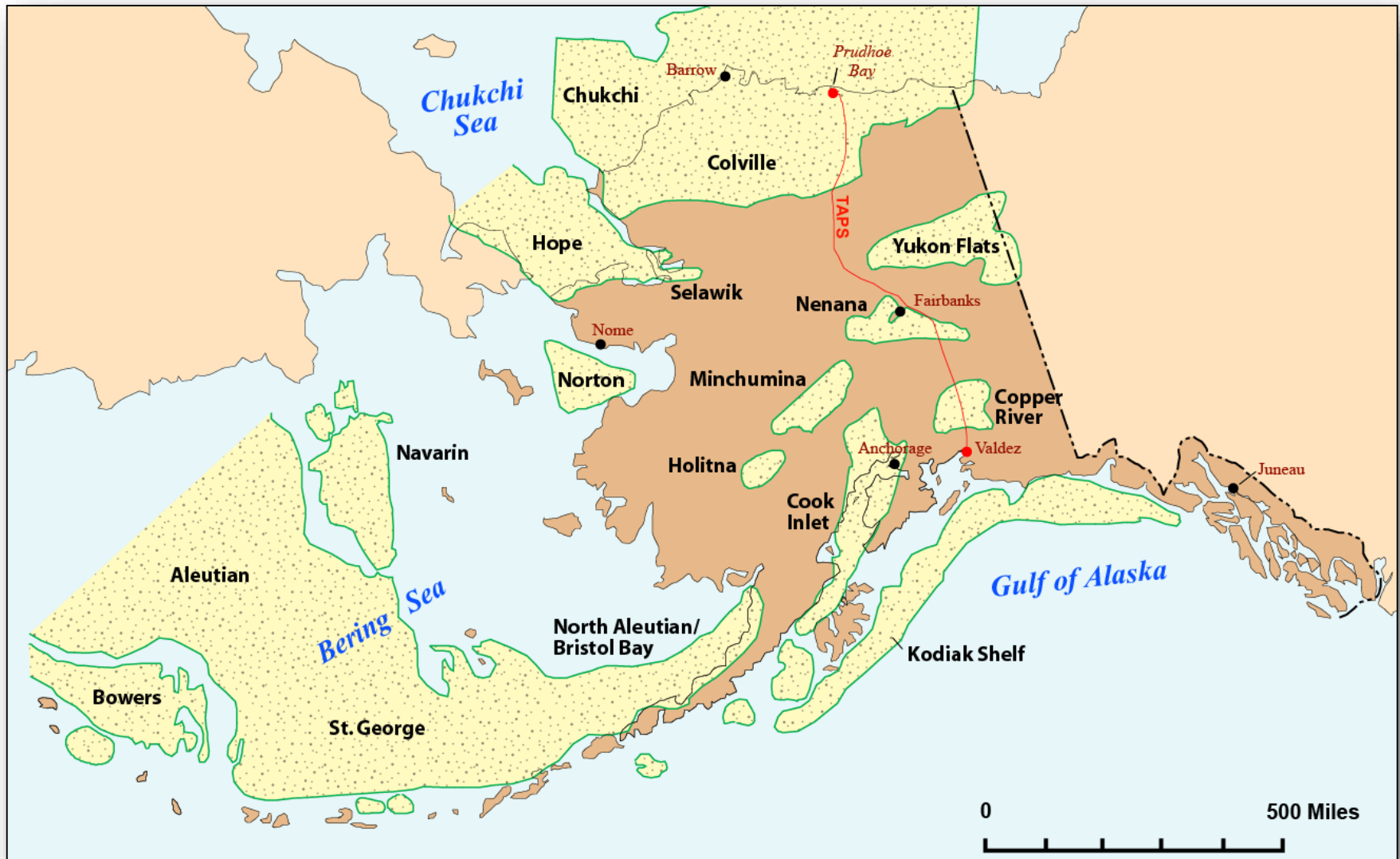
Due to the confidential nature of the tax credit information, discussion of project details is limited.

FRONTIER BASINS OVERVIEW

- Resources and Reserves
- Current Activity & New Developments
- Who's Working the Frontier Basins?
- Exploration Licensing Program
- Exploration Incentives & Tax Credit Applications

SEDIMENTARY BASINS IN ALASKA

- SCHEMATIC RENDERING-



FRONTIER BASINS

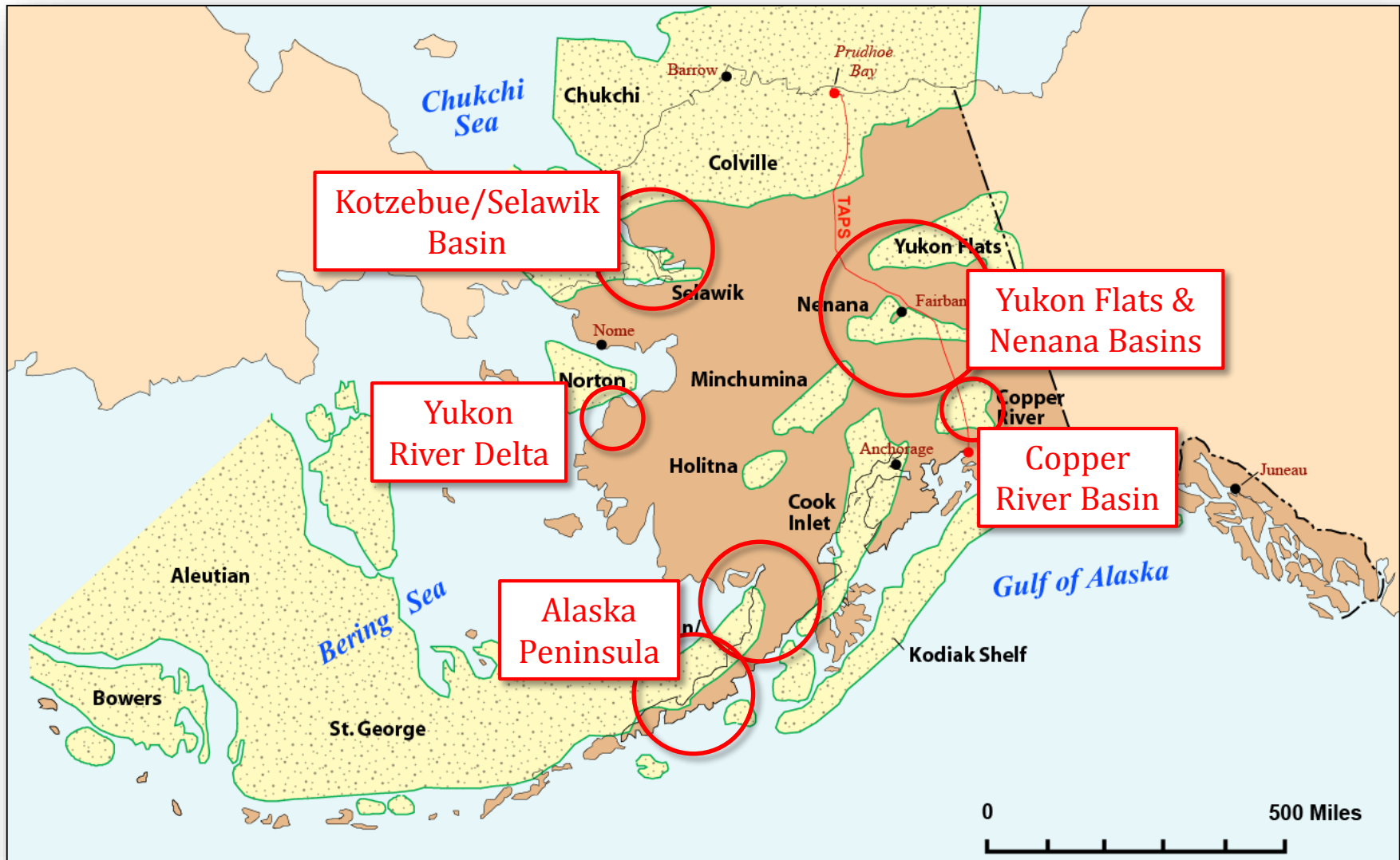
- AREA OVERVIEW -

- Sedimentary basins other than Northern Alaska and Cook Inlet
- No significant oil or gas discoveries to date
- Non-producing
- Underexplored
- Lack proven petroleum systems with discovered, economically producible oil and gas



FRONTIER BASIN TAX CREDIT AREAS

- SEDIMENTARY BASINS IN ALASKA -



STATEWIDE RESOURCE ASSESSMENTS

- UNDISCOVERED, TECHNICALLY RECOVERABLE -

Region	Mean Oil Estimate (Million Barrels)	Mean Gas Estimate (Billion Cubic Feet)
Onshore Arctic	15,908	98,960
Offshore Arctic	23,750	108,180
Interior Basins (only partially assessed)	234	5,641
Upper Cook Inlet	599	19,037
Other Southern Alaska	2,859	23,458
TOTAL	43 BBO	255 TCF

Includes Yukon Flats and Kandik basins
(Nenana, Kotzebue, Copper River,
Holitna, & Susitna basins not assessed)

Mainly federal OCS waters,
minor AK Peninsula onshore

EXPLORATION LICENSE PROGRAM

- The program supplements the state's oil and gas leasing efforts & encourages exploration outside of known oil & gas provinces.
- Every April, applicants may submit a proposal to conduct exploratory activity.
- The commissioner can issue a notice requesting proposals to explore a designated area.
- The applicant has up to 90 days to submit their proposal.



EXPLORATION LICENSE PROGRAM

- 580,802 acres licensed & 605,915 acres leased
- Seven exploration licenses have been issued
- Three exploration licenses have been converted to lease: Susitna II, Copper River, & Nenana



WHO IS WORKING THE FRONTIER BASINS?

■ Doyon

- Nenana Basin: Drilled Nunivak #1 and #2 exploratory wells in 2009-2013, acquired 2-D and 3-D seismic, gravity, magnetics, and lakebed geochemical surveys & converted exploration license to lease
- Yukon Flats Basin: Acquired 2-D seismic, gravity, magnetics, and lakebed geochemical surveys

■ Ahtna

- Copper River Basin, Tolsona exploration license: Reprocessing 2-D seismic data & acquired new Tolsona 2-D seismic in Spring of 2014.
- Currently permitting a new exploration well for early 2016 to follow up on Rutter & Wilbanks Ahtna #1-19 well drilled in 2007-2009

■ NANA

- Kotzebue Basin: Evaluating and marketing prospects based on legacy industry seismic

WHO IS WORKING THE FRONTIER BASINS?

- **Usibelli Coal Mine Inc.**
 - Healy Basin gas-only Exploration License: Drilled one well in 2014 to total depth of 1,279 feet, still confidential, but Plugged and Abandoned.
- **Cook Inlet Energy**
 - Susitna Basin: Formerly held multiple Susitna Basin and SW Cook Inlet exploration licenses, converted much of one exploration license to lease; no wells drilled, relinquishing all non-producing assets (bankruptcy).
- **Cassandra Energy**
 - Gulf of Alaska: Exploration License application submitted in 2015 and currently under review.
- **Samuel Cade and Daniel Donkel**
 - Houston-Willow Basin: Exploration License application submitted and under review.

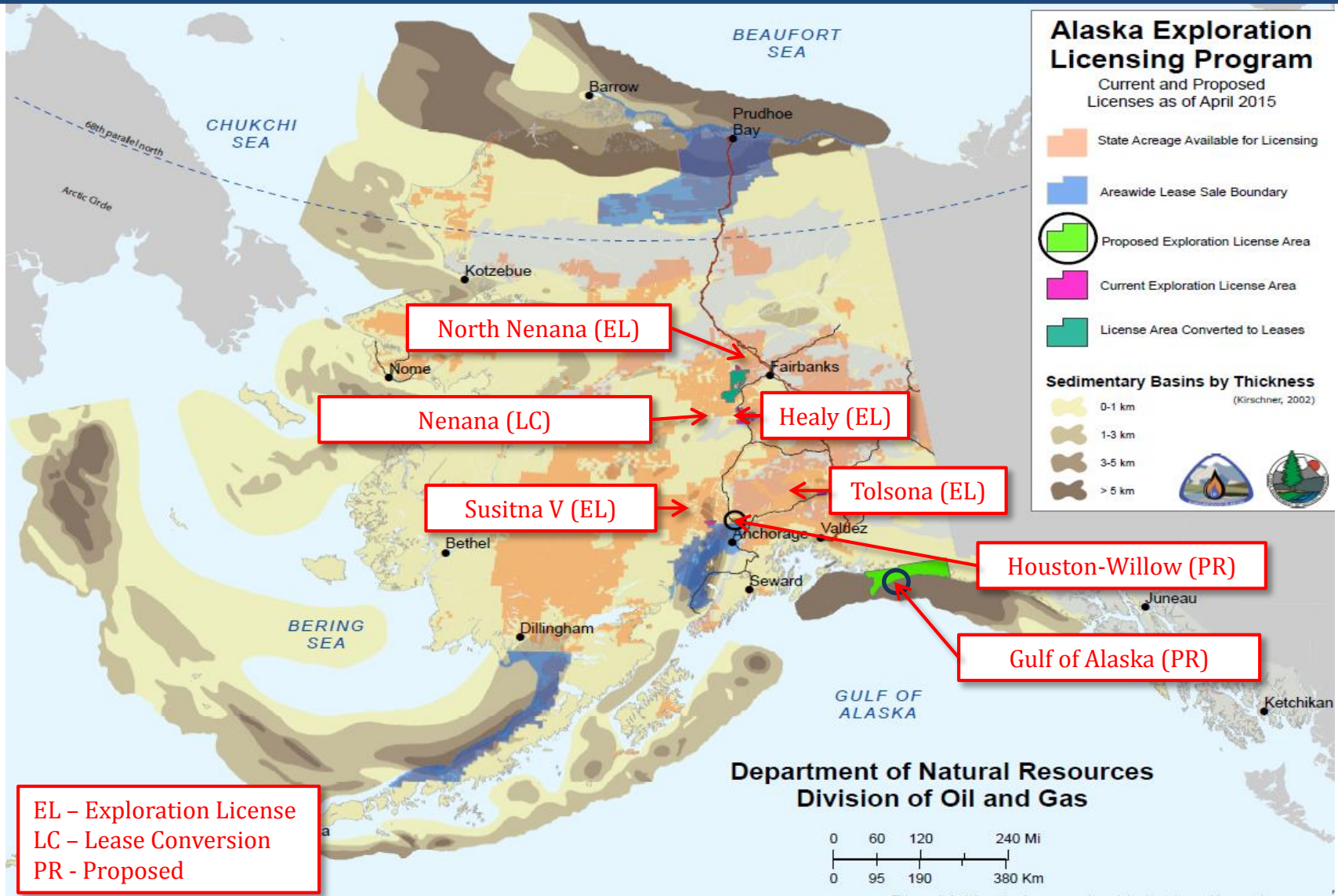
EXPLORATION LICENSES

- CURRENT STATUS -

LOCATION	ADL FILE NUMBER	LICENSEE	ACRES	COMMITMENT	EFFECTIVE DATE	TERM
Gulf of Alaska	Application	Cassandra Energy	Pending	Pending	Pending	Pending
Healy Basin	390606	Usibelli Coal Mine Inc.	204,883	\$500,000	January 1, 2011	10 years
Houston-Willow Basin	Application	Samuel Cade and Daniel Donkel	Pending	Pending	Pending	Pending
North Nenana	392535	Rocky Riley	25,294	\$500,000	July 1, 2015	5 years
Susitna Basin V	391794	Cook Inlet Energy LLC	45,764	\$250,000	April 1, 2012	5 years
Tolsona	392209	Ahtna, Inc.	43,492	\$415,000	December 1, 2013	5 years

EXPLORATION LICENSES

- CURRENT, PROPOSED, AND CONVERTED TO LEASE -



FRONTIER BASINS TAX CREDITS

- OVERVIEW -

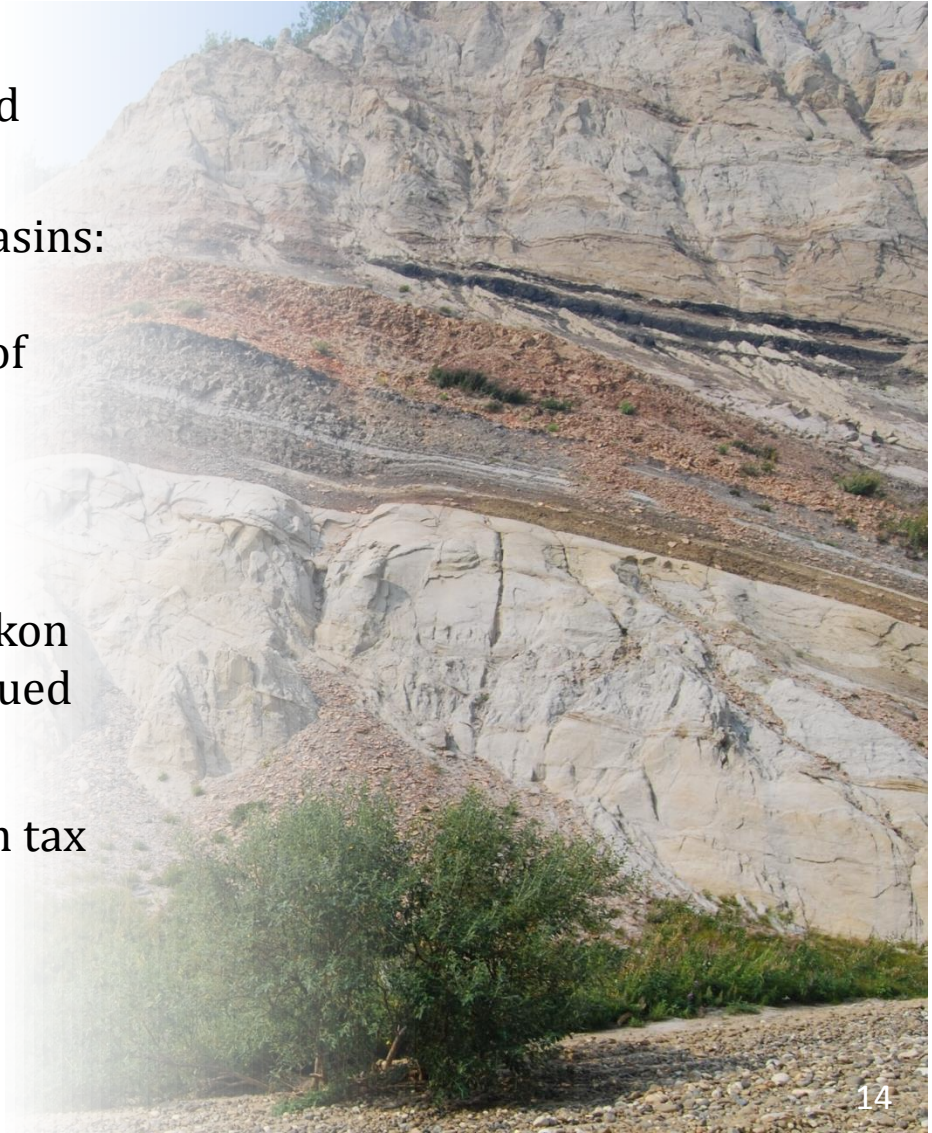
- Tax credits went into effect on 06/01/2012 & are scheduled to sunset on 07/01/2016
- Credit Types:
 - *AS 43.55.025(a)(6)* – credit for drilling the first 4 exploration wells in frontier basin areas defined in (o)
80% up to \$25 Million per well
 - *AS 43.55.025(a)(7)* – credit for acquiring the first 4 seismic surveys in frontier basin areas defined in (o)
75% up to \$10 Million per survey



FRONTIER BASINS TAX CREDITS

- OVERVIEW -

- Since 6/1/2012 two of the areas have had wells spud and seismic acquired:
 - Fairbanks - Yukon Flats & Nenana Basins:
 - 2 wells plus a sidetrack
 - 107 line miles & 55 square miles of seismic data
 - Glennallen - Copper River Basin:
 - 39 line miles of seismic data
- A credit for seismic exploration in the Yukon Flats & Nenana Basins circle has been issued
- At least one exploration license has been sought in conjunction with Frontier Basin tax credits



QUESTIONS?



THANK YOU!



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