



Ahtna Natural Gas Opportunities

Presentation to Senate Resource Committee

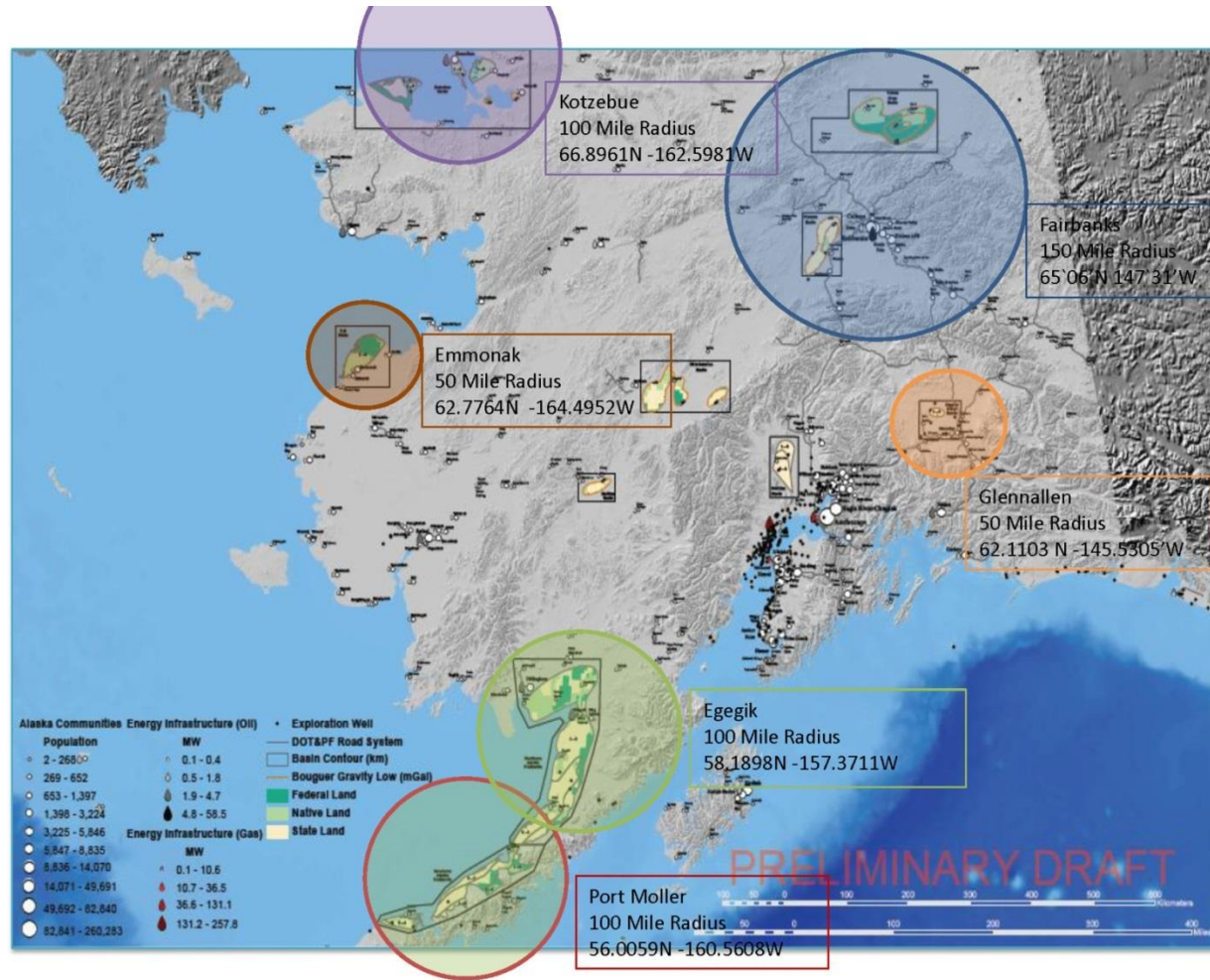
March 11, 2015

Mr. Joe Bovee, VP Land and Resources – Ahtna, Inc.

“Our Culture Unites Us; Our Land Sustains Us; Our People are Prosperous”



Oil and Gas Basins in Alaska



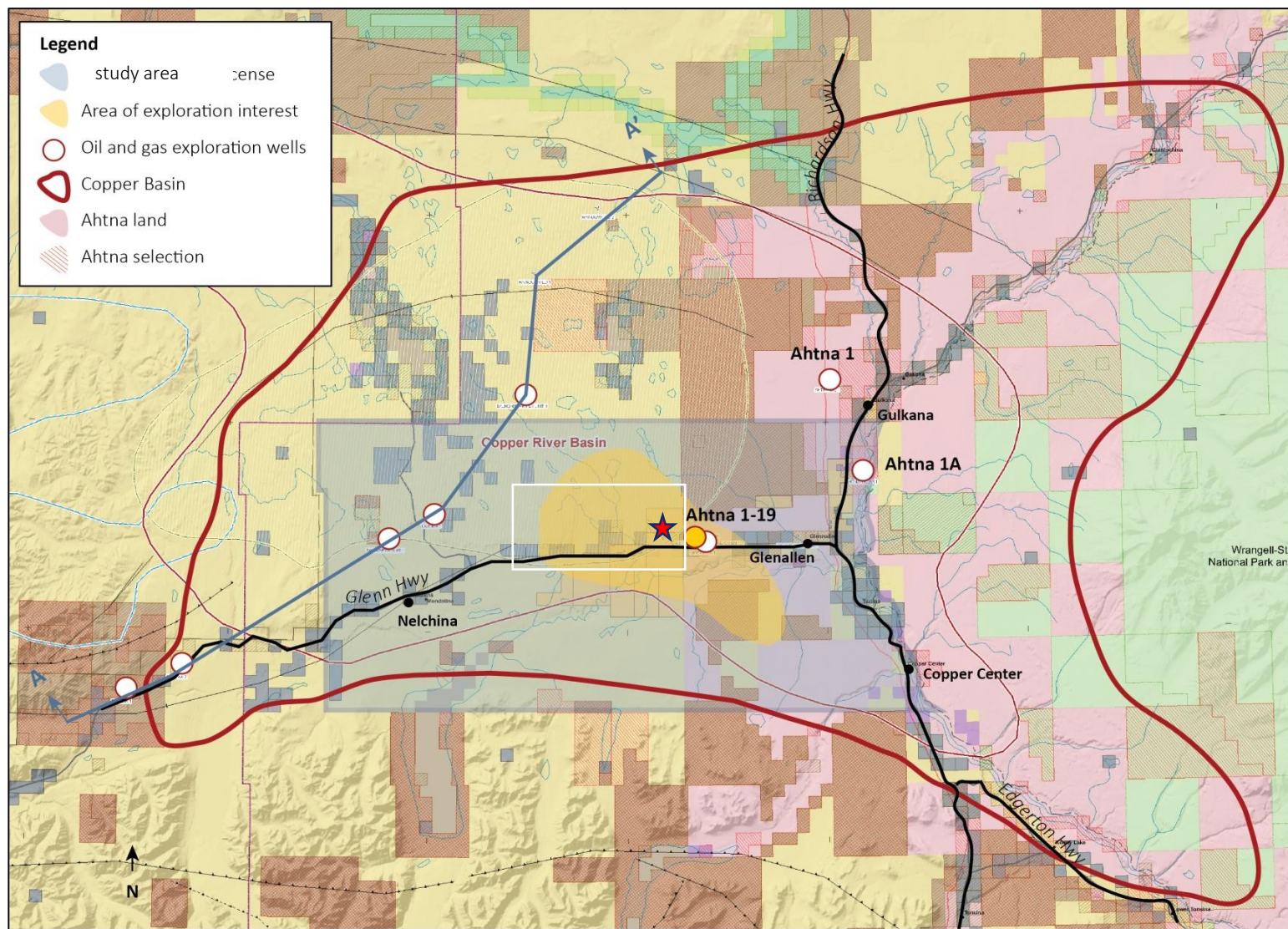
New Frontier Basin Tax Credits

- Current exploration credits allow for 75% of seismic & 80% exploration wells.
- Recommend tweaking current .025 tax structure to: reduce well depth; extend allowed credits beyond 2016; and allow merging some of the .025 credits into .023 for faster recovery of investment.
- Without tax credits we would not be where we are at today!

What is Currently Known About Gas Prospects in the Ahtna Region?

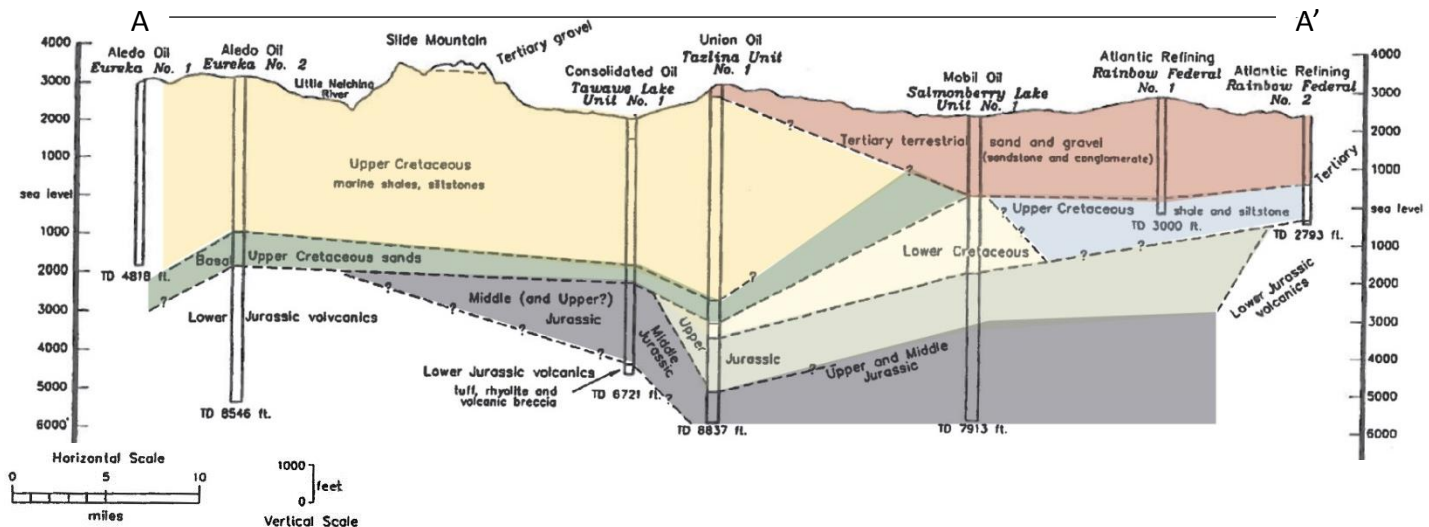
- Geologic structure of interest currently under State land.
- Millions of dollars invested in exploration in the region to date.
- Geological data and past exploration give strong natural gas indications.
- Formation accessible to South-central Alaska population centers, State highway road system and tidewater.
- Some technical drilling challenges due to high pressure water zones.

Copper River Basin Natural Gas



Geological Summary

- Identified porous, permeable, and hydrocarbon-bearing lower Cretaceous
- Several large fault-bounded geologic structures, may hold economic accumulations of natural gas
- High pressure water zone found identified at 1,100' with pressure of 1,000 PSI

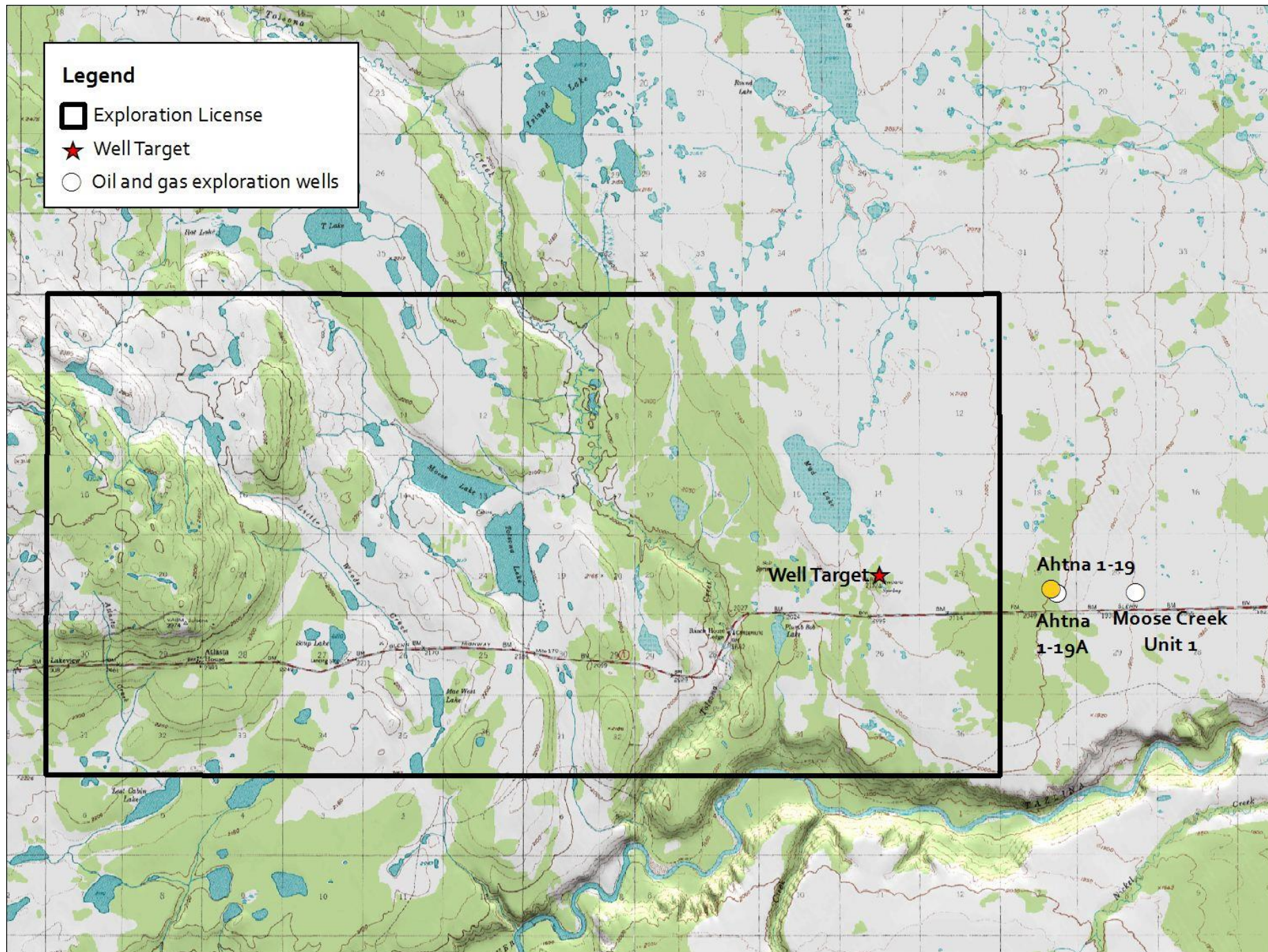


Current Prospects

- In December 2013 Ahtna was awarded an Exploration License on 44,000 acres of State land.
- In early 2014 Ahtna partnered with two exploration partners: Rutter & Wilbanks-Midland, Texas and Santa Petroleum-Welland, Australia.
- Reprocessed 90-miles of pre-existing seismic from the 1970's-1980's
- Identified a structure within the license area and conducted an additional 40-miles of new seismic.
- Preliminary data shows outline of crest of gas structure 14-miles west of Glennallen and 2-miles from Richardson Hwy.

Legend

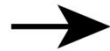
- Exploration License
- ★ Well Target
- Oil and gas exploration wells





Range of Market Opportunities


thousands
BTUs/day



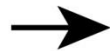
No Development


millions
BTUs/day



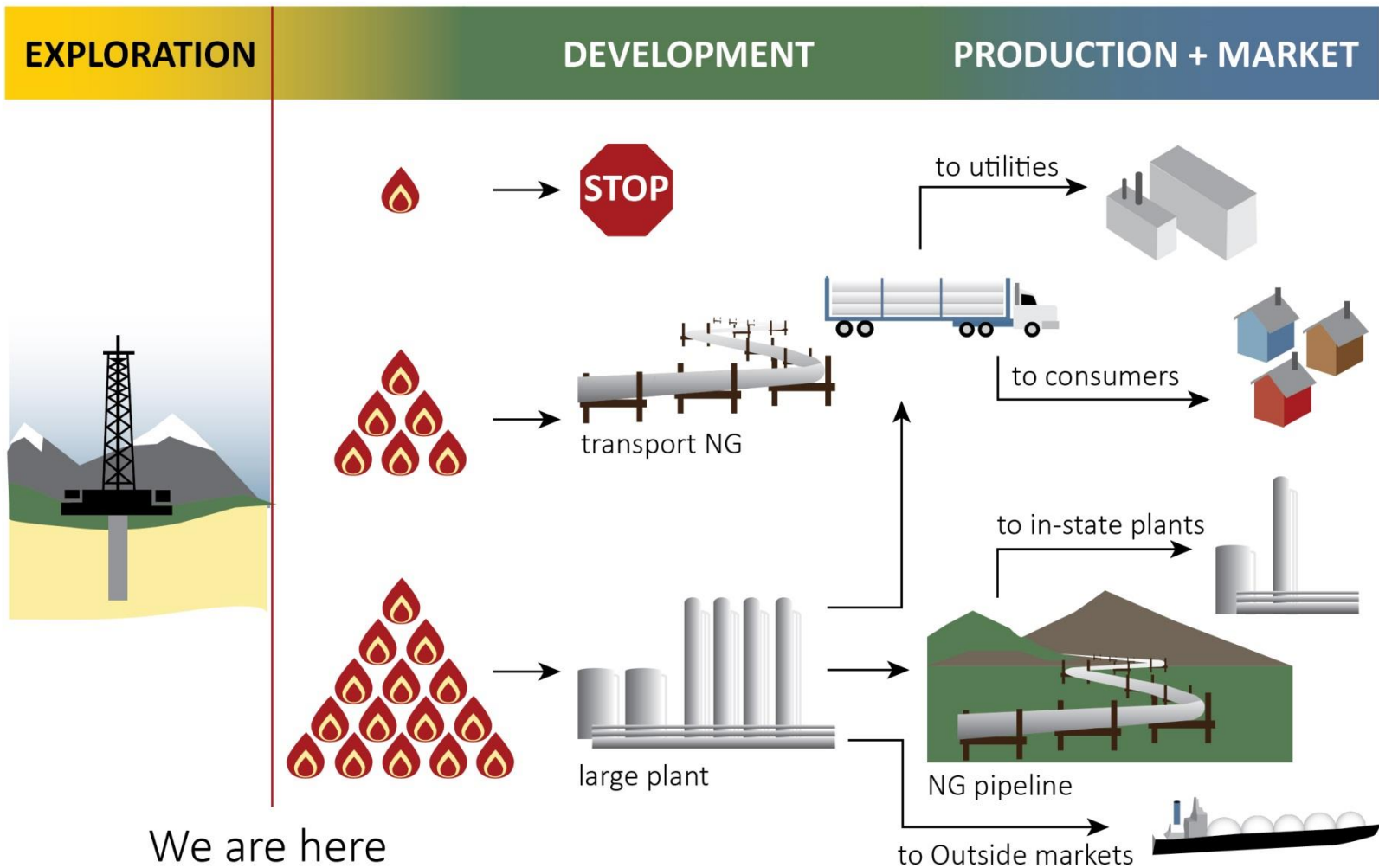
Copper Basin Market


billions
BTUs/day

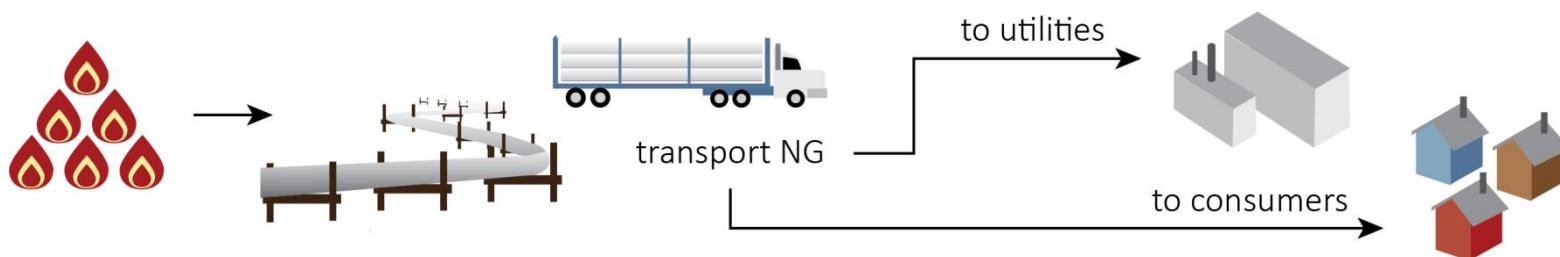


In-State or International Market

Development Options



Local Market is Viable



Present Cost #2 fuel oil
#2 fuel oil Equivalent

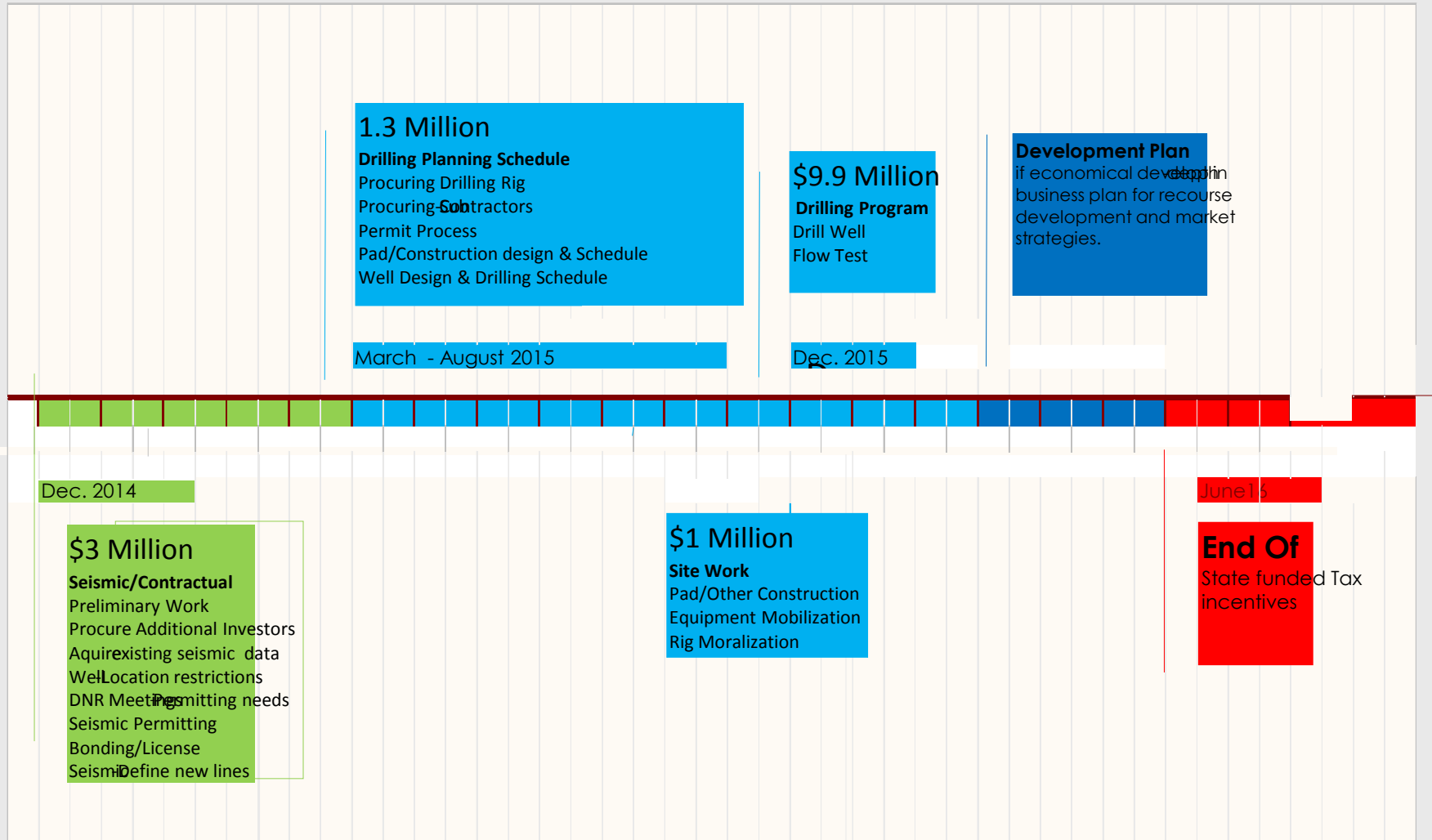
\$4/gal
\$35/MMBTU's

Estimated NG market delivery
NG equivalent of

\$14.65MMBTU's
\$1.67/gal

*58% Savings in Home Heating Cost
Cheaper Energy for Economic Growth*

Ahtna Gas Development Timeline



Conclusion and Next Steps

- Engineer and design a new well with completion prior to June 2016 – dependent on tax credit scenarios.
- Finalize RCA application for local gas distribution.
- Determine and develop markets.
 - Pipeline
 - Micro-LNG Plant (trucking)
 - Electric Intertie

