



Department of Natural Resources

Division of Oil and Gas – Acting Director Paul Decker

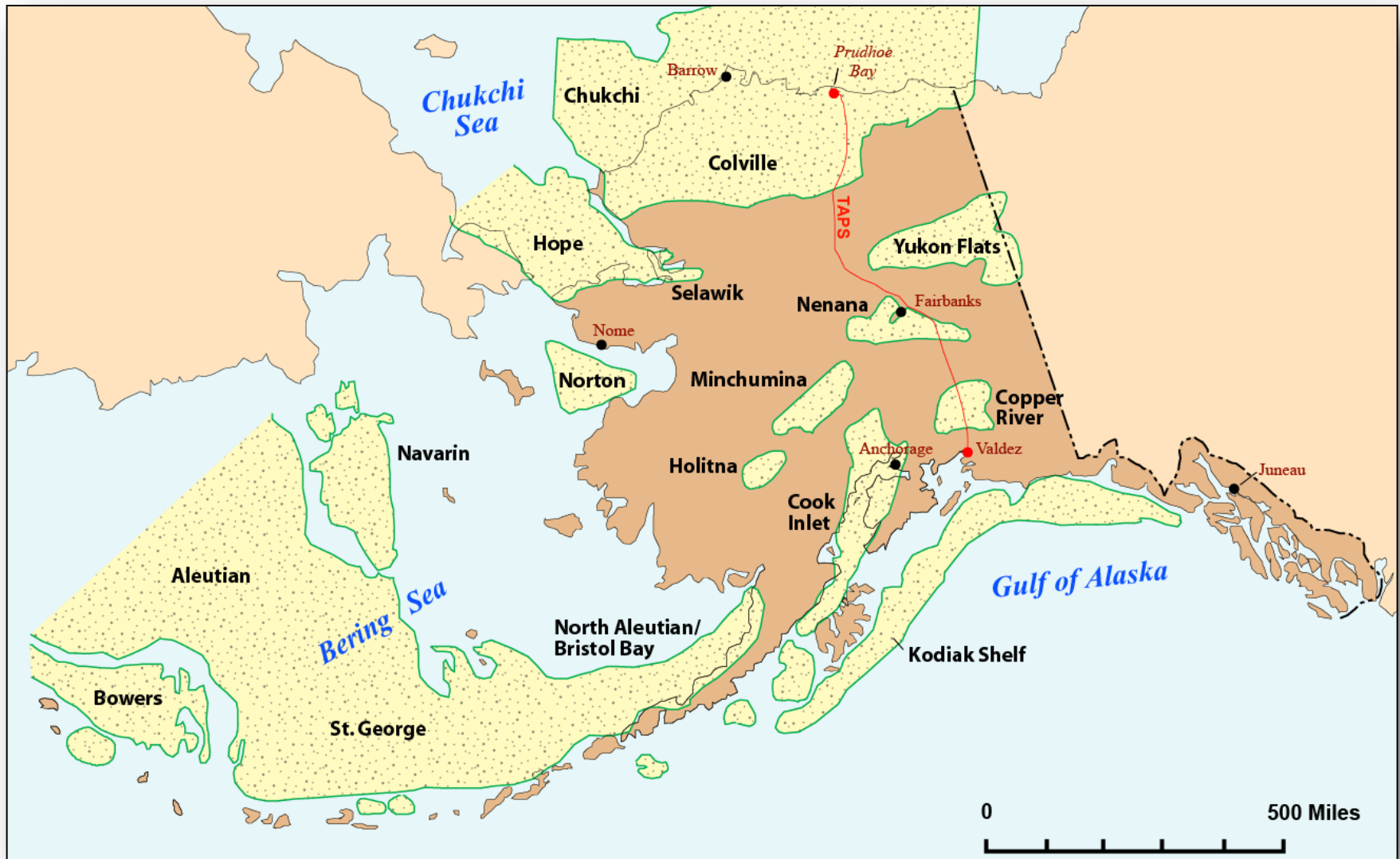
Frontier Basins Exploration Update

Senate Resources Committee
March 11, 2015



SEDIMENTARY BASINS IN ALASKA

- SCHEMATIC RENDERING-



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

MIDDLE EARTH & FRONTIER BASINS

- GEOGRAPHIC AREAS ARE MOSTLY SYNONYMOUS -

- “Middle Earth”
 - Alaskan lands south of 68 degrees North latitude and outside of Cook Inlet
- “Frontier Basins”
 - 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



MIDDLE EARTH & FRONTIER BASINS

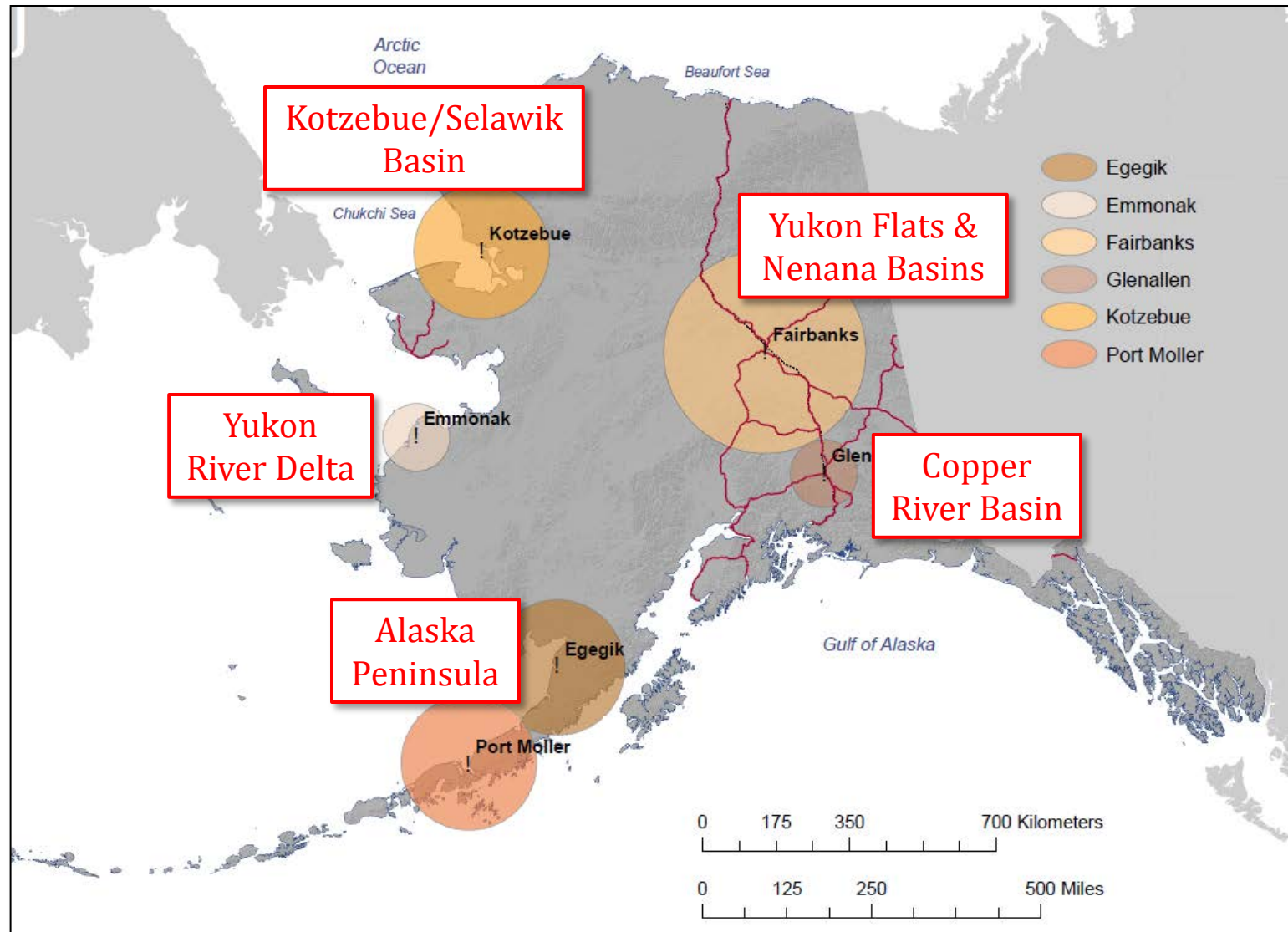
- TERMS REFER TO DIFFERENT TAX CREDITS -

- “Middle Earth” tax credit
 - *AS 43.55.024(a)* – credit for oil or gas production from Middle Earth
Up to \$6 Million for production tax
- “Frontier Basin” tax credits
 - *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



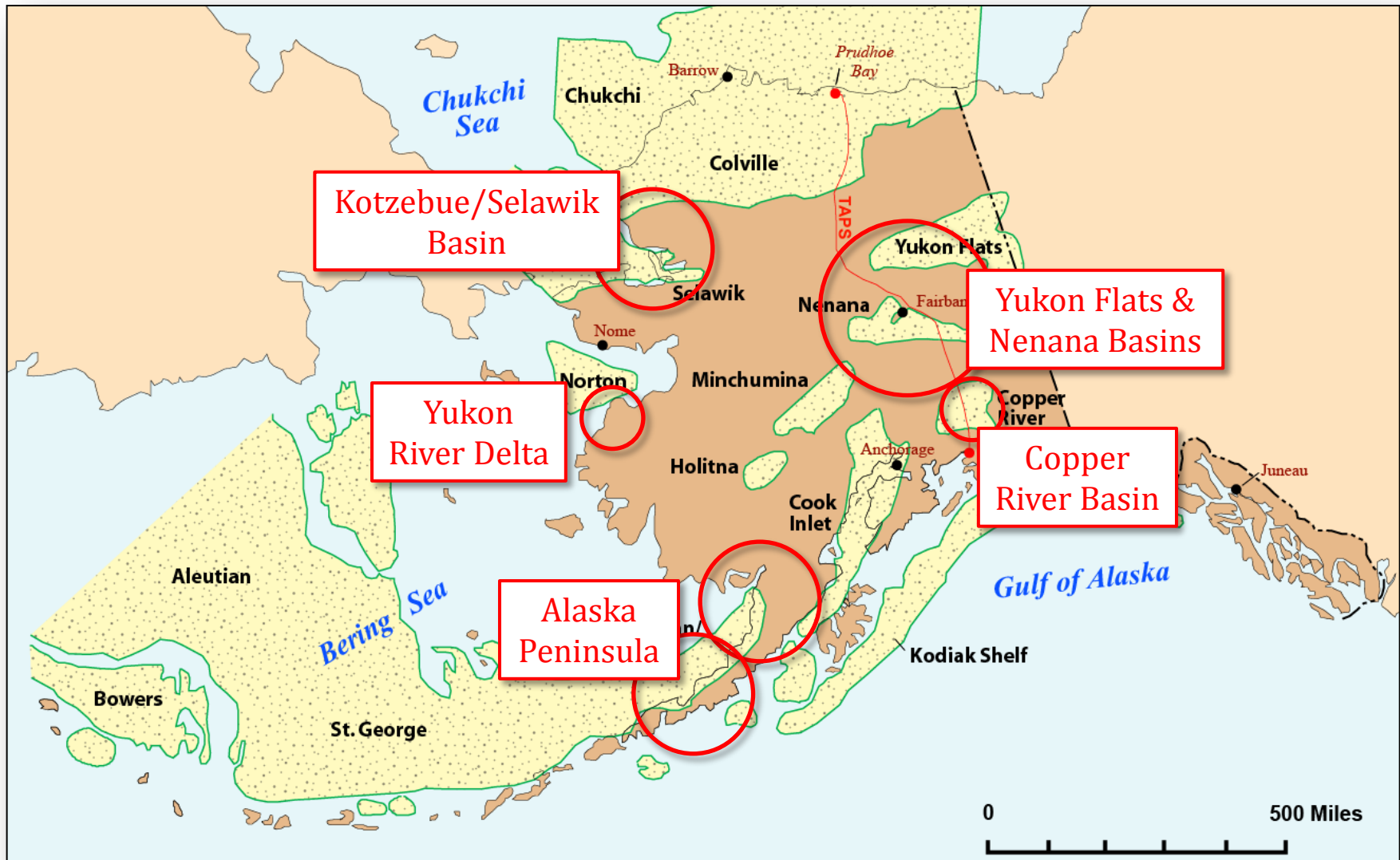
FRONTIER BASIN TAX CREDIT AREAS

- AS 43.55.025(o) -



FRONTIER BASIN TAX CREDIT AREAS

- SEDIMENTARY BASINS IN ALASKA -



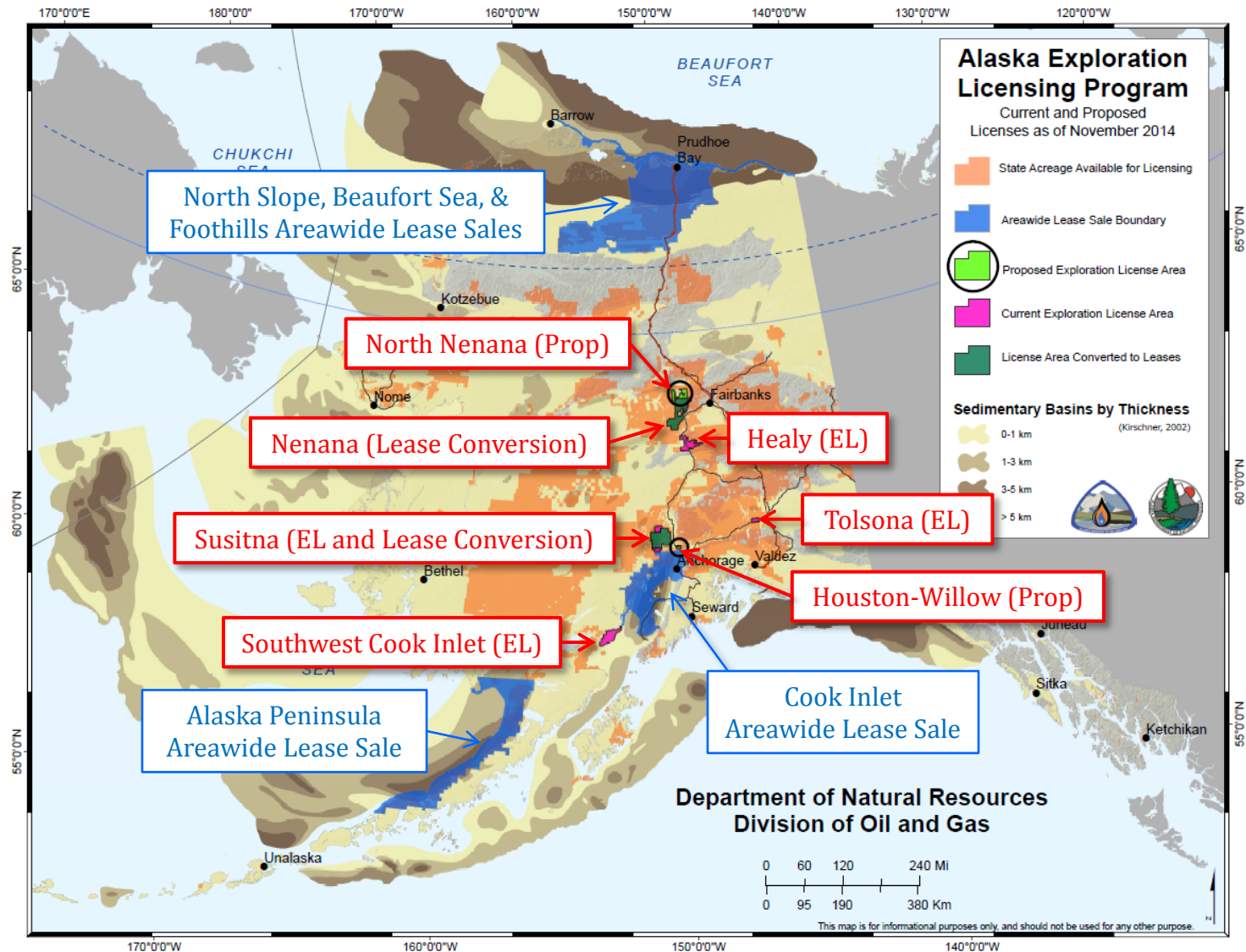
EXPLORATION LICENSES

- CURRENT STATUS -

LOCATION	ADL FILE NUMBER	LICENSEE	ACRES	COMMITMENT	EFFECTIVE DATE	TERM
Healy Basin	390606	Usibelli Coal Mine Inc.	204,883	\$500,000	January 1, 2011	10 years
Houston-Willow Basin	Application	Pending	Pending	Pending	Pending	Pending
North Nenana	Applicaton	Pending	Pending	Pending	Pending	Pending
Southwest Cook Inlet	392536	Cook Inlet Energy LLC	168,581	\$1,501,000	October 1, 2014	4 years
Susitna Basin IV	391628	Cook Inlet Energy LLC	62,909	\$2,250,000	April 1, 2011	10 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 BASIN EXPLORATION ACTIVITY

- MAIN FOCUS ON AND NEAR NATIVE LANDS -

- **Doyon**

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

- **Ahtna**

- Copper River Basin, Tolsona exploration license: Reprocessing 2-D seismic data, considering well 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

- **Usibelli**

- Healy Basin gas only exploration license: Drilled one well in 2014, no data available

- **Cook Inlet Energy**

- Susitna Basin: Converted much of one exploration license to lease; holds two more contiguous exploration licenses; no drilling to date
- Southwest Cook Inlet exploration license: Issued late in 2014, no exploration to date