

RESOURCES ENERGY, INC.



House Energy Committee
REI Update
March 24, 2015

TOPICS OF KEY IMPORTANCE- REI 1MTA COOK INLET PROJECT

Alaska Advantage

Japan Market Overview- Demand for LNG

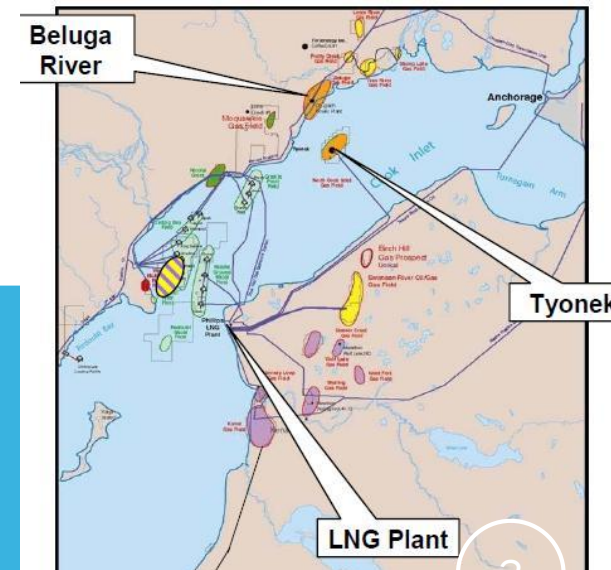
Strong support from the State of Alaska

Critical Path Components and REI Agreements and milestones

REI LNG, IN COOK INLET, CAN BE ACHIEVED

Cook Inlet, Alaska, is one of the best port for exports of high-value LNG to Japan

- Local land use permits for terminal and pipeline are possible
- Thousands of construction and permanent jobs will be created
- Support from SOA/AIDEA
- Utilizes stranded Cook Inlet Gas
- Allows for expansion of gas from other regions of the state – such as the Foothills, Outer Continental Shelf , North Slope, etc. when pipeline is to be in place



CRITICAL PATH COMPONENTS



Government to Government Agreements

- AIDEA
- SOA- Governor
- SOA – DNR
- Others



Japanese Buyers(PROPOSED)

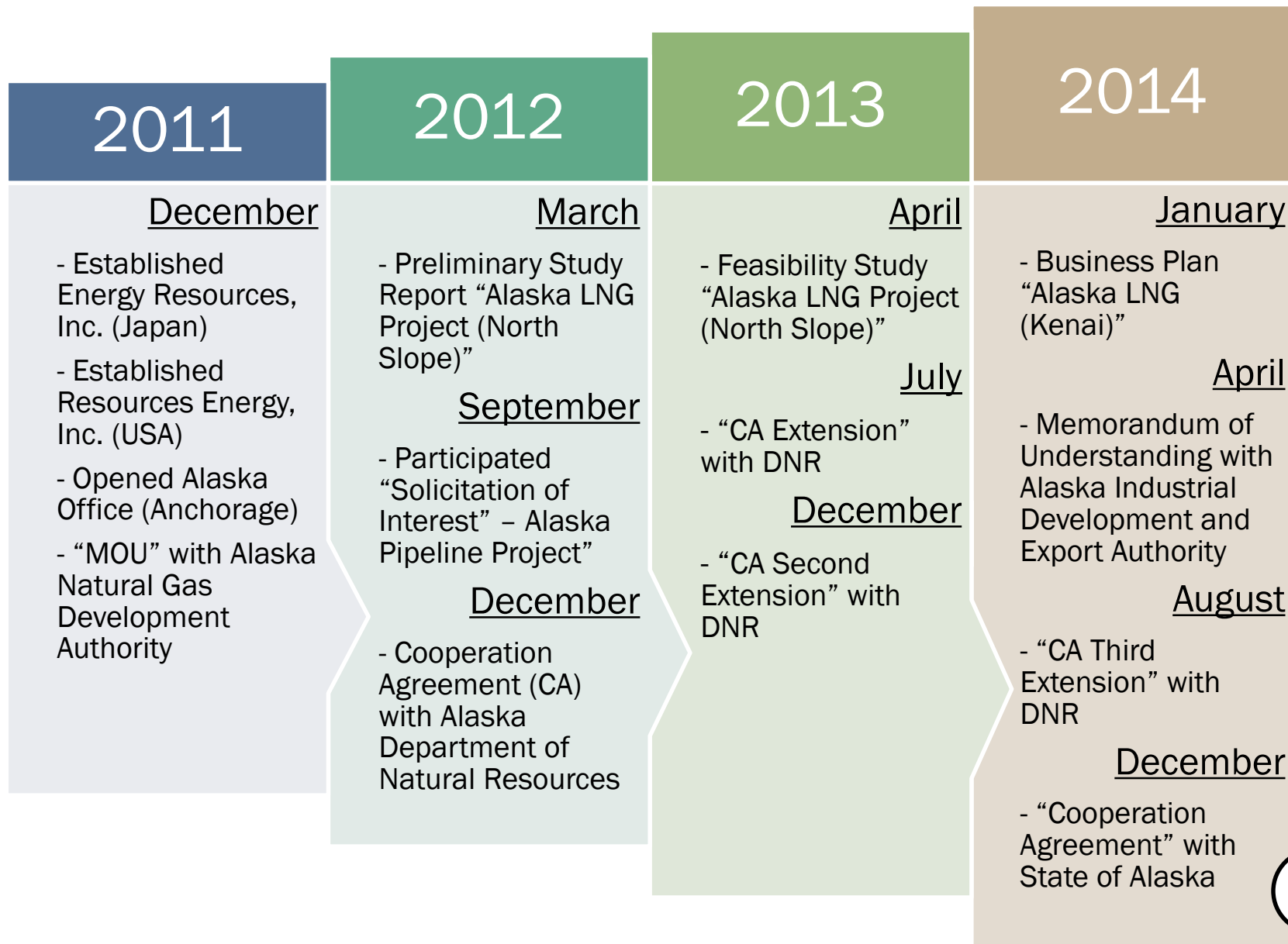
- Government, Hyogo Prefecture, Kyoto, etc
- Industrial
- City Gas and Electric Companies



Joint Venture Partners

- Japan Companies
- US Companies and partnerships
- Native Corporations

REI ACTIVITIES



COOK INLET EXPORT LNG PROJECT

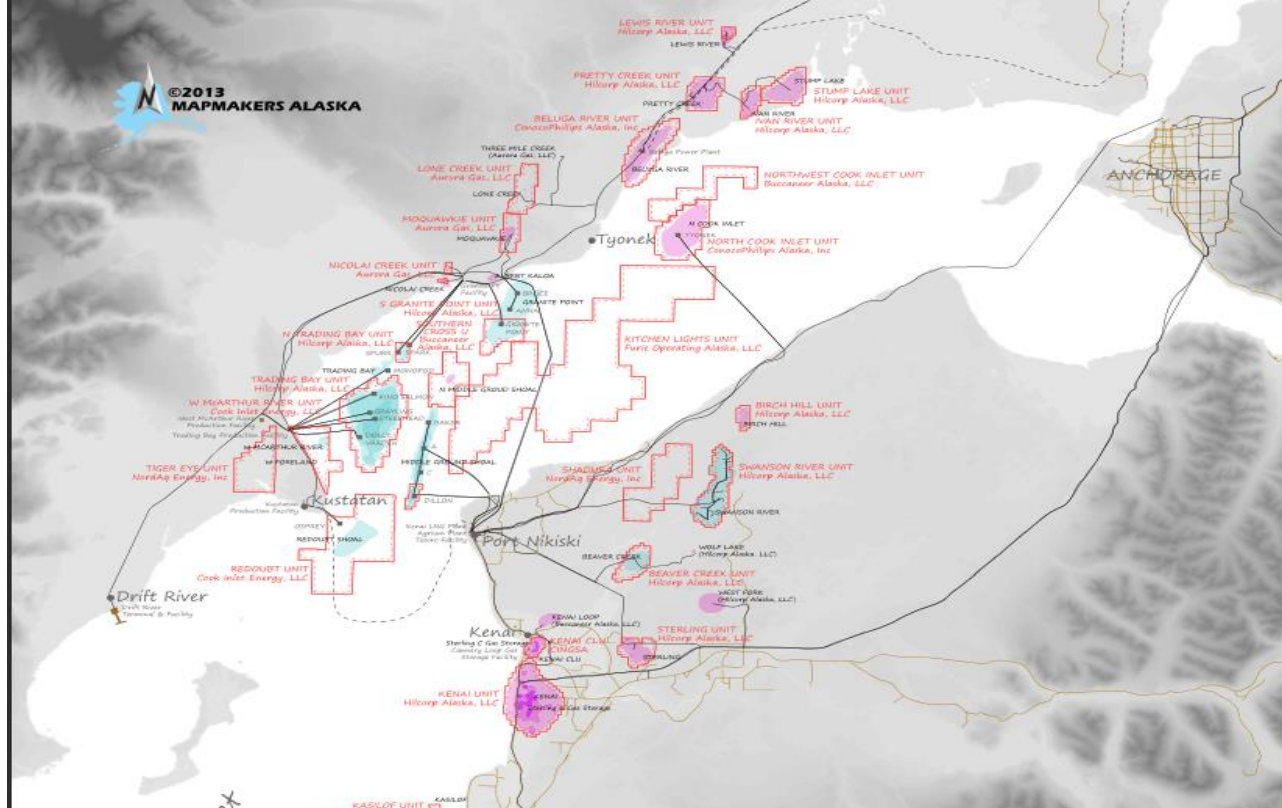
Greenfield LNG plant: 1 MTA plant

Aggregated Cook Inlet Gas supply as Feedstock

- Division of Oil and Gas Studies
- USGS report
- Cook Inlet reservoir and production analyses (June and July 2014)

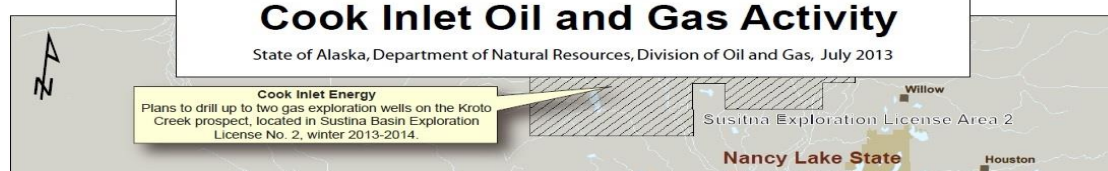
Timeline is critical – prior to 2020 target for Export to Japan

- Earlier in-state demand for LNG could be made available

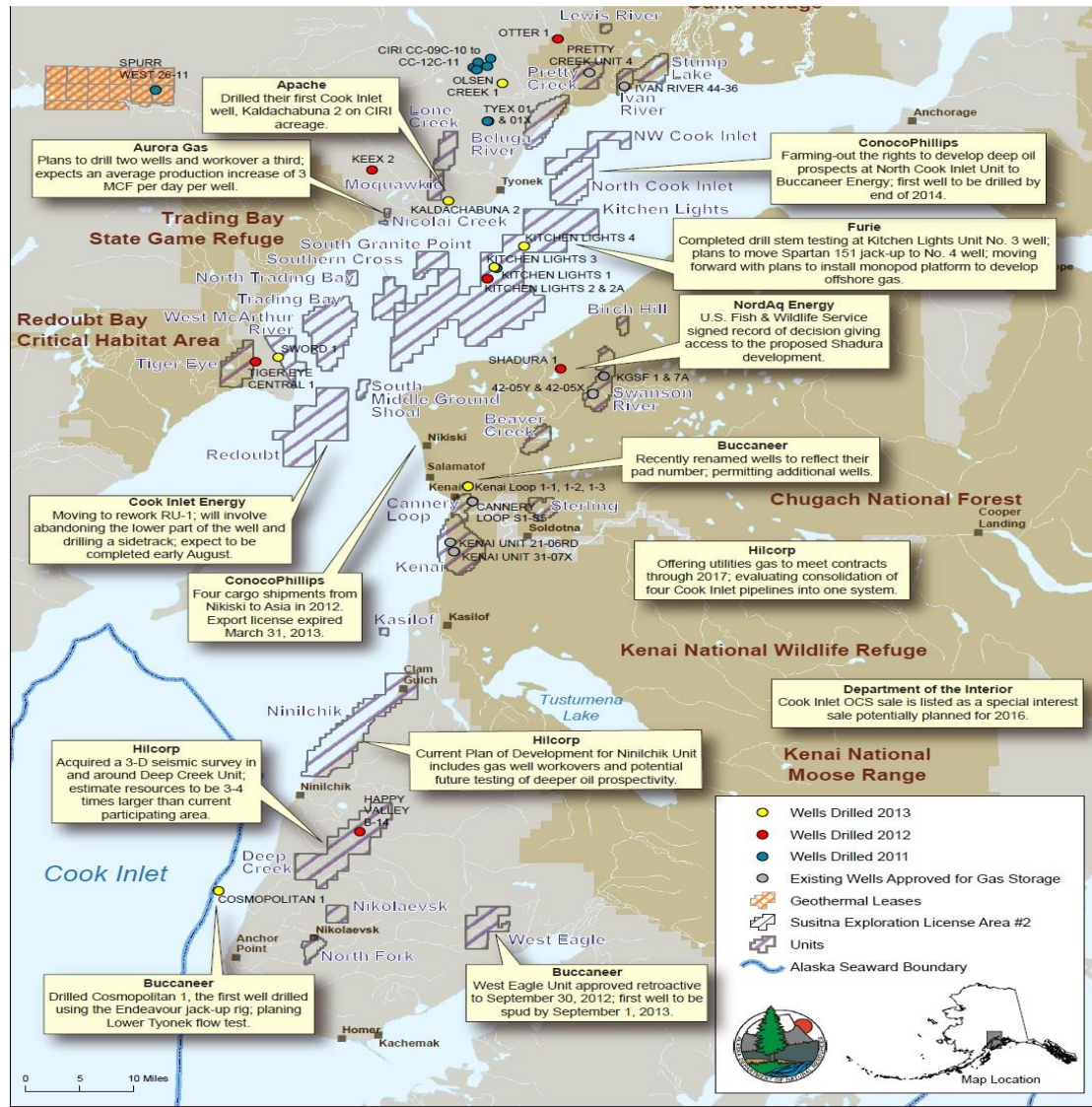


COOK INLET **RESOURCE** POTENTIAL USGS **2011-19** TCF GAS POTENTIAL





COOKINLET OIL AND GAS ACTIVITY



RESERVE AND PRODUCTION STUDY RESULTS – COOK INLET

The study evaluated 2P reserves (Risked Proved and Probable in SPE/AAPG et al. 2011 terminology)

Total range of 2P estimated at approximately 2.7-3.1 Tcf (2,700 – 3,100 Bcf)

- Approximately 40 years of utility load (approximately 80 Bcf/yr)

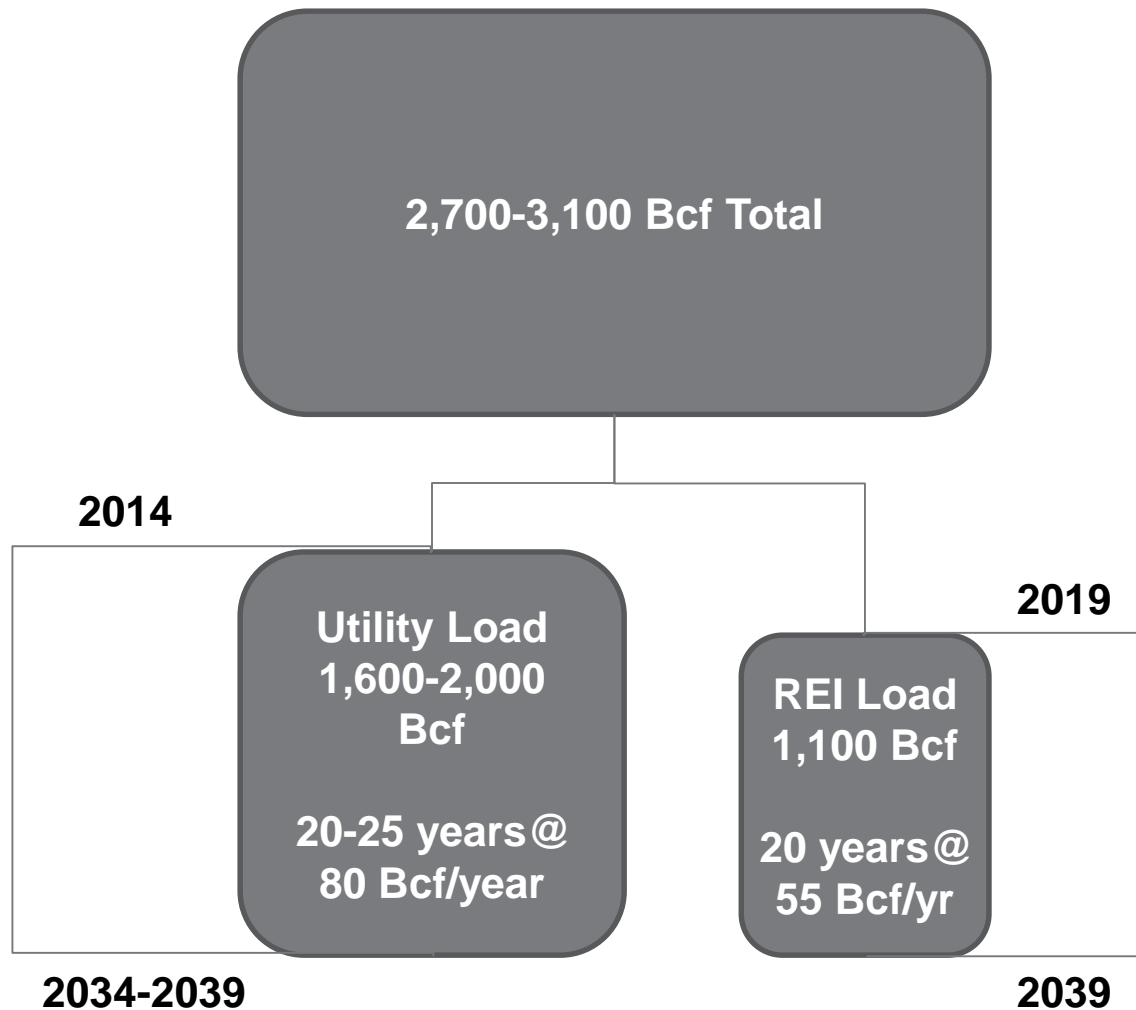
REI's 20 year supply of feedstock is 55 Bcf/yr

- Starts in 2019
- Represents 35-40% of the total 2P reserves

Approximately 20-25 years of utility load would remain (2019-2039)

These 2P reserves could support a daily production rate for REI of 160,000 Mcf/d

ESTIMATED COOK INLET 2P RESERVES



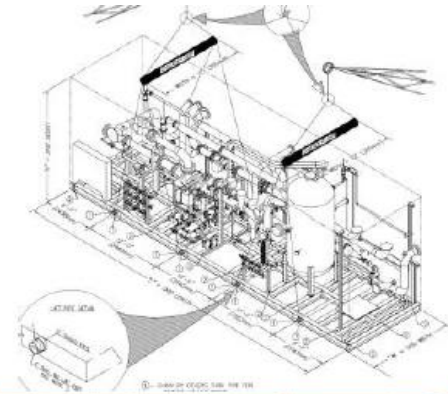
Source: GEC LLC 2014, 2P Reserve Study, Cook Inlet

GE MODULE LNG PLANT



SITE INSTALLATION

Site Installation Rigging and Setting of Modules



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COOK INLET TECHNICAL/FEASIBILITY STUDY

Outside Contractors
that conducted the
Technical/ Feasibility
Study of the Project

Kellog Brown Root LLC (KBR) –
Engineering Services

Global Energy Consultancy LLC (GEC)
– Economics Analysis

Golder Associates Inc. (Golder) –
Geotechnical Services

PROJECT SCHEDULE

Target Year	Activities
2015	FEED
	FERC Request for Pre-Filing
	DOE Application
2016	FERC Pre-Filing and Formal Application
2017	FERC Final EIS Issuance
	Issuance of Authorization (FERC/ DOE)
2018-2019	EPC
2019-2020	First LNG

THE ALASKAN ADVANTAGES

Alaska has a 40+ year track record of delivering LNG to Asia/Japan without interruption

Proximity - 9 shipping days and no Panama Canal Toll

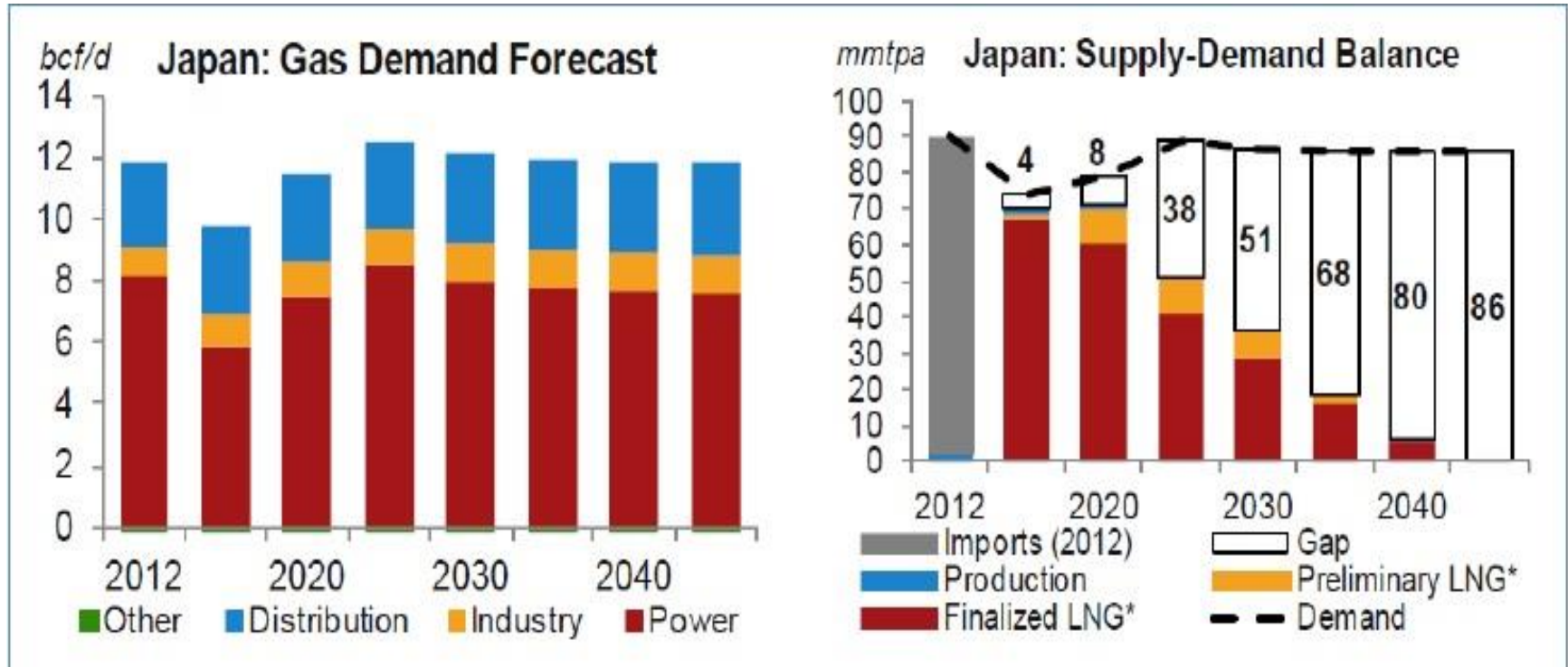
Not part of the lower 48 Shale debate and cumbersome DOE review process

All First Nation and Native land claim issues are resolved

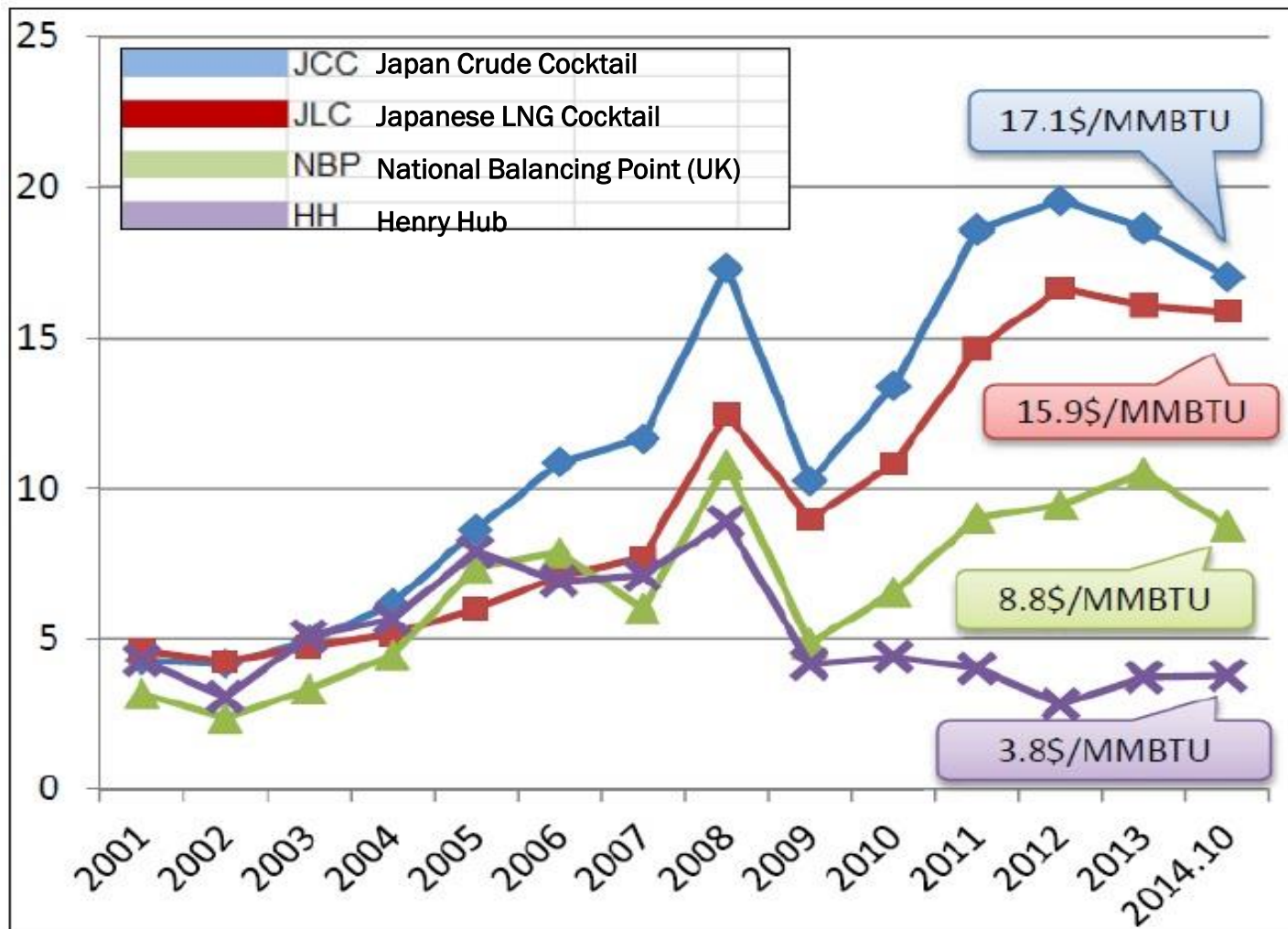


JAPAN MARKET OVERVIEW

GAS SUPPLY-DEMAND OUTLOOK FOR ASIAN MARKETS JAPAN

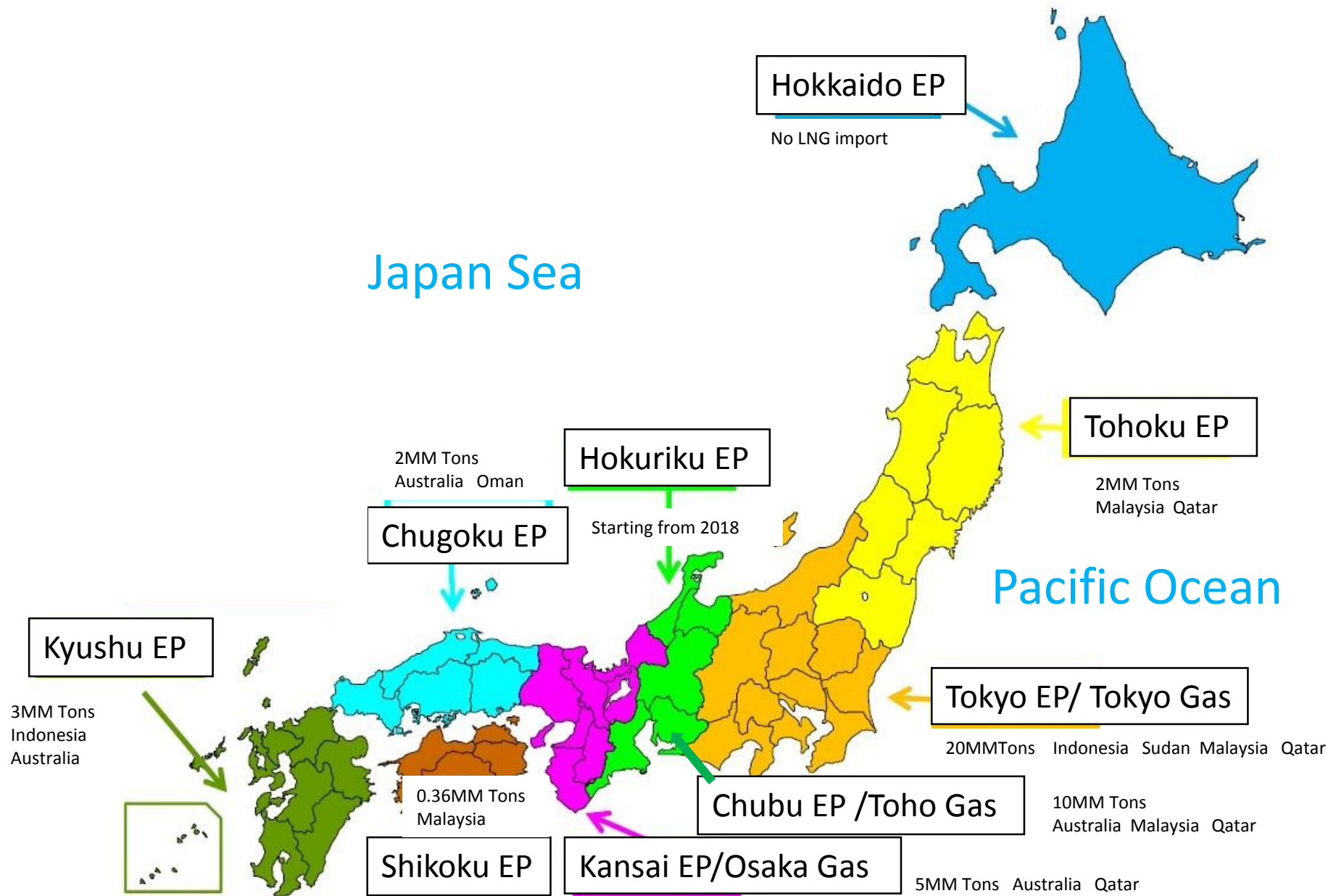


JAPAN IMPORTED LNG PRICE (2001-2014)



Source: "Japan Natural Gas Strategic Policy Review Update", METI 2014

Japan Electric Power & City Gas



LOCAL GOVERNMENTS' INITIATIVE TO IMPORT LNG FOR THERMAL POWER/INDUSTRY USE AT JAPAN SEA SIDE

Background

The Deregulation of Electricity and City Gas Business & Sale

- Municipalities & other industries can participate in Power Business, besides the major electric power and city gas companies

Japan Land Strengthening Law after Fukushima Disaster

- Importance of Energy Infrastructure at Japan Sea Side



BASIC BUSINESS MODEL

Form PPP type organization for LNG project

- Maizuru : Kyoto Prefecture Government
- Hirohata: Hyogo Prefecture Government

(Note: Future plan for natural gas pipeline connection between Maizuru and Hirohata.)

LNG Receiving Volume:

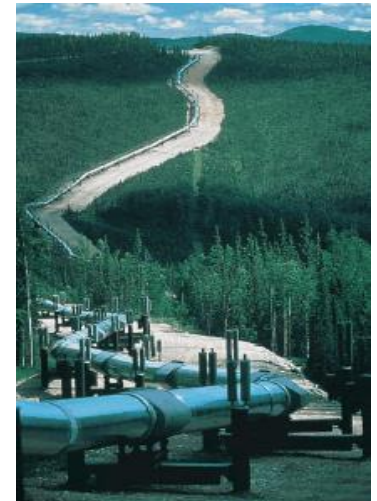
- 500,000 tons / per year
- 2019~2020 start
- Maizuru 500,000 tons / Hirohata 500,000 tons
Total: 1,000,000 tons

LNG Use and Distribution:

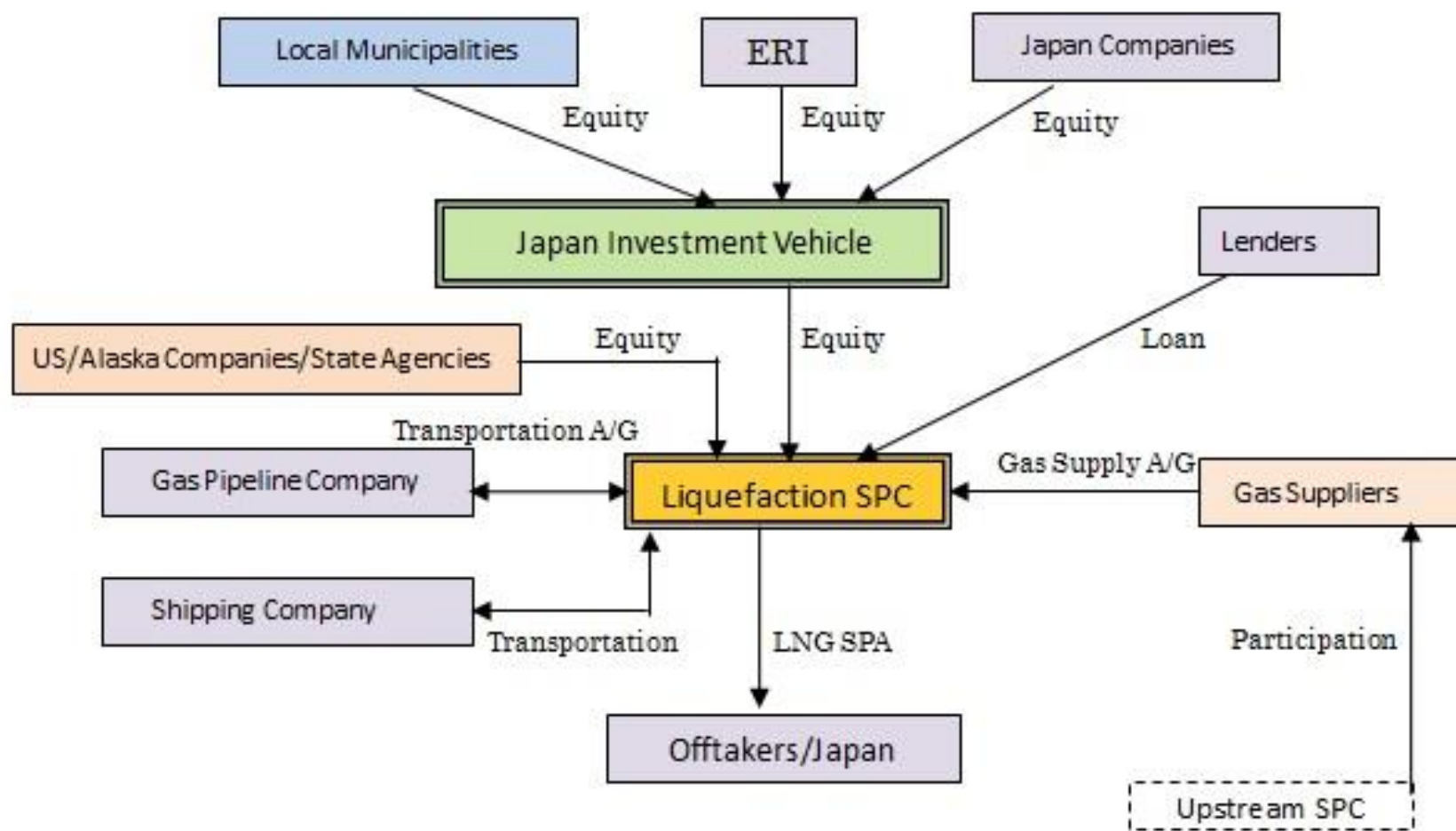
- Local city gas, industrial use : 100,000 tons
- Power Plant (IPP 500 mw) : 400,000 tons

Size of the business(LNG terminal, Power Plant)

- US\$ 700 million ~ 1 billion



PROPOSED PROJECT STRUCTURE



AGREEMENTS IN PLACE, LEGISLATIVE AND REGULATORY CONSIDERATIONS



REGULATORY SCHEDULE

Regulatory Regime Overview

- Satisfying regulatory requirements may require significant investment of time and resources.
- In the United States, Section 3 of the Natural Gas Act (“NGA”) governs construction of export facilities and export of LNG.
 - Primary regulatory authority under NGA:
 - FERC: LNG facility siting authority.
 - Department of Energy (“DOE”): Approval for exports of the commodity.

Pipeline governed by Section 7 of the NGA.

- FERC: Regulation of pipelines.

- U.S. Energy Secretary Ernest Moniz: “We Won’t Be Obstacle to Alaska Gas Exports.”

“We want to be very explicit to say that we will treat Alaska differently. The public interest is not an issue for us,” Moniz said at the press conference. In another development, DOE has exempted the Alaska project from new U.S. Dept of Energy rule that LNG export projects complete their environmental reviews before a federal LNG export license is issued.

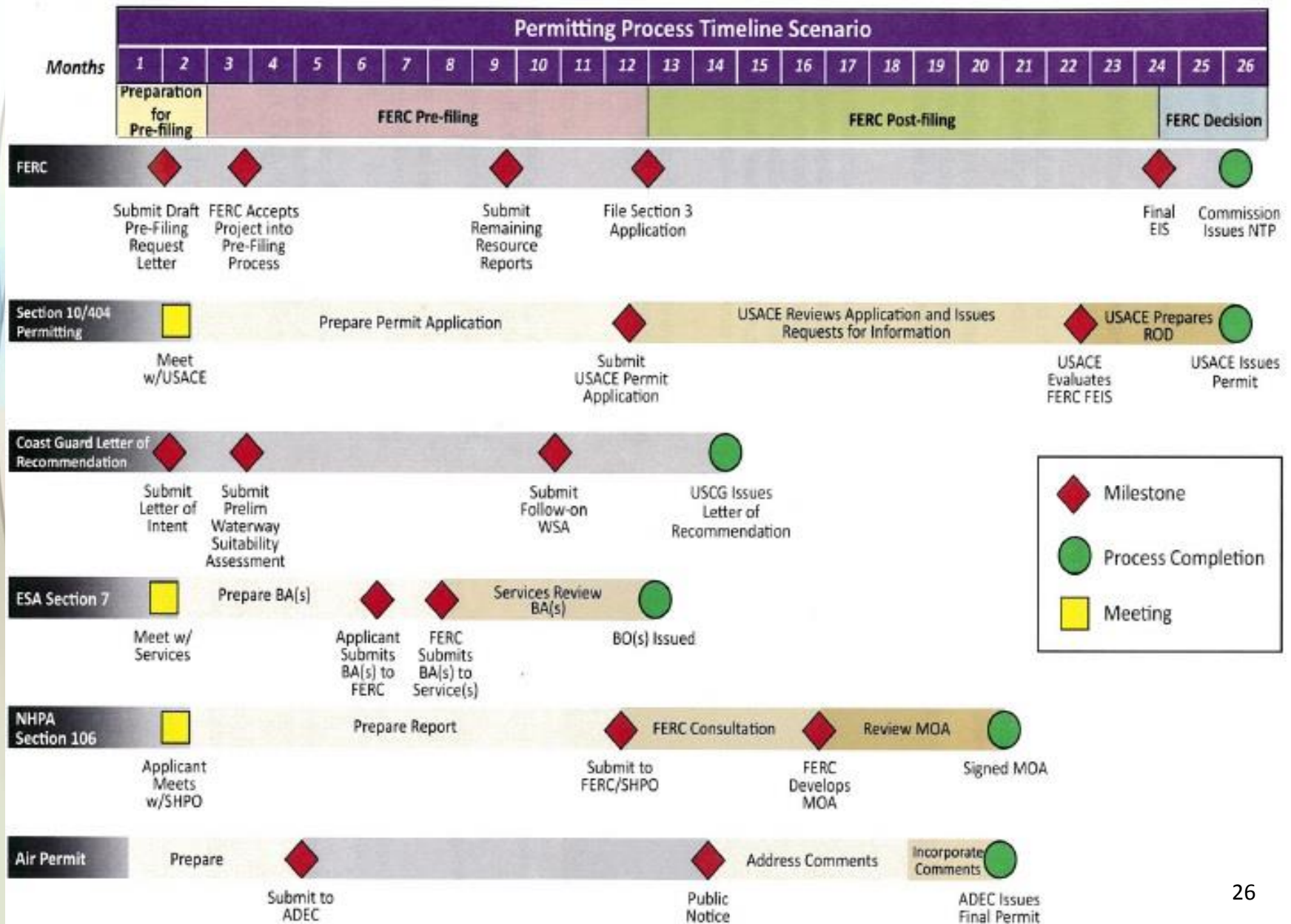


“Getting Alaskan gas monetized is good for the Alaska (economy), good for the country and good for our international security obligations.”

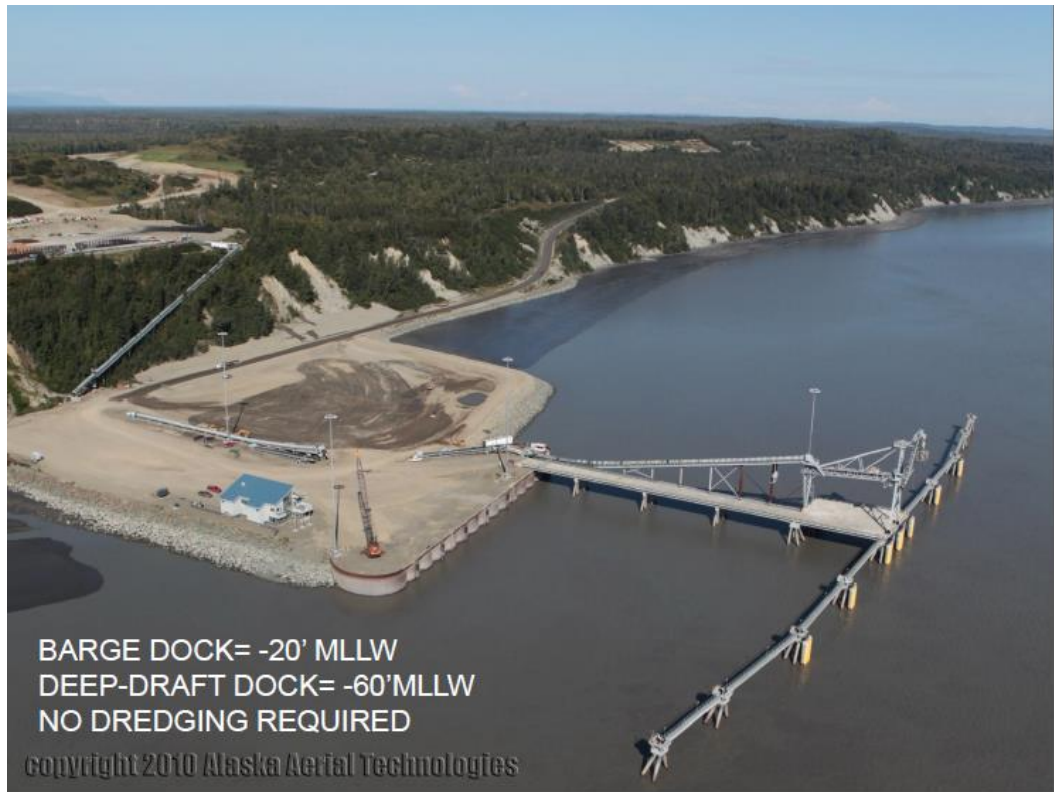
Alaska, however, is again handled separately, Moniz said. A conditional export license for Alaska will be granted when the project moves further along in its development.

Moniz says the Obama Administration wants to spur a project to export North Slope natural gas, and he says the No.1 way his department can help is by staying out of the way.

HDR Regulatory Schedule



PORT MACKENZIE



TIMELINE AND SCHEDULE

MILESTONES AND NEXT STEPS

Cooperation Agreements with the State of Alaska

- Governor Walker – December 23, 2014
- DNR – December 2013

AIDEA agreements

- Formal Expression of Interest – December 23, 2013
- AIDEA Board Approval of CRA related to the proposed LNG facility of REI – April 24, 2014
- Signed Cost Reimbursement Agreement – April 29, 2014
- AIDEA Board extends term and provides additional money for CRA, December 16, 2014

Business Case and Economic Model

- Completed August 2014

Gas supply for Feedstock

- Reservoir and production analyses completed June/July 2014

LOIs from market in Japan – underway

KBR Study and Cost estimate

- Site plan and layout

Land Acquisition

- Option Agreement in place (valid through December 2015)

DOE and FERC preliminary discussions

Joint Venture Partners - underway

Targets by March 2015:

- FEED to start
- Definitive Consortium/ Market participants
- Definitive Gas Supply
- Financial Arrangement



PROJECT CONTACT INFORMATION

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ADDITIONAL MARKET INDICATORS

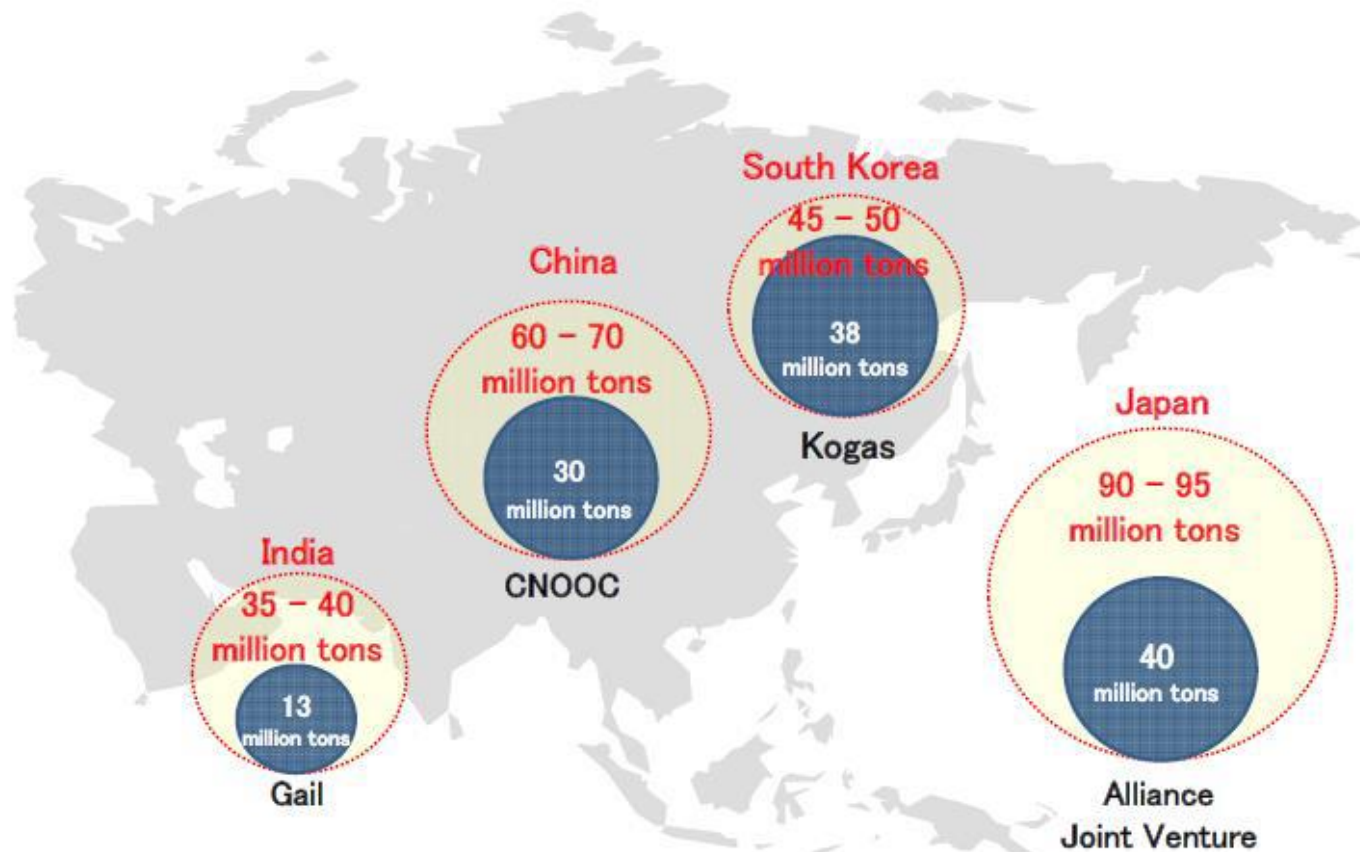
Tokyo Electric and Chubu Electric Sign JVA

On October 7, 2014, Tokyo and Chubu signed a MOU to form a comprehensive alliance for their thermal power business including joint LNG procurement.

On February 9, 2015, both companies entered into a joint venture agreement to establish a JVA company for the realization of the alliance. They plan to execute further agreements to integrate into JVA company their existing fuel business, including LNG spas, LNG receiving terminals and LNG vessels as well as upstream assets.

Tokyo and Chubu are Japan's two largest LNG importers. The new JVA company to be established by them will have a combined LNG purchase quantity at around 40MTA and will become the world's largest LNG buyer. Tokyo estimates that in around 2025, share of the new JVA company's LNG imports would be at 45 percent of the Japan's total imports, 90mta.

Major Asian Countries and Companies Scale of LNG Procurement After 10 Years



Source: prepared using several materials by research agencies

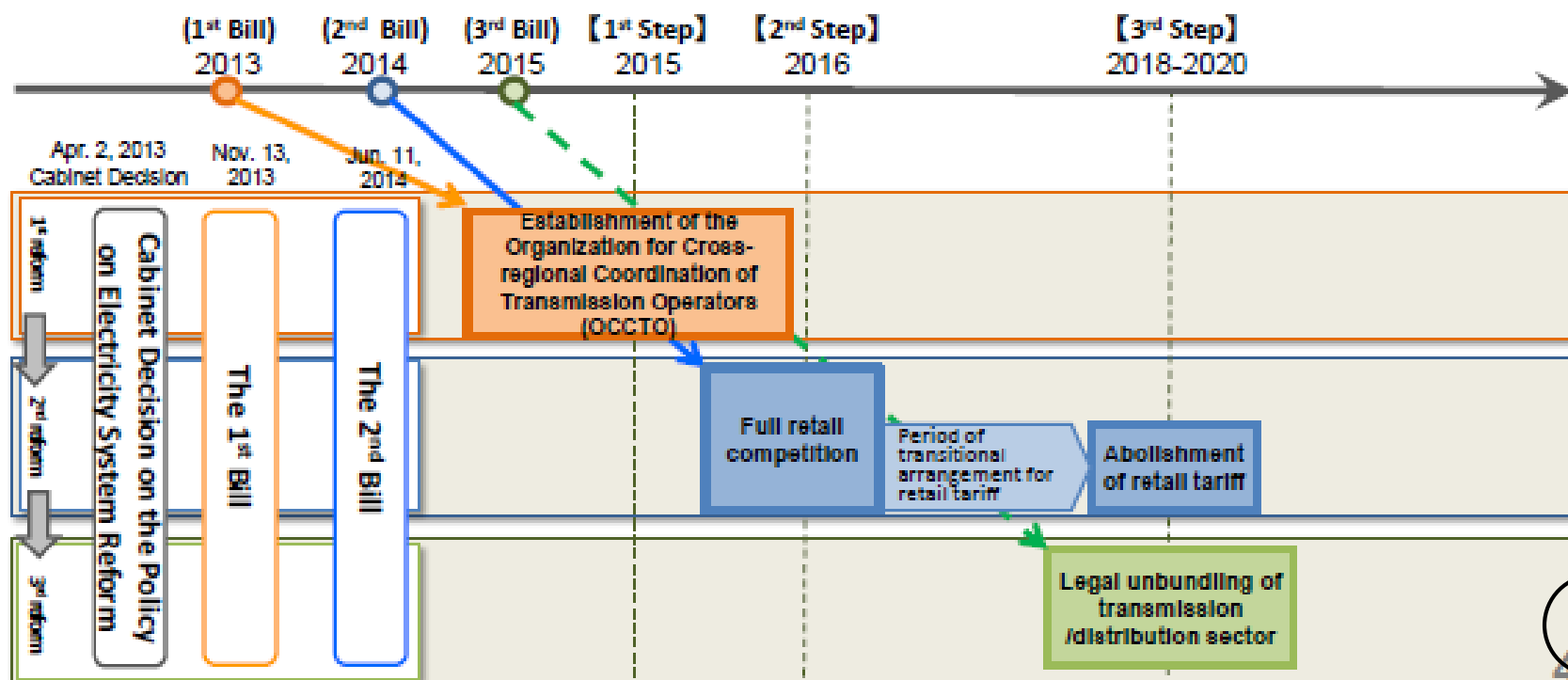
“On March 3, 2015 the Japanese Gov’t Cabinet approved a bill to achieve final stage of nation’s power sector reform in 2020, fully liberalize city gas retail market in 2017, and separate nation’s city gas distribution pipe networks in 2022.” – METI Press Release 3/3/2015

Electricity Market Reform in Japan: Roadmap

- April 2, 2013, Cabinet decided the “Policy on Electricity System Reform” to realize three objectives in Japan’s market with a three-step approach.

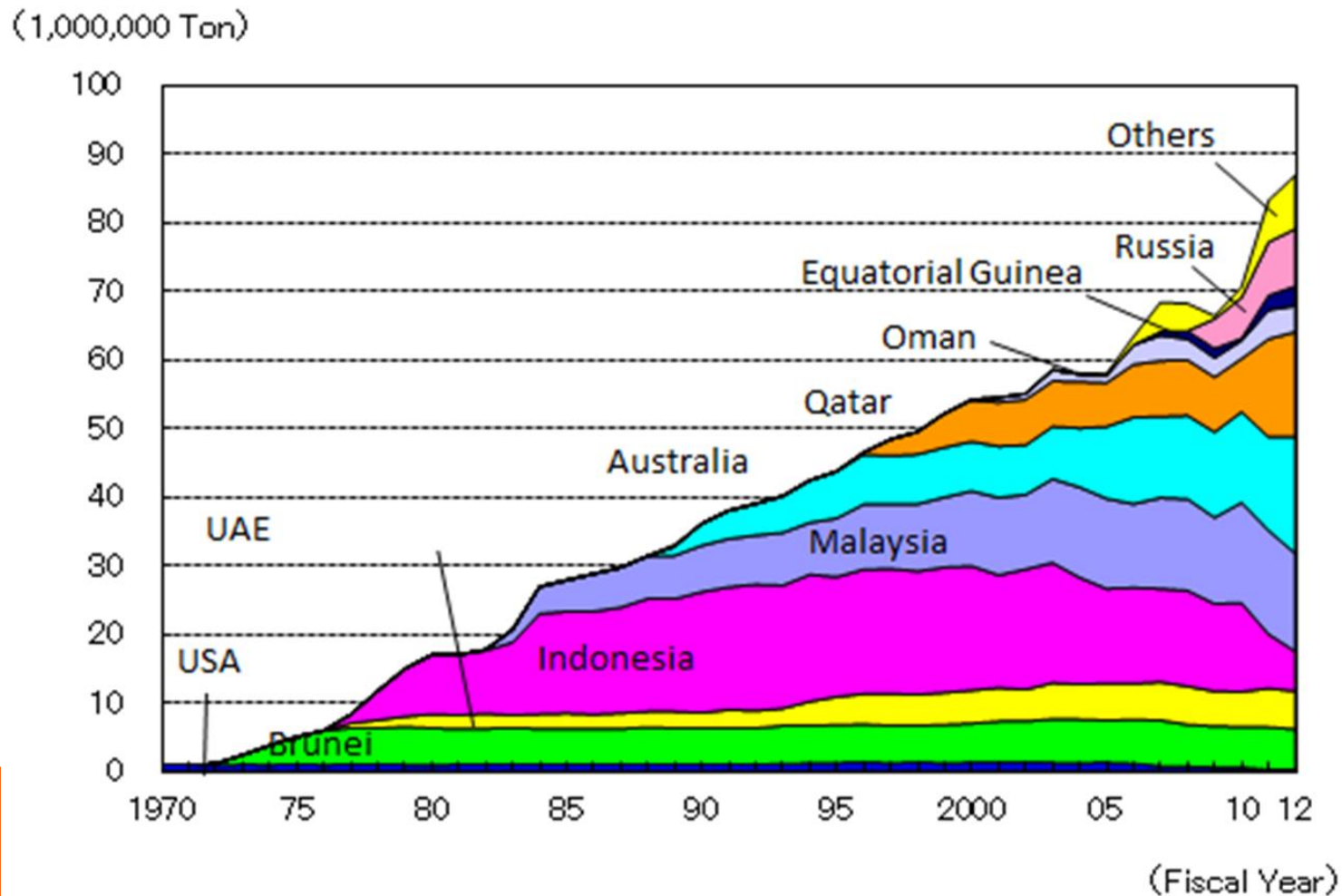
3 Objectives

- (1) Securing a stable supply of electricity
- (2) Suppressing electricity rates to the maximum extent possible
- (3) Expanding choices for consumers and business opportunities



©At around 2015: Transition to new regulatory organizations.)

LNG Supply Sources to Japan



Source: Annual Energy Report (June, 2014) - Agency for Natural Resources and Energy