



Joint Resources Committee

June 17, 2015

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# Introduction to Caelus Energy Alaska

- ❖ “Caelus” – Roman God of the Sky
- ❖ Privately-held Independent E&P company
- ❖ MAPA attracted us to Alaska, and encouraging strong company investment

## Alaska North Slope Operations:

- ❖ 70% w.i. and operator of Oooguruk
- ❖ 15,000 BOPD gross production
- ❖ 80 + full-time Alaska employees
- ❖ Heavy contractor load last winter
  - Frac program, Nuna gravel, seismic
- ❖ **\$220+ million 2015 capital budget**
  - Roughly 65%/35% ODS/Nuna
  - ODS costs shared with Eni



# Caelus Energy Alaska's Operations: Technology @ Work

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## New Record : Oooguruk Field Enhancements

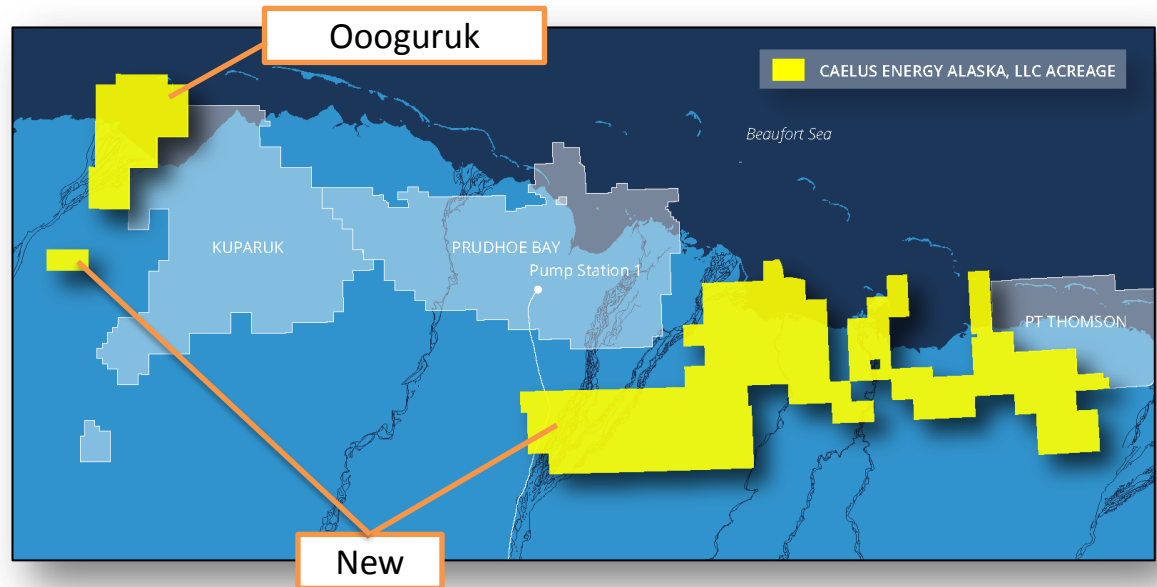
- ❖ North Slope leader of new frac technology utilization
- ❖ Largest frac treatments on North Slope to date
- ❖ Oooguruk production record: 22,531 b.o.p.d., (May 23)



# Caelus Energy Alaska's Operations: Growing the Pie

## New Acreage:

- ❖ 323,000 NEW acres
- ❖ 3D Seismic Programs
  - 2 large 3D acquisition winter programs
  - Future exploration program



## New Project: Nuna

- ❖ Project sanctioned
- ❖ Gravel pad and road installed
  - 600,000 CY Gravel
  - 27,000 loads
- ❖ First oil 2017





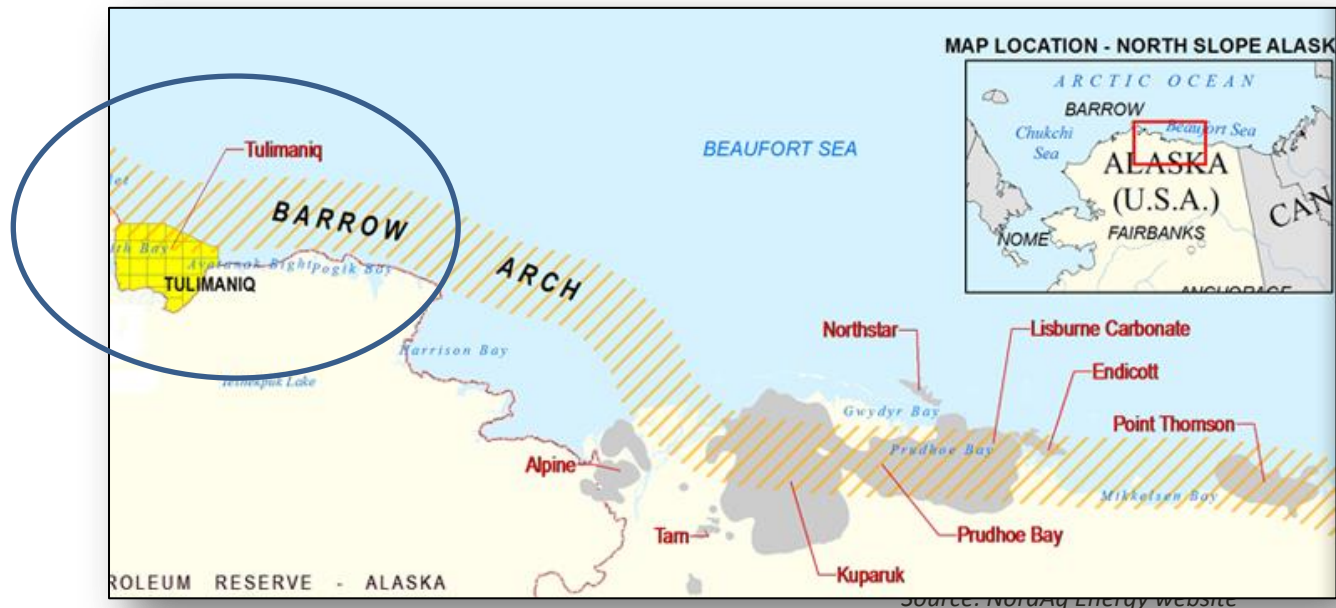
# Caelus Energy Alaska's Operations: Growing the Pie

## New Acquisition:

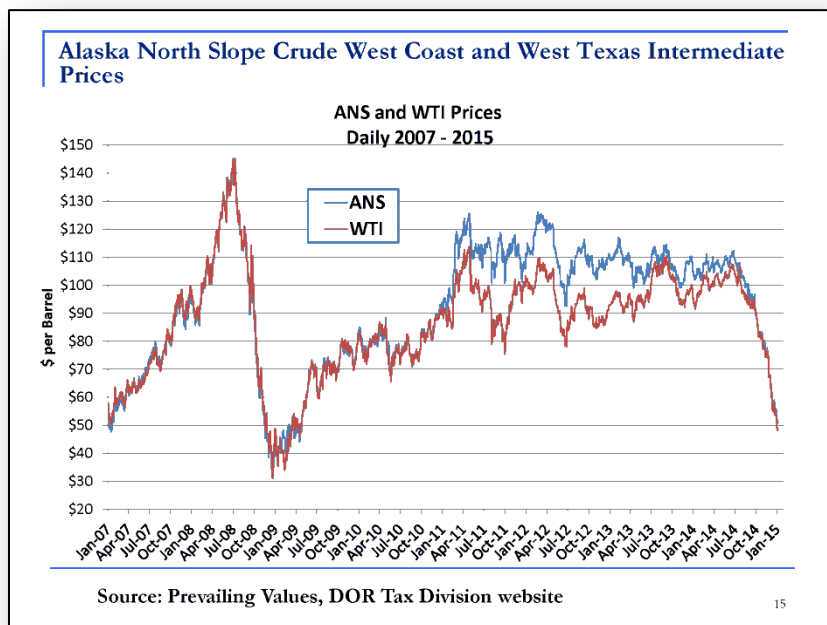
- ❖ Tulimaniq leases / Smith Bay
- ❖ 26 leases / ~117,000 acres
- ❖ 75 % w.i. owner and operator
- ❖ Highly prospective oil play
  - ❖ Westward extension of Barrow Arch

## Large scale winter exploration program:

- ❖ ~ 400 personnel
- ❖ 1-2 vertical exploration wells
- ❖ Teaming with Doyon Drilling and Cruz Construction



# Low Oil Prices: Finding Efficiencies and Opportunities



## Caelus Activities:

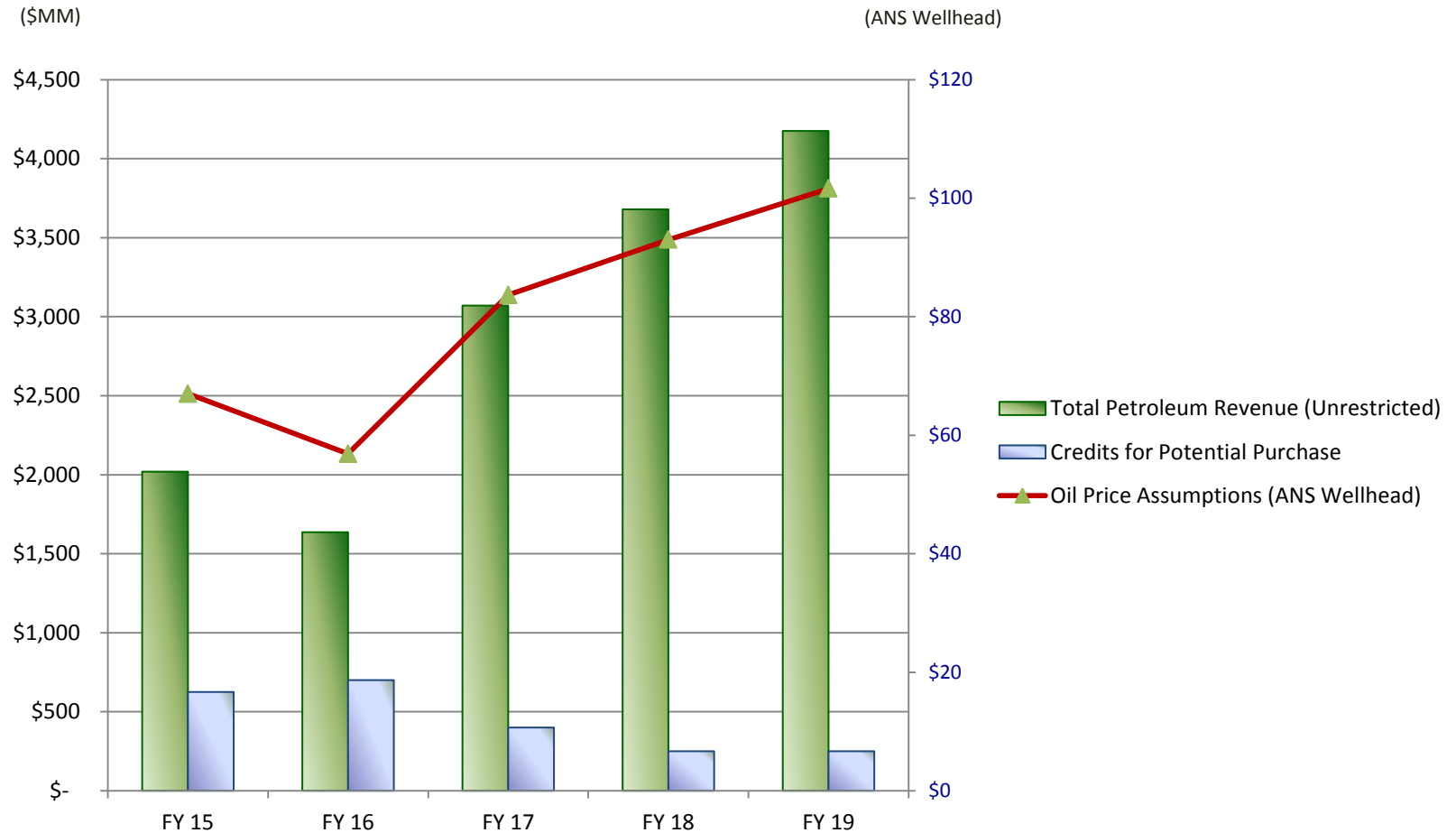
- ❖ Identify priorities
- ❖ Focus on objectives
- ❖ Seek opportunities
- ❖ Keep moving forward

## PRICE & CREDITS:

“The credits do not work in a vacuum. The entire oil fiscal scheme needs to be viewed as an integrated system, especially in view of the high amount of royalties received at low prices. As a result the fiscal system is functional and competitive across a broad spectrum of prices.”

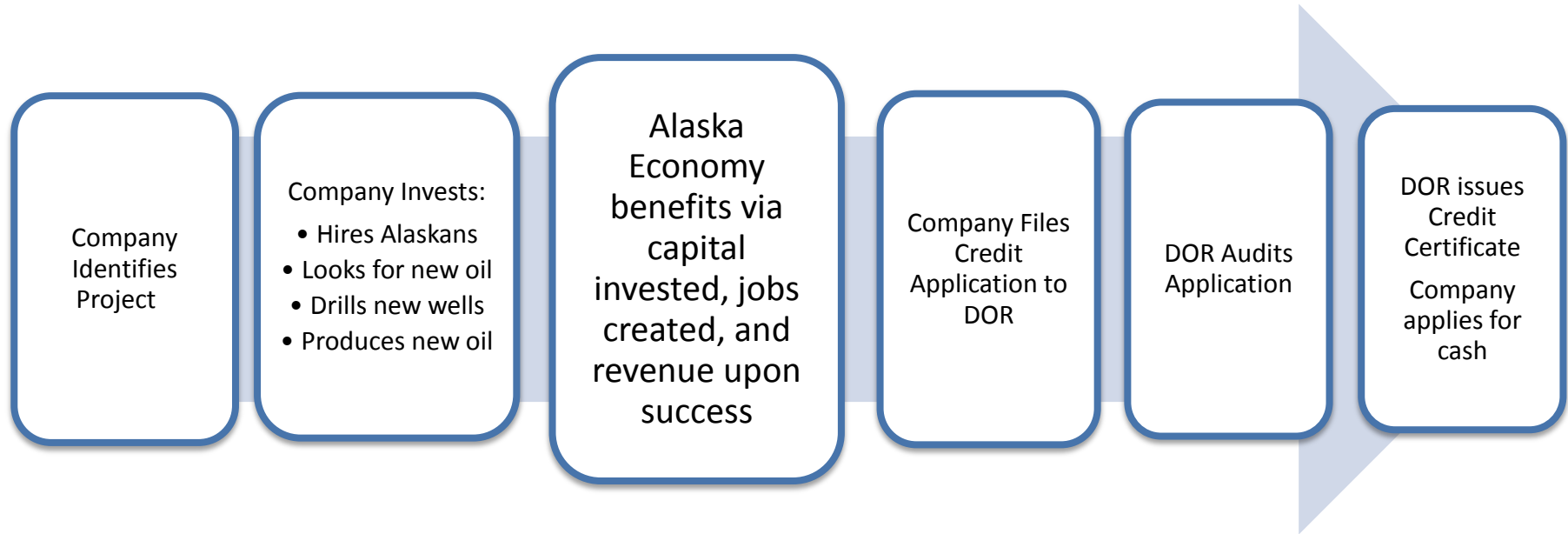
Roger Marks, Anchorage Daily News  
April 25, 2015

## Forecasted Petroleum Revenue (Unrestricted) vs Refundable Credits



Source: Department of Revenue , Revenue Sources Book Fall 2014

# Credit Process: Economic Benefits & Time Value of State Dollars



AS 43.55.023 (b)  
Net Operating Loss Credit

Activity, Application and Processing: 18-24 months

AS 43.55.025  
Alternative Credit for Exploration

Activity, Application and Processing: 30 - 40 months



# Economic Benefits of Industry Investment

- ❖ Oil and gas activity in Alaska generated **\$6 Billion** in combined public and private **payroll** in 2013
- ❖ It is estimated that 1/3 of all Alaska's wage and salary jobs, **approximately 110,000**, are tied to the oil and gas industry



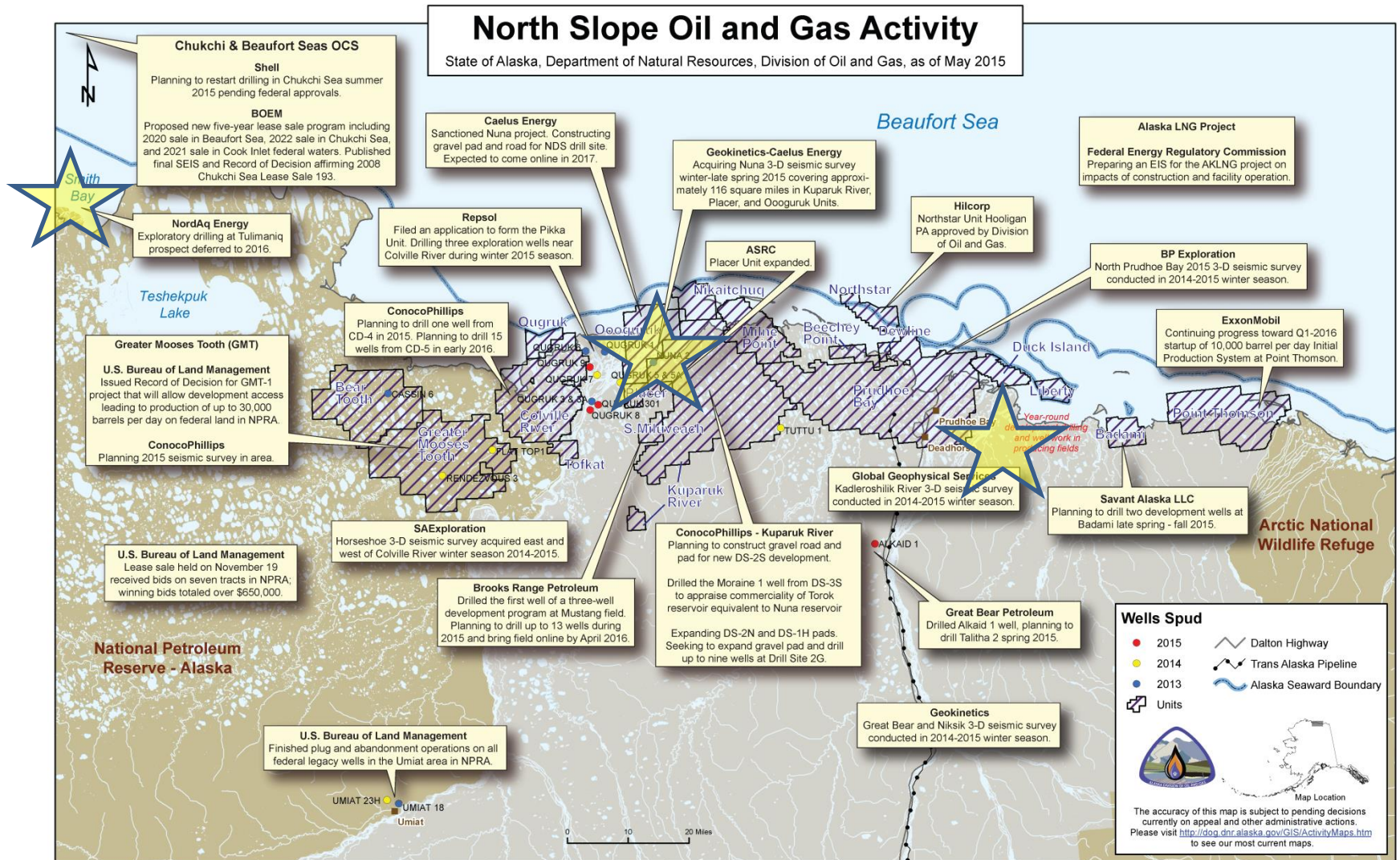
**1** oil and gas industry job generates  
**20** other jobs through industry spending:  
**9 private sector jobs and 11 government jobs.**

Source: "The Role of the Oil and Gas Industry in Alaska's Economy," McDowell Group, May 2014



Source: "The Role of the Oil and Gas Industry in Alaska's Economy" presented by the McDowell Group

# Is Alaska's North Slope Oil and Gas Fiscal Policy Working?





# Closing Policy Considerations

## ❖ Alaska has Great Resource Potential

- Conventional 5 bbo/35 tcf gas, Heavy 24-33 bbo, Unconventional 2bbo/12tcf gas\*
- Alaska needs exploration/development companies to fully tap all of Alaska's petroleum resources

## Stable, Competitive Fiscal Regime Remains Crucial to new Investment and Investors

- MAPA is working: credit system is integral to overall fiscal system, encourages right activities, economically benefits Alaska and Alaskans
- **Grow the Pie:** More jobs, oil and revenue for Alaska
- Encourage extensions for small producer and alt. exploration credits – minimal expense overall / right activity.