

# SLIDES IN RESPONSE TO SFIN QUESTIONS TO DNR FROM 1/27/2021 PRODUCTION FORECAST HEARING

- Reconciliation of discrepancy in historic production rates reported by DNR and those reported by DOR in the Revenue Sources Book (RSB) (re: slide 5)
- North Slope historic and forecasted (Fall 2020) decline rates (ref: slide 5 & 15)
- Historic North Slope production and impact of “Post 1988” discoveries
- Fiscal Year (FY) 2021 actual production for first 5 months compared to forecast (ref: slide 8) with FY 2022 forecast range added for reference
- Prudhoe Bay Unit production showing seasonal variance (ref: slide 9) consolidated into quarterly tranches
- Point Thomson Unit overview of production and field up-time since start up

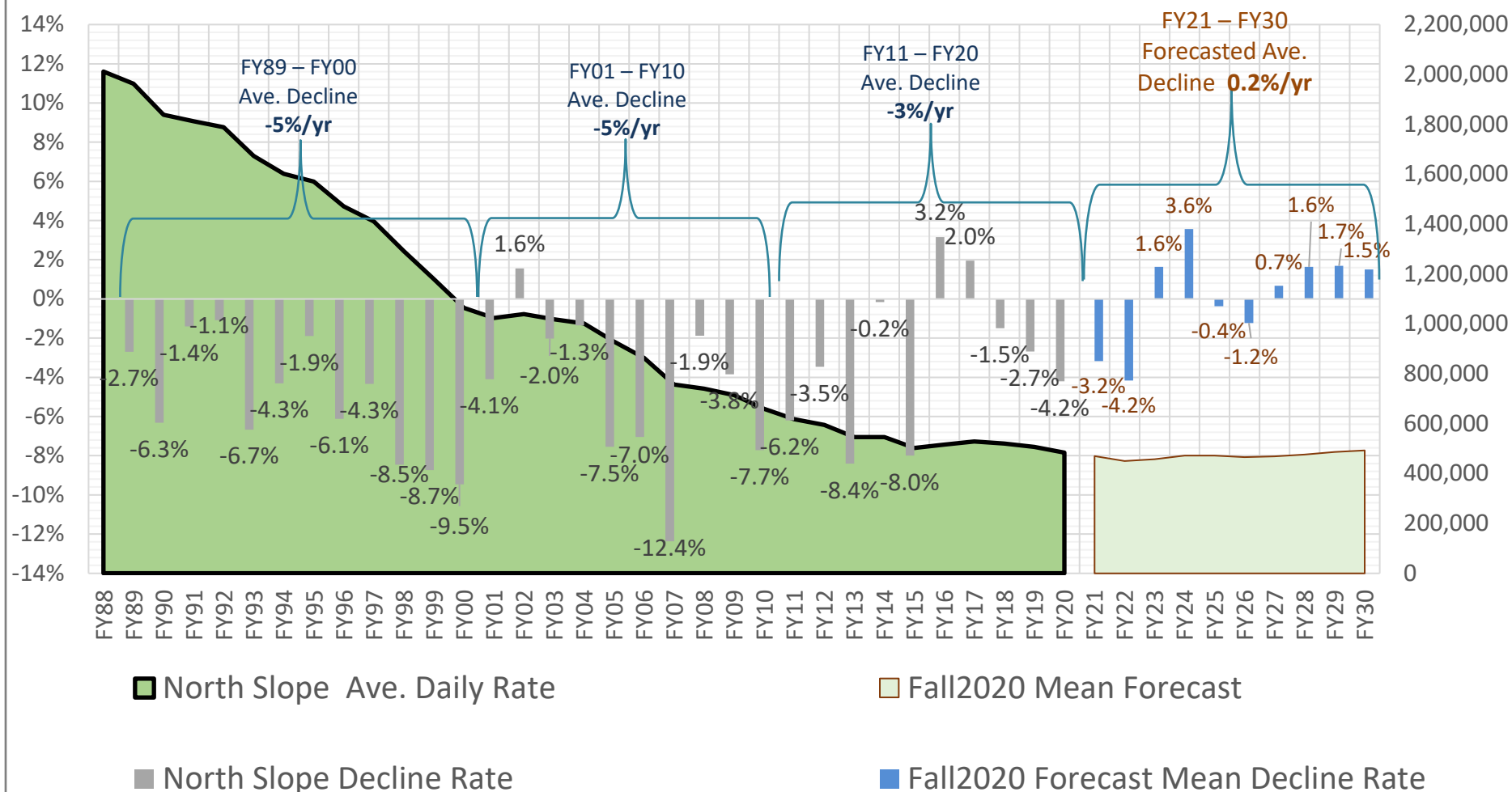
# DIFFERENCES IN HISTORICAL NORTH SLOPE PRODUCTION REPORTED BY DNR (AOGCC) AND RSB

Slide 5: Historical North Slope production reported by the DNR across the last five Fiscal Years (FY2016 - FY2020) showed a discrepancy with those published in the Fall 2020 Revenue Sources Book (RSB).

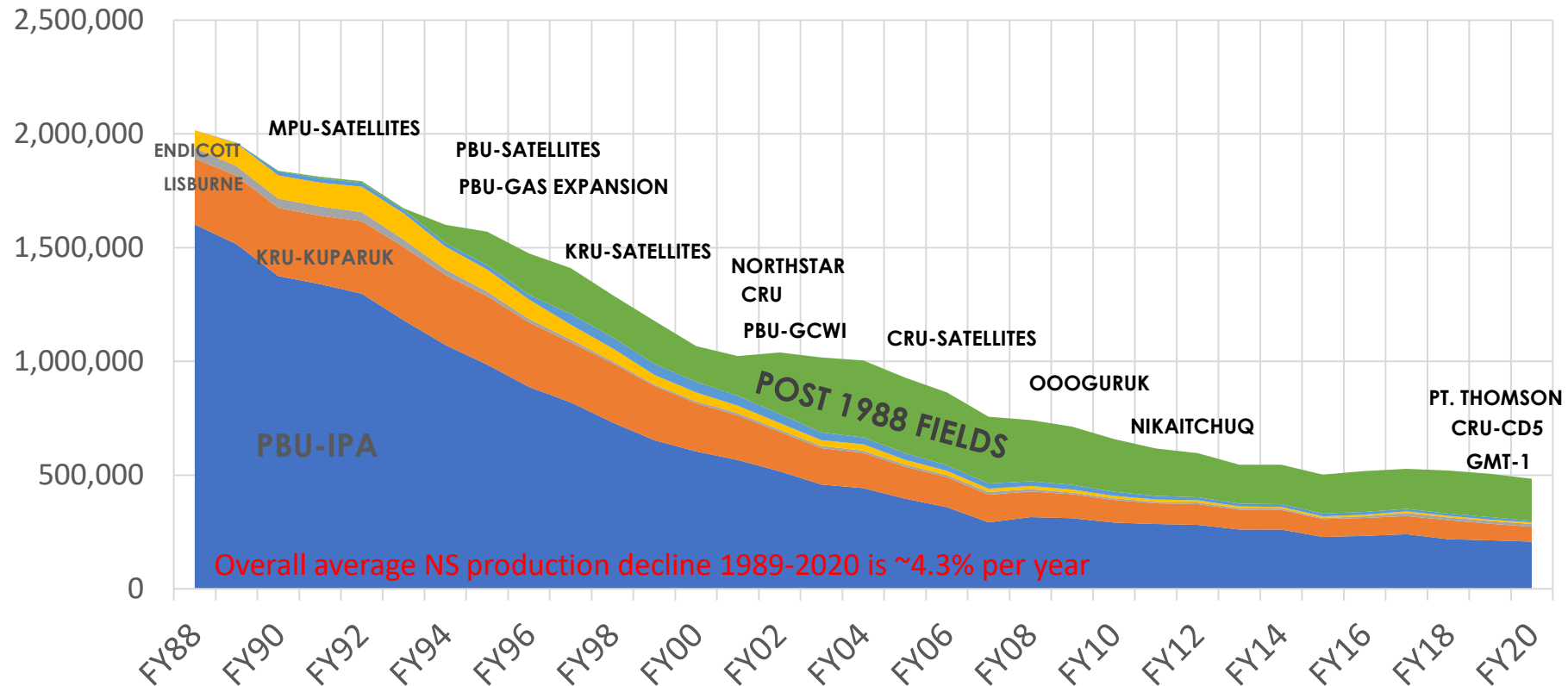
- DNR reports those production volumes tracked, compiled, and published by the Alaska Oil and Gas Conservation Commission (AOGCC). These volumes embody all volumes produced from each well, reservoir, and field on the North Slope and are the historical production volumes used by the DNR in forecasting future reservoir performance.
- Production volumes reported by DOR and published in the RSB represent **volumes subject to production tax**.
  - For FY's 2019 & 2020, the bulk of the discrepancy can be accounted for due to the exclusion of the ~10,000 barrels of natural gas liquids (NGLs) produced at PBU and exported to KRU to be used in Enhanced Oil Recovery (RSB; Chapter 6, page 48)
    - These NGL barrels are excluded by DOR due to not being tax bearing at the time of transfer. It should be noted however, that they are royalty bearing at the time of transfer.
  - Other reasons for minor differences are due to the different data sources. Volumes reported to AOGCC may not match the volumes reported by the taxpayer on their production tax returns for various reasons. DOR relies on the best and most current data set that they have, and that is the information from the production tax returns.

# OVERALL PERSPECTIVE: NORTH SLOPE

## North Slope Average Oil+NGL Rate & Year/Year Decline



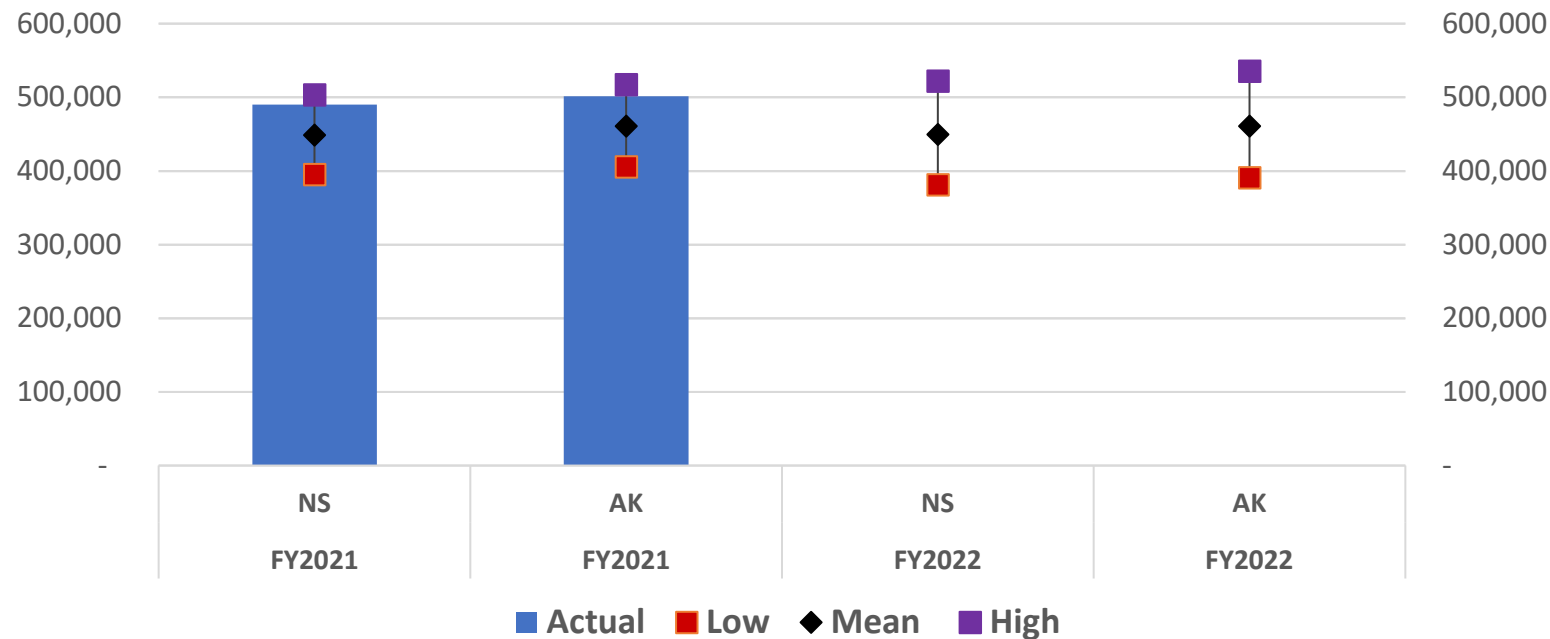
# NORTH SLOPE NEW DISCOVERIES IN THE CONTEXT OF NORTH SLOPE HISTORICAL PRODUCTION



- Since 1988, North Slope production, including all activity and new fields coming online, has demonstrated a consistent average exponential annual decline rate of ~5% per year
- New additions since 1988 have added over 2 Billion barrels of oil production
- Some new fields, e.g CRU peaked at 140MBOPD, comparable to expected peaks of current new discoveries
- Some expected major new fields/additions include the following: Pikka, Willow, GMT2

# FALL 2020 PRODUCTION FORECAST: FY 2021 OUTLOOK

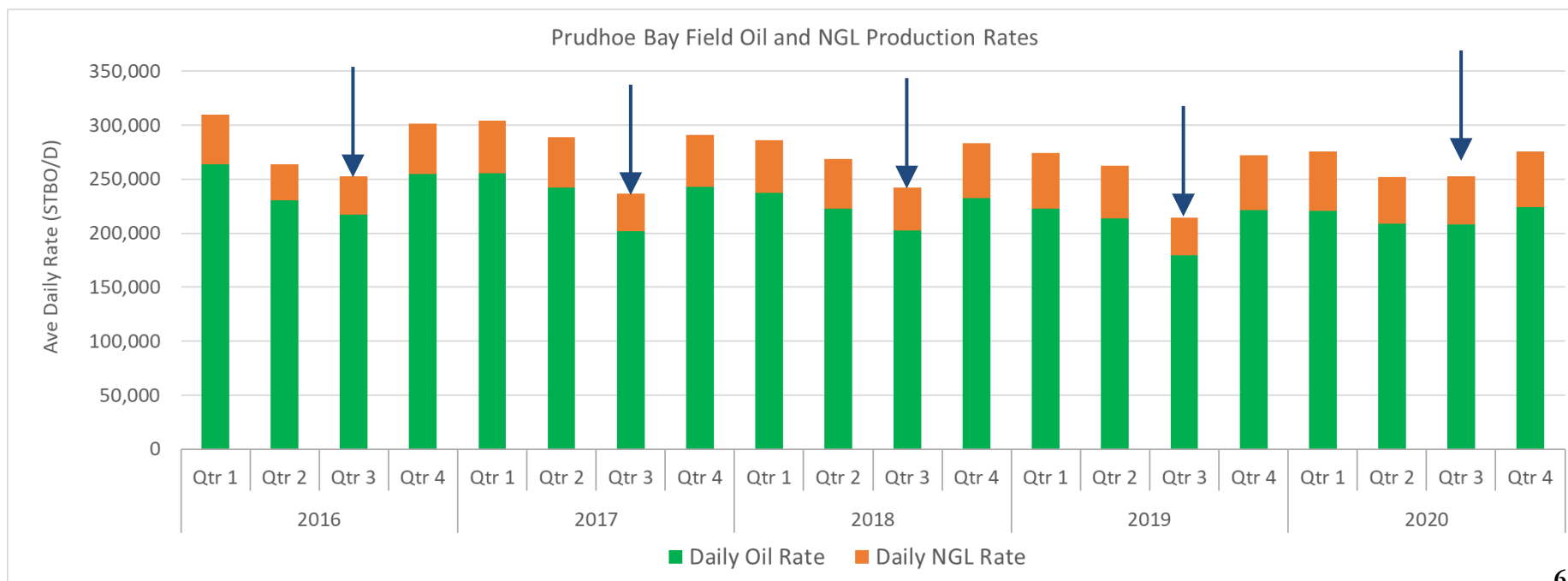
NS and Statewide Production and Forecast:  
July 2020 through November 2020 (FY2021) and FY2022



- For the first 5 months of FY2021 (July 2020 to Nov 2020), on average, daily production has come in within the range forecasted by the DNR.
- Difference between average daily production and mean forecasted statewide production is ~40,000 bbl; related to operational and production ramp-up timing decisions

# FY2021: PRODUCTION VARIANCE JULY – NOV 2020

- Deferred/forestalled summer turnaround maintenance (TAR) benefits summer oil and NGL production
- Ongoing production optimization efforts improve facility efficiency, as well as facility and well uptimes.

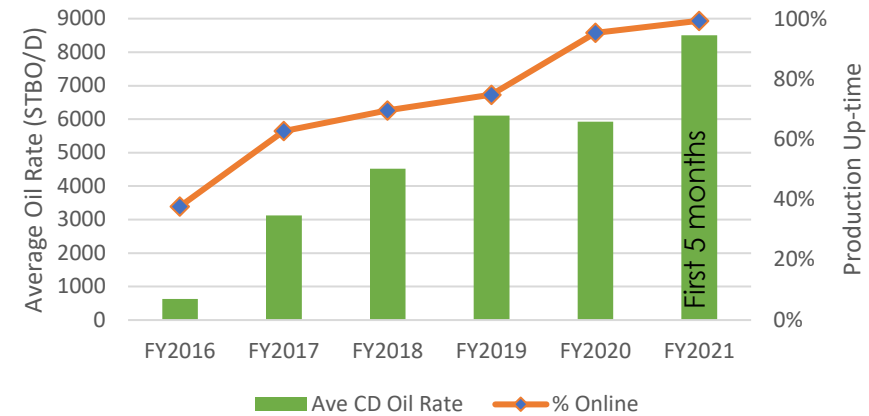


# POINT THOMSON UNIT:

- High pressure (~10,000 psi) retrograde condensate reservoir
- PTU IPS designed to cycle 200 MMscf gas per day and deliver up to 10,000 barrels of oil a day to TAPS
- Field came online April, 2016
- Currently 3 active wells: PTU-17 gas producer and PTU15 & PTU16 gas injectors
- Facility reliability issues since start-up impacting field uptime and production rates.
- Replacement and modifications have resulted in increased uptime and production.
- In first 5 months of FY 2021, uptime is 99% with average daily gas rates >150 MMscf/day and average daily condensate rates of ~8,500 barrels/day

**Cum Oil to date ~ 9 Million Barrels**

Ave. Condensate Rate & Field Uptime



Ave. Gas Rate & Condensate Yield

