



Alaska Senate & Alaska House
Resource Committee
February 7, 2024

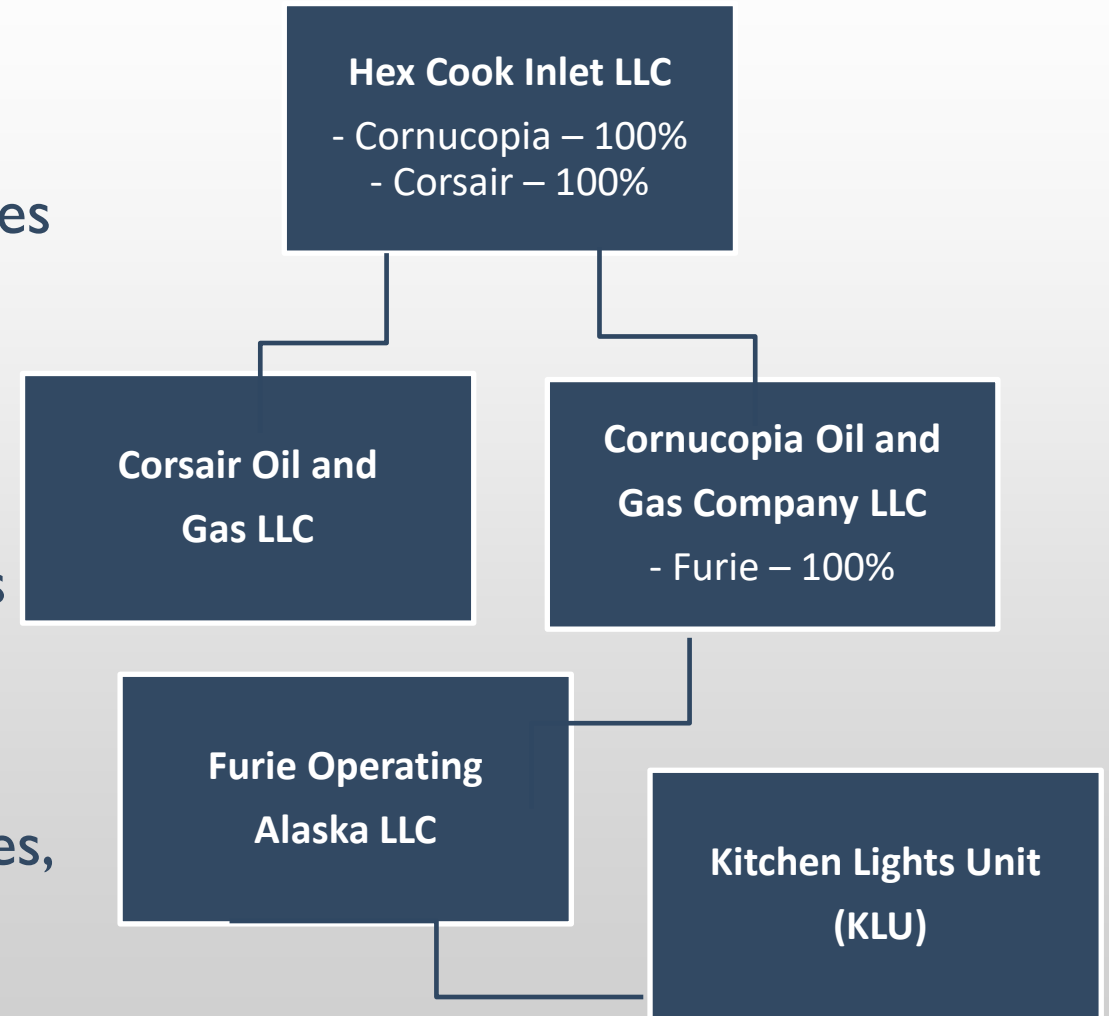


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HEX Corporate Structure

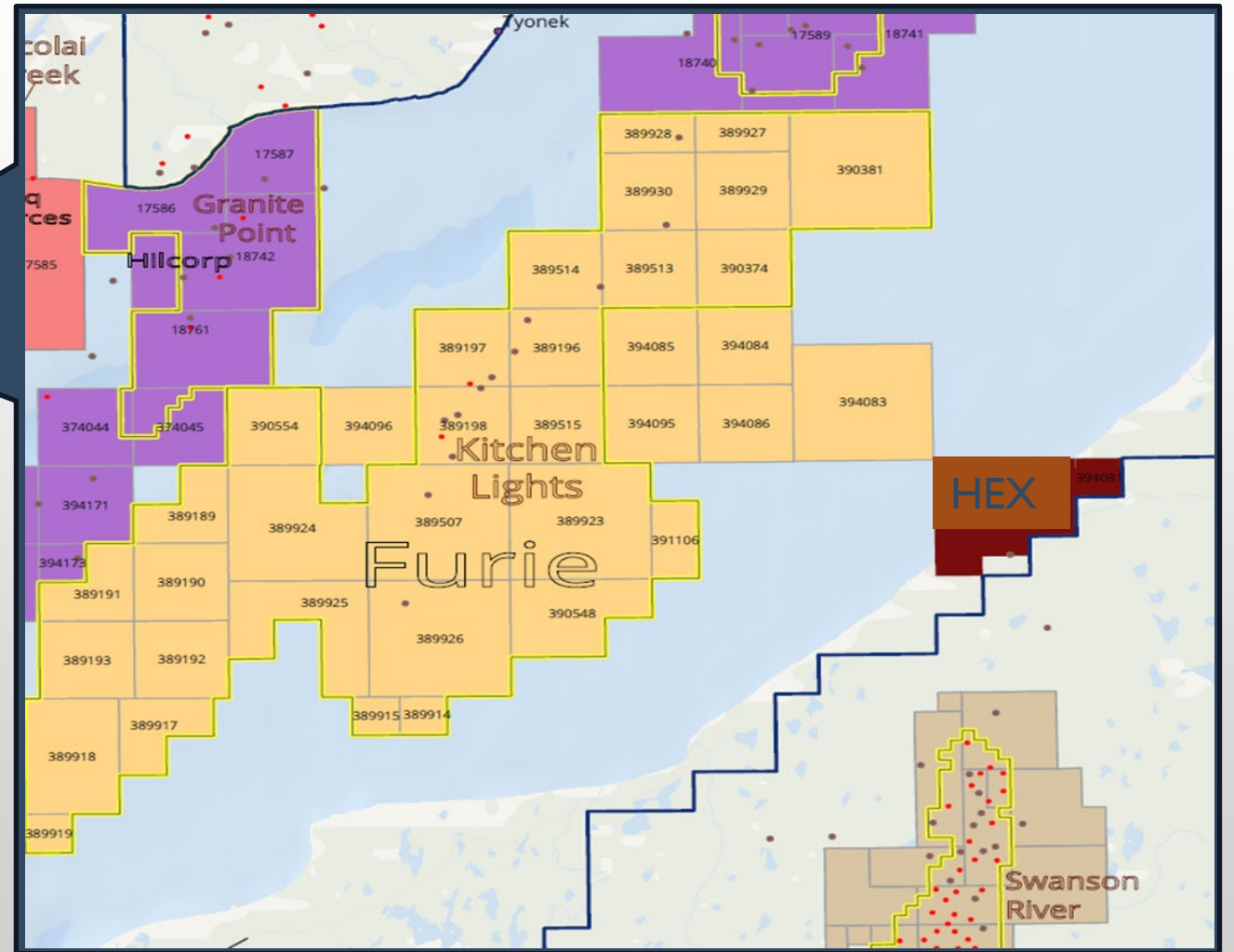
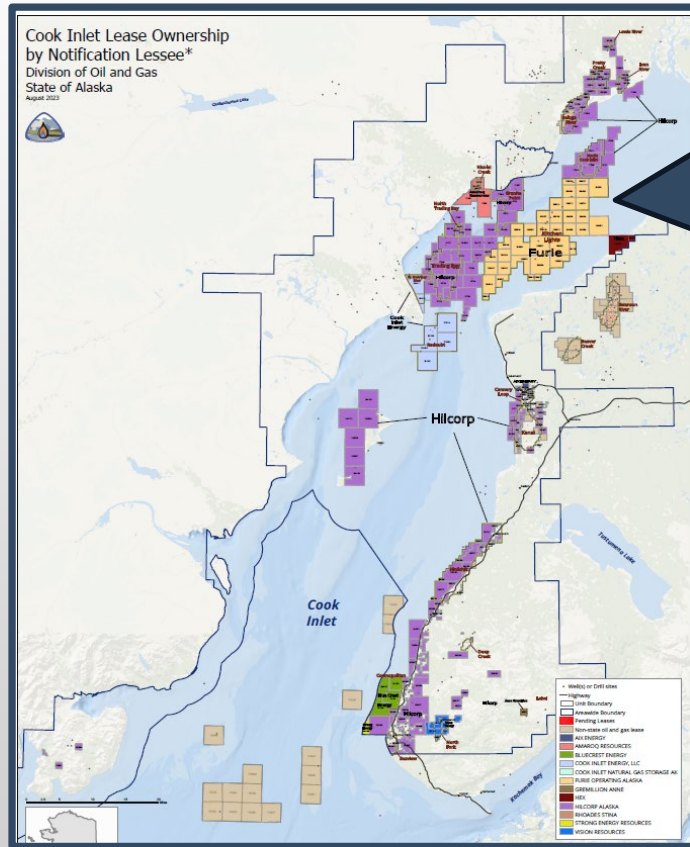
- HEX L.L.C. 100% Alaskan Owned
- HEX Cook Inlet LLC acquired subsidiaries Cornucopia, Corsair, Furie, and 90% of the KLU on July 1st, 2020
- Newest gas producer in Cook Inlet
- Furie is the operating company that runs the offshore platform, gathering line and onshore gas processing facility
- Gas Sales to Electric Utilities, Gas Utilities, and Refinery in Southcentral Alaska



Kitchen Lights Unit Infrastructure



HEX & Furie Cook Inlet Leases



HISTORY OF Kitchen Lights Unit (KLU)

- 1999 - 2009 Escopeta acquires leases – State of Alaska Renaissance Alaska, Pacific Energy Resources
 - Kitchen Lights Unit approved by State of Alaska
- 2010 - 2014 Spartan 151 Jackup rig arrives in Cook Inlet
 - 5 Exploration wells Drilled in KLU
- 2015 - 2017 Julius R Platform set,
 - Gas Sales to HEA and other utilities
- 2018 - 2019 Energy Capital Partners Assumes Control of Furie
 - Hydrates block gathering line ceasing gas production
 - Chapter 11 Re-organization
- 2020 - 2024 HEX acquires Furie & KLU
 - Stable gas production and sales to Southcentral utilities and refinery
 - Permitted and installed water handling equipment for Sterling production
 - HEX & Furie acquired Cook Inlet Leases in 2021, 2022, and 2023 lease sales
 - Acquired used gas production equipment for ~10-15 MMcfd facilities x3
 - State of Alaska pays final Cook Inlet Tax Credits to pre-HEX lenders
 - \$10 MM invested in workover operations in 2023 with hydraulic workover unit
 - October 2023 HEX pays off AIDEA loan in full and ahead of schedule
 - Purchases Seismic Data from State of Alaska

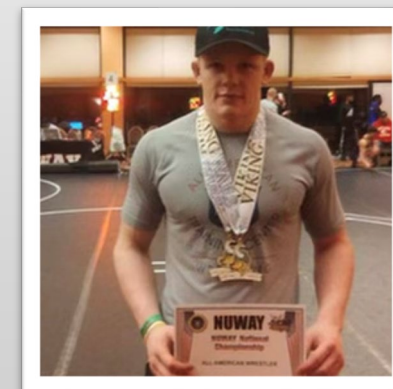
Alaskan Company Supporting Alaskans

Kenai Boys and Girls Club



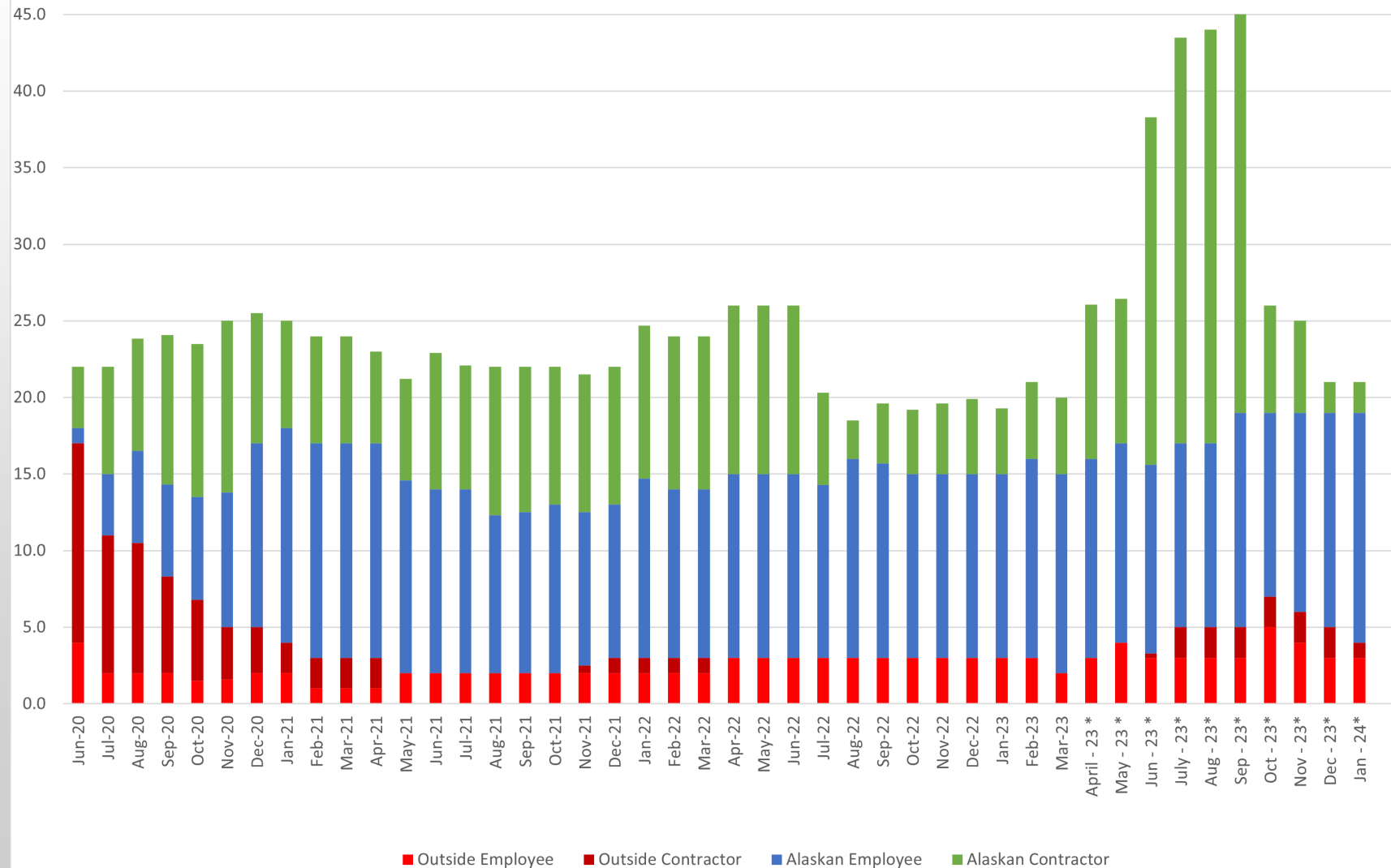
Others:

- Alaska Resource Education
- Rosie Brennan – USA Ski Team
- Soldotna Whalers Wrestling Club
- Anchor Kings – Anchor Point
- Popeye Wrestling Homer
- Boys & Girls Clubs of Alaska
- Boys & Girls Clubs of Kenai
- Rainbow Challenge (Kenai River)
- Senior Center
- Kenai Peninsula High Schools
 - College Scholarship
 - Cody Blossom recipient
- 2 Summer Job Internships



Furie Employment Data

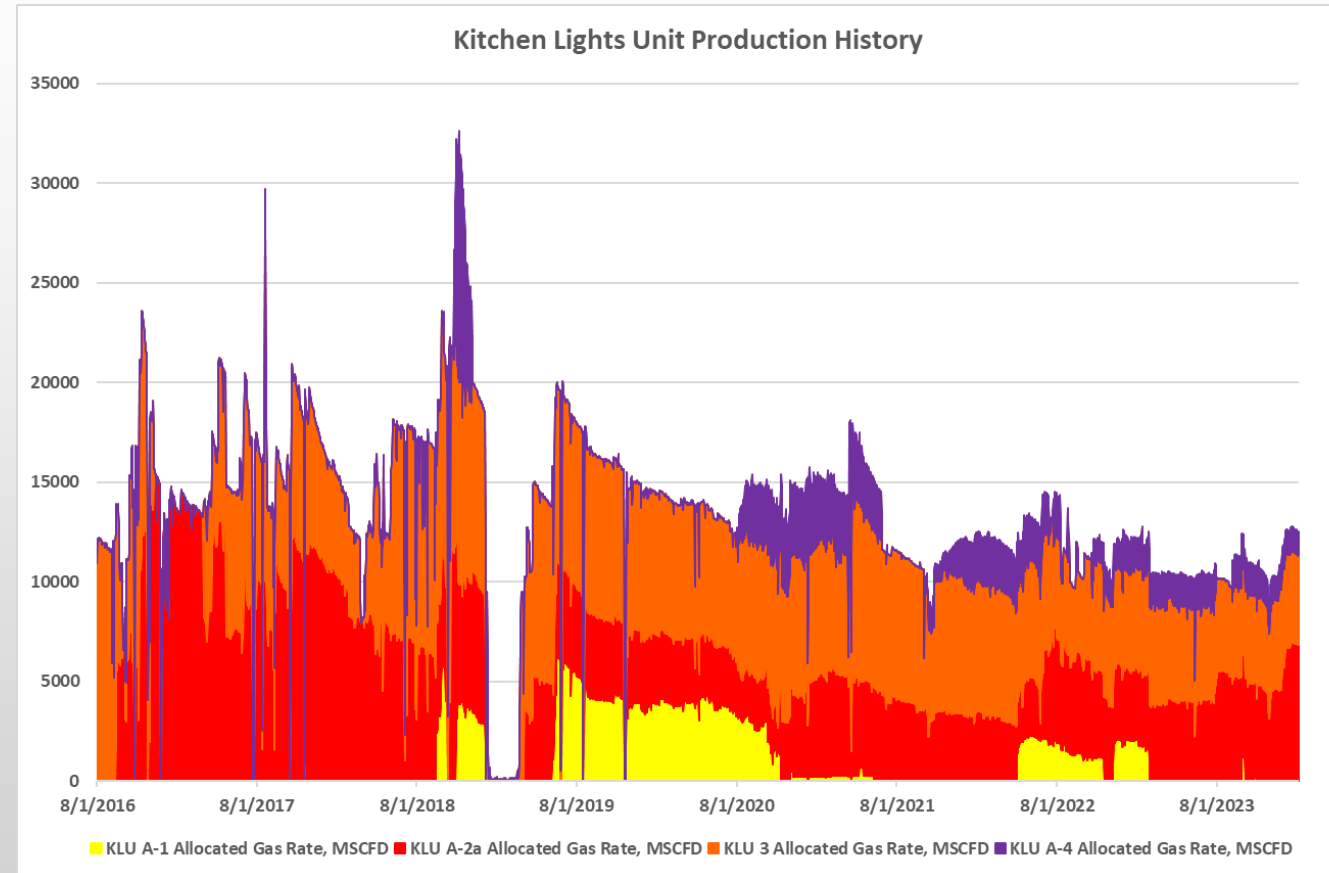
Furie Employment
June 2020 to January 2024



Kitchen Lights Unit Production

Four Production Wells on Julius R Platform (JRP)

- Suboptimal completions in the KLU A-1, A-4 wells result in lower production rates, more down time
 - Illustrated by yellow and purple areas on chart
 - Significant downtime and lower rates related to solids production
- Sand control completions in KLU A-2A, KLU 3 result in better initial and long-term performance
 - Illustrated by red and orange areas on chart

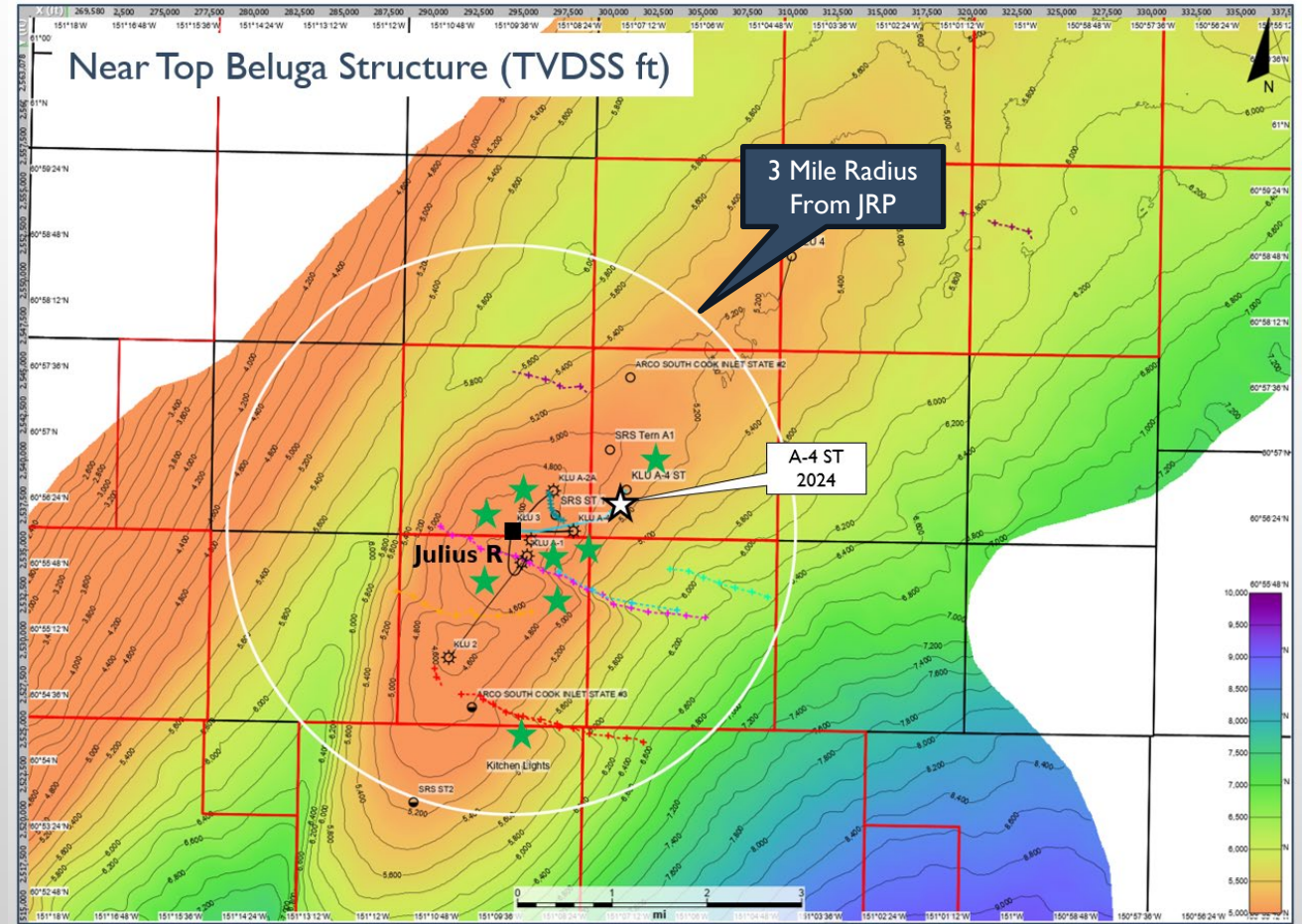


Proposed KLU Beluga Drilling Plan Opportunities

- Significant running room identified
- Initial wells focused on staying high on structure, close to existing production and within sand fairway.
- Well completion design determines sustained production rate
 - “Simple” completion with no sand control can potentially deliver 5MMscfd
 - “Complex” completion with full sand control can potentially deliver upwards of 10MMscfd

- ★ Next well proposed: A-4ST prospect
- ★ Future high-graded prospects

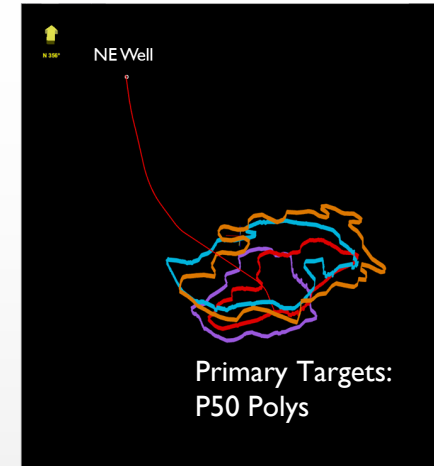
(Program following A-4ST contingent upon financing)



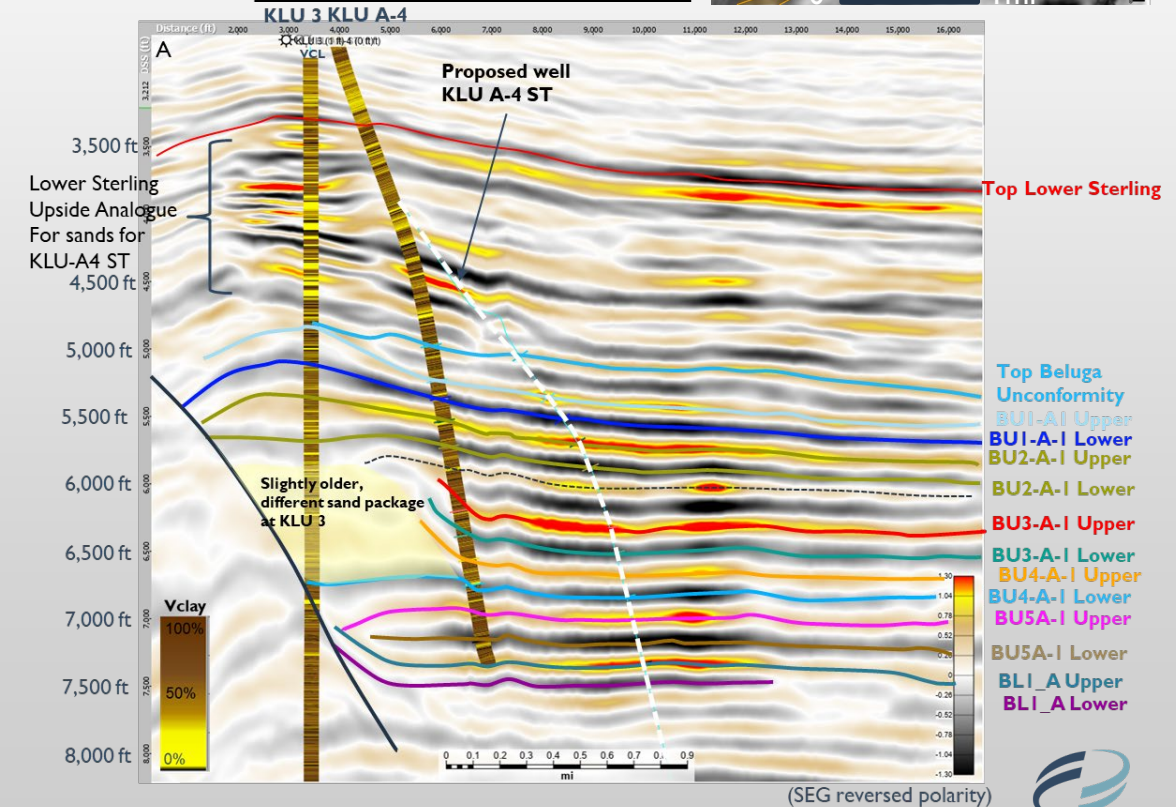
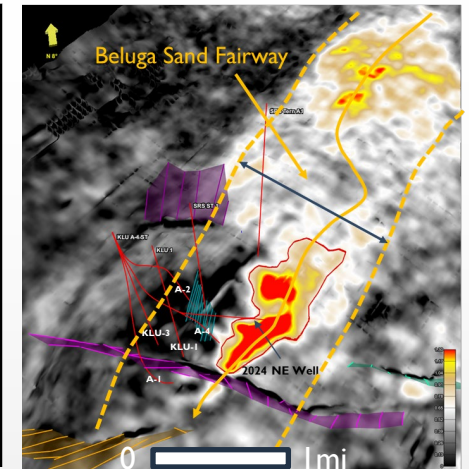
2024 KLU Proposed Program

- Subject to
 - Royalty Relief
 - Enterprise 151 Rig Availability
 - Other Drilling and Completion Equipment and Services Availability
 - Permits – State & Federal
 - Financing
 - Long Term Markets for Natural Gas
- KLU A-4A Sidetrack
 - Simple vs Complex Completion
 - 5MMcfd vs 10+ MMcfd rates
 - \$10MM vs \$25MM
- New Gas to Market
 - ~30 Days to Drill
 - ~30 Days to Complete
 - ~60 Days to Bring New Gas Online
 - Deadline for to decide on simple vs complex completion this month \$3.0M+ expenditure

NE Well Optimized to Target Axial Prospects



3D View of NE BU3-A Target

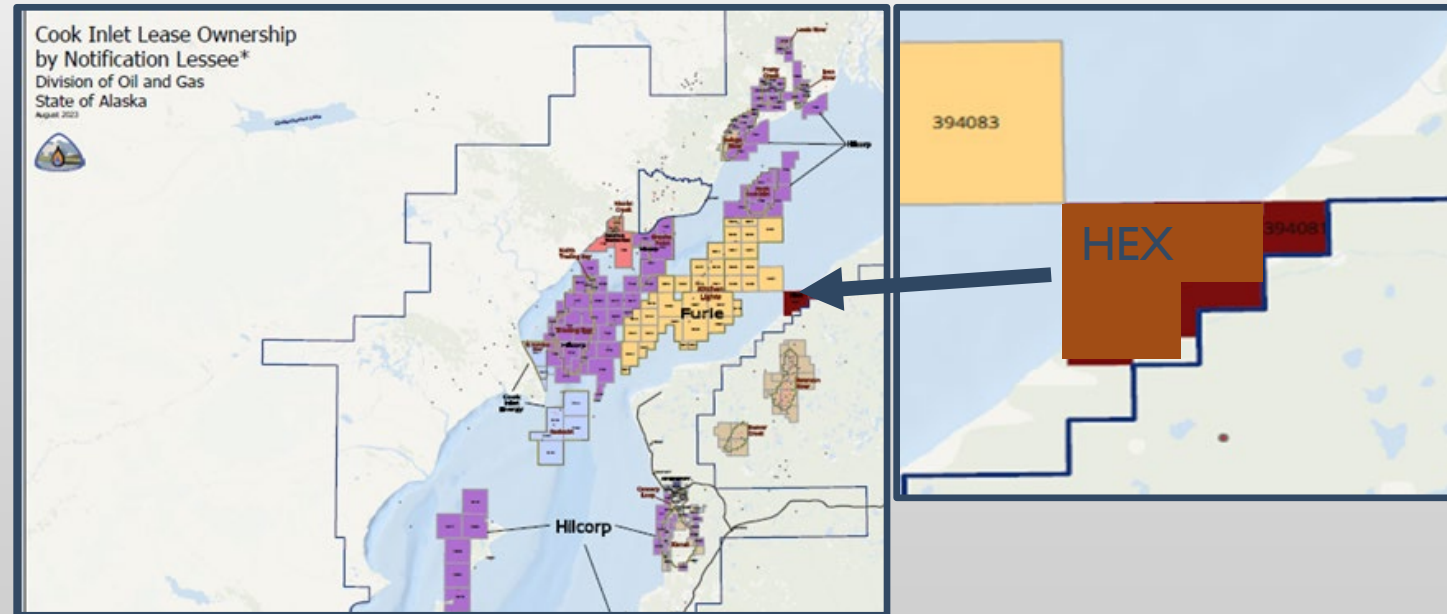
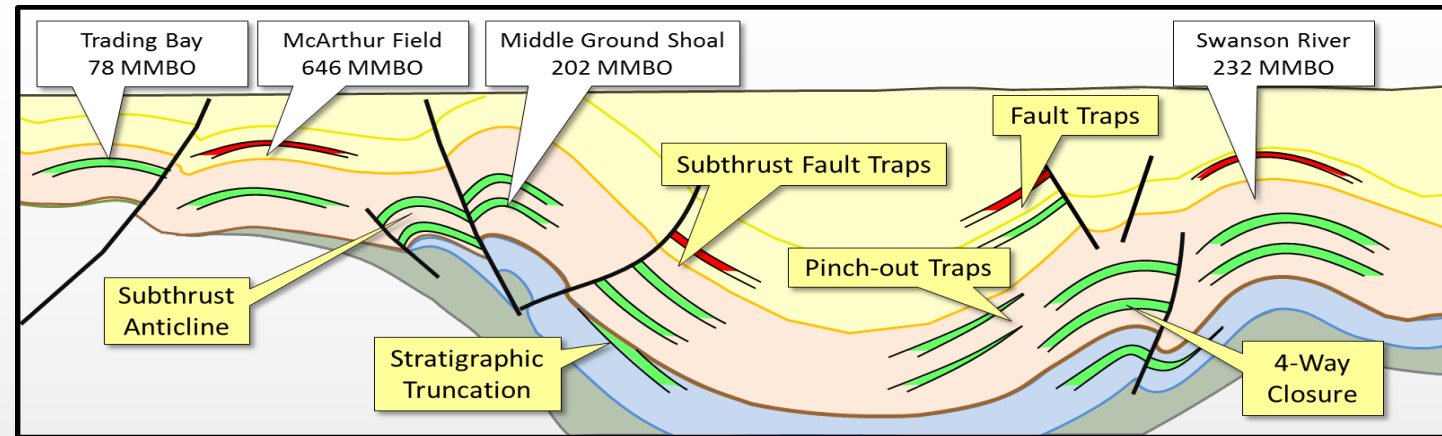


(SEG reversed polarity)

North Kenai Onshore Opportunity

Highlights

- Oil and Gas opportunity with undrilled four-way closures
- Conventional Oil Targets
- Biogenic Gas Play Potential
- Adjacent to existing public roads and regulated natural gas transmission pipeline
- 15 – 24 months to first gas –
 - subject to permits & financing



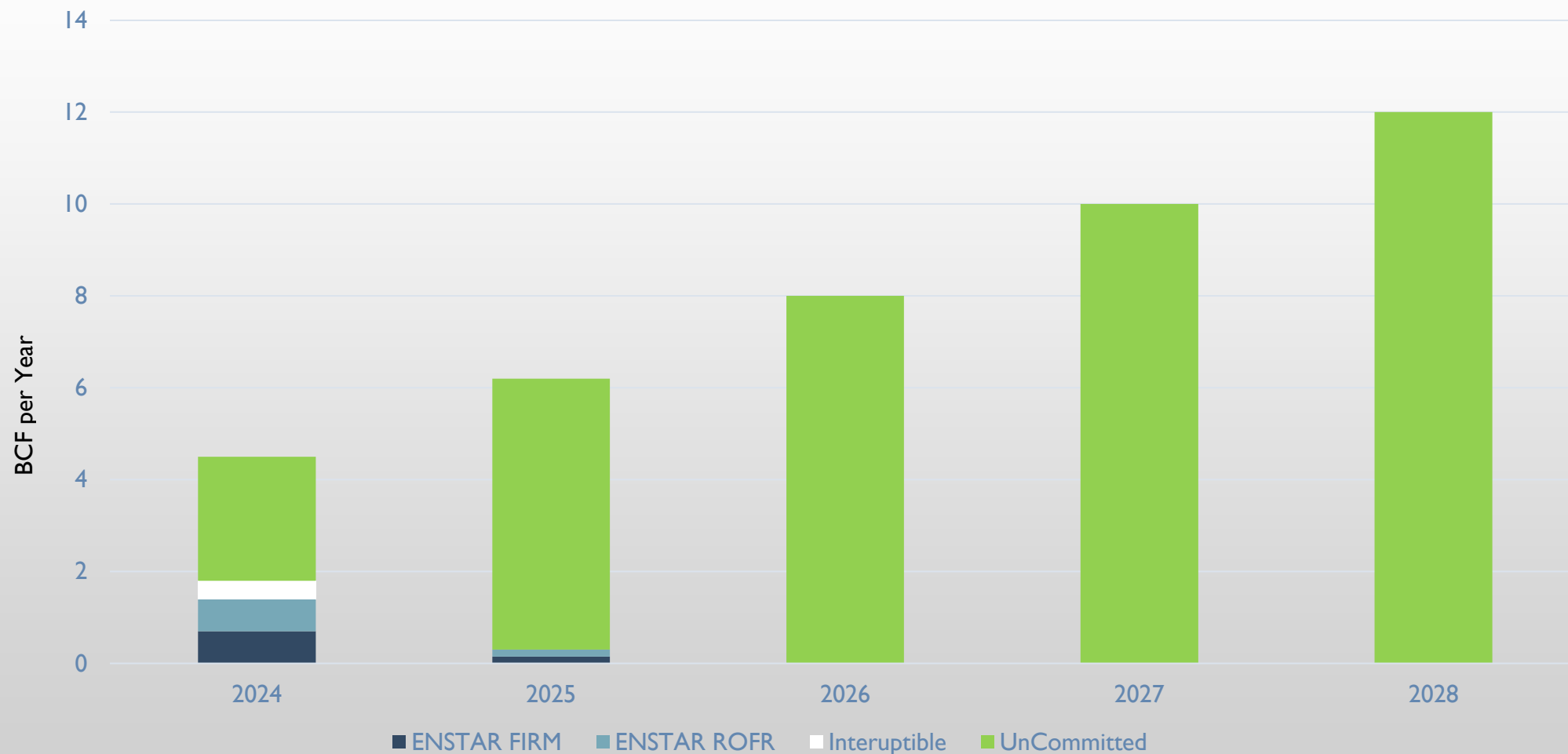
Current KLU Challenges

- State of Alaska Approved Burden on KLU
 - 12.5% Overriding Royalty Interest
 - 12.5% State of Alaska Royalty Interest
 - ~10% Carried Working Interest Owners – New Joint Operating Agreement July 2020

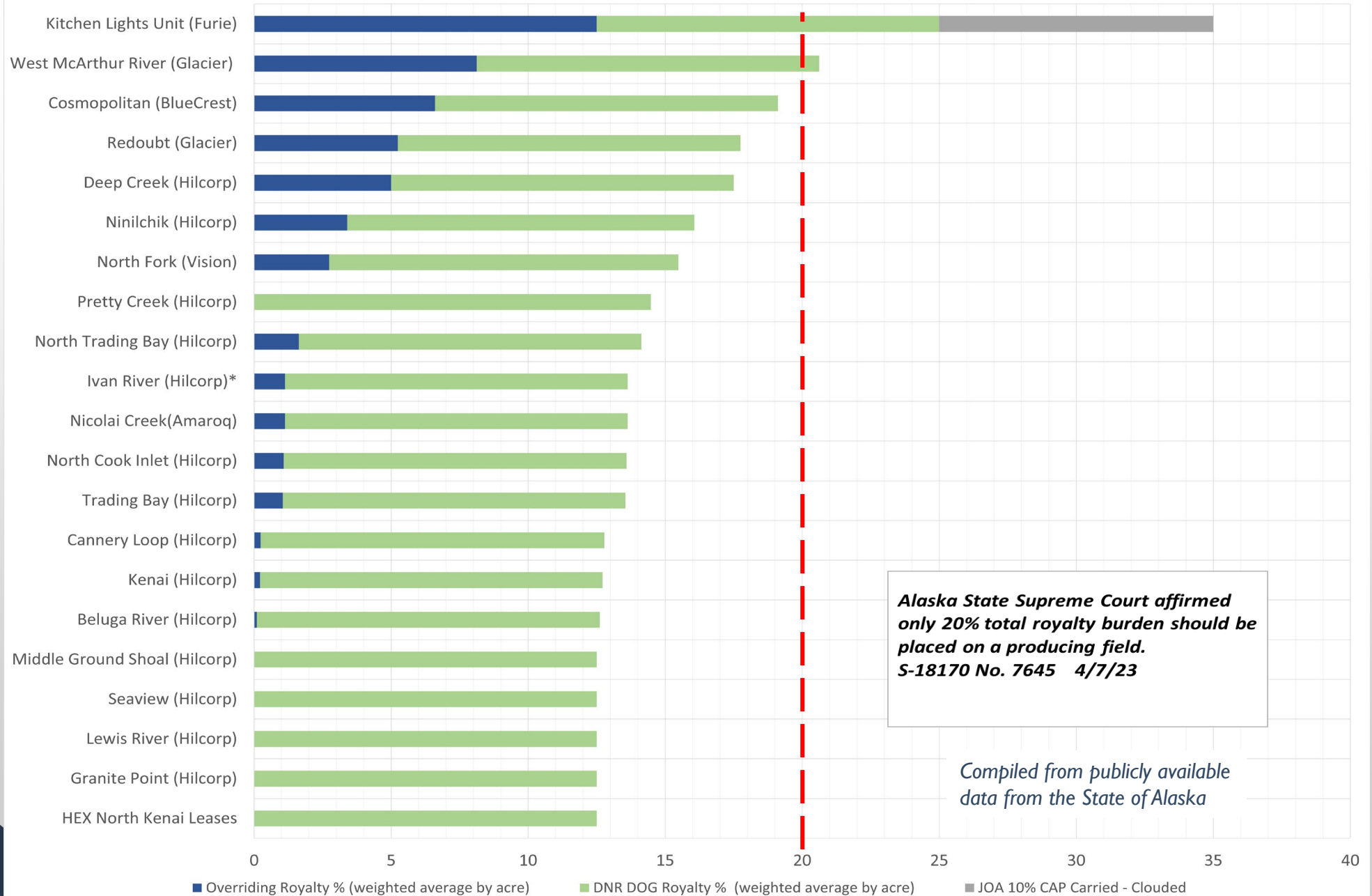
Total Burden approaching 35% on Capital

- Long Term Market Threats to Cook Inlet Natural Gas
 - LNG Imports
 - Market Replacement by Renewables
 - North Slope Gas

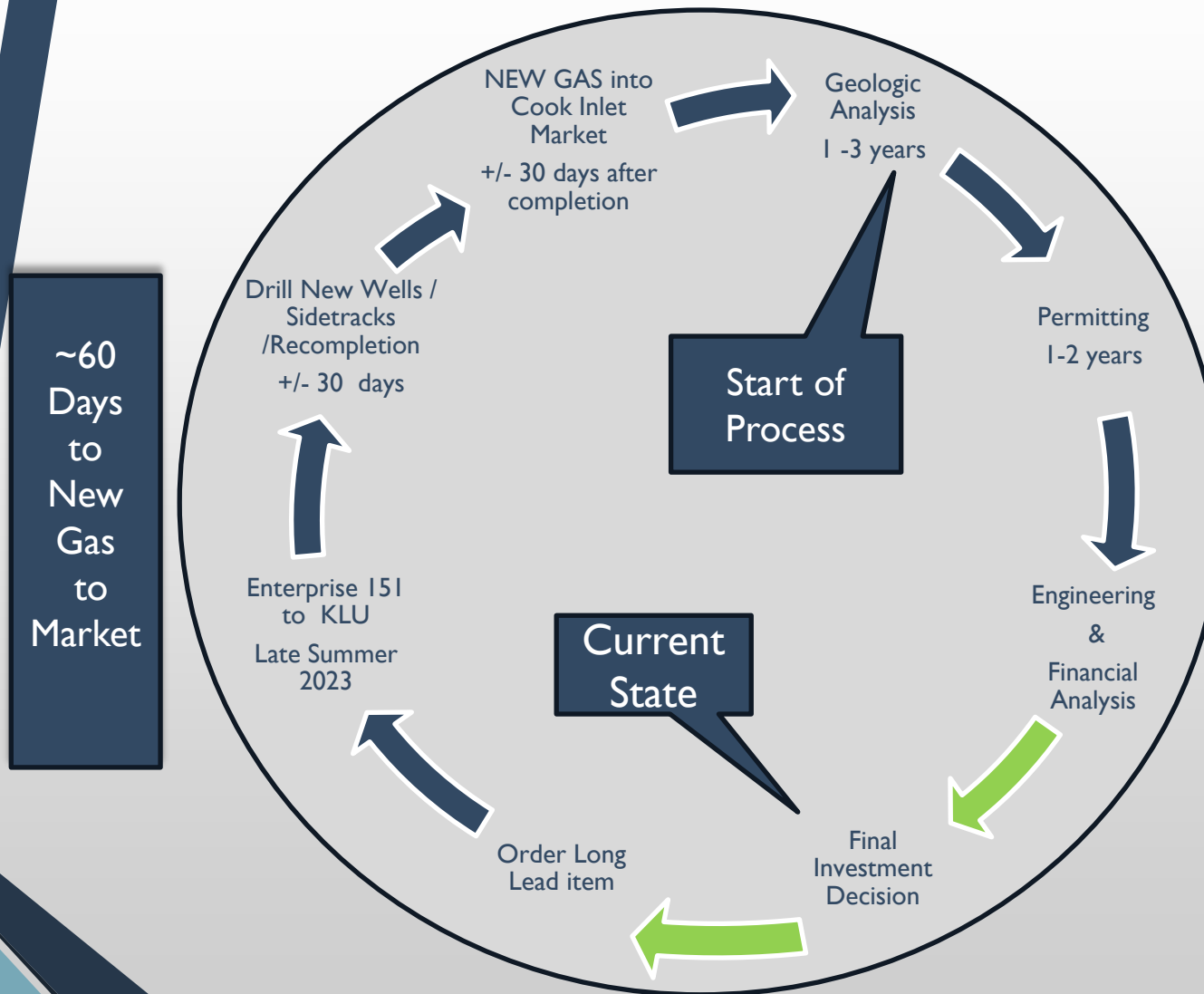
Furie Current Contract Commitments & Possible Production Forecast 2024 - 2028



Total Weighted Royalty Percentages by Cook Inlet Field



HEX & Furie's Repeatable Pathway to New Gas



Furie is positioned to bring new gas in 2024

- Existing Production Platform
 - currently producing 12MMcfd
- Capacity in Gathering Line
- Existing Processing Facility & Interconnect

Pending Hinderances

- Economic Burdens
 - Drives pace of new gas
- State & Federal Permits i.e. IHA Permit
- Working on Rig Contract & Availability
- Equipment & Service Availability

Proud to be Alaska's Only Locally Owned and Operated Independent Gas Producer

