Land Ownership/Leasing Program

Pat Foley, Pioneer
Alaska Land Ownership

- State of Alaska: 104MM Ac.
- USA Onshore: 216MM Ac.
- Native Corps.: 44MM Ac.
- Private Fee: 1MM Ac.
Alaska Oil & Gas Leasing Program

Lease Inventory

- 5.2MM Ac. Total
- 4MM Ac. Onshore
- 1.2MM Ac. Offshore

Annual Lease Sales

- North Slope ~ 5MM Ac.
- Beaufort Sea ~ 2MM Ac.
- Foothills ~ 7MM Ac.
- Cook Inlet ~ 4MM Ac.
- AK Peninsula ~ 6MM Ac.
State of Alaska Exploration Licensing

• 3 Current Licenses
  ~ 1.25 MM Ac
  – Copper River
    Pacific Energy
  – Susitna Basin
    Pacific Energy
  – Nenana Basin
    Doyon

• 3 Pending Apps
  ~ 0.30 MMc.
  – Healy Basin
  – Houston/Willow
  – Crooked Crk/Circle
North Slope Oil and Gas Activity 2008

- Shell/Eni-Hercules: Ocean bottom cable seismic, possible staemner (OBS) summer 2008
- AVC/Blue Range: North Slope 14 well tested 2008
- Shell/Beaufort Sea OCS summer 2008: Seismic programs planned, tender drilling prepared
- Savary Alaska LLC: Good Hope No. 1, March 2008
- BP: Liberty discovery up for Unit Sanction 2008

2008 Exploration Activity:
- Wells permitted/planned for 2008
- Exploration wells drilled 2008

Unit Boundaries
- Gas Accumulation
- Oil Accumulation
- 3-mile limit
- Major Roads
- Trans Alaska Alaska Pipeline

Looking Ahead
Typical Lease Terms

• Term: 5 to 10 Years based upon prospectivity
  
  AND AS LONG THEREAFTER

• Royalty Rate: 1/8 or 1/6 based upon prospectivity

• Rental Rate: $1/ac escalating annually to $3/Ac.

• Acreage: 4 or 9 Sections (2,560 to 5,760 Ac.)

• Stipulations: Environmental operating requirements are frequently revised

• Other: Net profit shares retained in 1980s on limited leases (30% or greater)
Lease, Unit, Pool Distinction

- **Lease**: Nonfreehold interest in land (term limited) (~1,160 active State leases)

- **Unit**: An aggregation of leases for cooperative development (~50 active units)

- **Pool**: A reservoir containing a common accumulation (~110 active pools)
### Alaska Onshore Chargeable Acreage *

<table>
<thead>
<tr>
<th>Company</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anadarko Petroleum</td>
<td>481,000 Ac.</td>
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<tr>
<td>UNOCAL</td>
<td>445,000 Ac.</td>
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<tr>
<td>BG Alaska</td>
<td>377,000 Ac.</td>
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<tr>
<td>Petro-Canada</td>
<td>296,000 Ac.</td>
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<tr>
<td>Eni Petroleum</td>
<td>172,000 Ac.</td>
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<tr>
<td>ConocoPhillips Alaska</td>
<td>156,000 Ac.</td>
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<tr>
<td>Pioneer NRC Alaska</td>
<td>151,000 Ac.</td>
</tr>
<tr>
<td>Total</td>
<td>144,000 Ac.</td>
</tr>
<tr>
<td>AVCG</td>
<td>120,000 Ac.</td>
</tr>
<tr>
<td>Geopetro Alaska</td>
<td>113,000 Ac.</td>
</tr>
</tbody>
</table>

* DNR Chargeable Acreage Report 12/1/2008