Exploration

AOGA Educational Seminar
January 6, 2009
Exploration

Exploration Resource Potential

- Interpreting Resource Estimates  (Read the fine print)
  - In place
  - Technically recoverable
  - Economically recoverable
    - Affected by price, costs, deliverability, volumes, distance from infrastructure, distance from market

- Success rates
  - Exploration is risky, most wells are unsuccessful
  - Development risks (Alpine vs. Badami)
  - Rate of return on successful developments must cover exploration failures
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Alaska Exploration Advantages

- Hydrocarbons are here

  Best place to find oil & gas is where it’s already been discovered

- Acreage Access

- Infrastructure in place for oil (pipeline)

- Tax credits help offset high exploration costs
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Alaska Exploration Challenges

- High Costs
- Far from markets
- Long development times/short drilling seasons (hurts NPV)
- Tax system takes away high side
Anadarko Operated 2008/09 Exploration Program

Wolf Creek #4
Drill and Test
Partners: PetroCanada, BG Alaska

Chandler #1
Drill and Evaluate
Gubik #4
Drill
Partners: PetroCanada, BG Alaska
Exploration Season Example (2008/2009)

- Anadarko goal to drill 3 gas wells with two rigs near Umiat
  Last year completed 1.25 wells with one rig

- Estimated 82 miles ice roads

- 80 miles packed snow roads

- 6 ice pads

- Over $130 million

- Tundra travel
  - Preauthorization process
  - Demobilization/insulated ice pads
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Exploration – Chandler 1 Insulated Pad