Brooks Range Petroleum Corporation

Cumulative North Slope Spend $ 154 MM

BRPC Gross North Slope ~ 240,000 acres

10 YEAR HISTORY AND PROJECT MILESTONES

- Drilled North Shore #1
  - Mishak – Srg River discovery
  - North Shore 3 D Seismic Shoot (130 sq. mi.)

- Refine Prospect Portfolio

- Formation of AVCG, LLC

- Drilled Sak River #1A Kuparuk test
  - Drilled North Shore #5 Mishak delineation
  - Submitted Southern Miluweach Unit application

- North Shore #1 flow test (2,092 BOPD)
  - Drill Tofkat #1, A & B sidetracks
  - Tofkat #1 (Kuparuk discovery)
  - Big Island 3 D seismic shoot (210 sq. mi.)

- Beechy Point Unit Formation

- Leasehold position over 258,000 acres

- Leasehold position over 240,000 acres

- Accumulate leasehold position
  - Secure experienced technical staff
  - Develop prospect portfolio
  - Formation of BRPC Operating entity

- Drill N Tarn Brooklan/Kuparuk test
- Sanction East Bank Development Plan
- Evaluate SMU prospect inventory
WIO’s represented by BRPC are committed to Alaska and currently have a $ 154 MM investment that needs to perform

Current business plan approved by our investors has a timeline which reflects first oil and revenues from production in mid 2013

Each year we delay, has an adverse effect on the investments ROI and IRR

Current economic models used by BRPC, marginally support an acceptable IRR on smaller targeted accumulations with an assumption that reserve base would expand to include other prospect potential in the project area

An increase in tax rate and a reduction in capital credits would have a negative reaction when applied to current models most certainly moving the project to an un-economic portfolio position and would shorten our active participation on Alaska’s North Slope

Increased capital credits, lowering of the base rate and progressivity when applied to our model would assure an attractive IRR, and would foster a more aggressive prospect portfolio and in turn, provide encouragement to our WIO’s for added funding for our NS projects.

Elevate the interest level of other players with a watchful eye on Alaska
**COMMON GOAL**: Slow or level the decline of oil production and throughput in Alaska

Support proposed changes in HB 110:

- Revise the progressivity surcharge to the "bracketed tax structure" with calculations made annually instead of monthly
- Cap the total tax at 50% when oil prices top $92.50/bbl
- For development of new fields outside existing production units, the base tax rate will be 15% instead of 25% and cap the total tax at 40%

A “bracketed structure with reduced base rate and cap” would support BRPC’s ongoing activity level in Alaska by providing a more favorable economic structure and near term effect on our eventual ROI and IRR with respect to our pursuit of smaller and normally marginal accumulations.

- Accelerate the payment for exploration and other qualified capital investments to one year vs. two years

The acceleration of credit recovery payments to a one year cycle would allow for the planning and execution of an expanded work program and an increased level of activity and the associated employment base and support services required to perform relative project support

- Increase the tax credits for "qualified capital" investments from the current 20% to 40%

An increase in qualified capital credits to 40% would provide immediate impact to BRPC’s project investment base and would extend our ability to encourage additional and continued capital investment from our current WIO’s therefore providing more opportunities for successful discoveries and future development projects

- Extend indefinitely the "Small Producer Tax Credit" of $12MM a year from expiring on May 1, 2016 (or certainly extend another 5 years to May 1, 2021 then re-assess at that time). This is an item not currently in current bills but would be helpful in attracting new long-range development capital for BRPC and others like our company.

Currently, we have a sanctioning proposal in front of our WIO’s that projects first oil and revenues in 2013, under the current sundown of the Small Producers Credit, the development would be limited to a 3 year optimization of this credit and would propose an extension through 2021 to allow our first project maximum effect
Changes proposed through HB 110 would promote a change in behavior that can have a significant impact and effect on the current forecast and performance of production and throughput.

Source: 2009 DOG Annual Report
PHASE I
Add 10 new fields over next 12 years with average 12,000 BOPD/field
Increase recoverable reserves by 500 MM by 2024
Inject $6.3 billion in new capital for development projects

PHASE II
Add 22 new fields between 2024 and 2031 with 12,000 BOPD/field
Increase recoverable reserves by 1.6 B by 2031
Inject $13.2 billion in new capital for development projects

PHASE III
Add 12 new fields between 2031 and 2050 with average 12,000 BOPD/field
Increase recoverable reserves by 600 MM from 2031 to 2050
Inject $18.6 billion in new capital for development projects
Current DOG Forecast Phase I Production Estimate Flattened Production Target

Replication of past 12 years history adjusted to current forecast starting 2015

- $6.3 B New Investment Capital
- $13.2 B New Investment Capital
- $18.6 B New Investment Capital
- $36 B 50/50 Success/Fail

Current Producing Fields vs New Discovery Fields

PHASE II - 22 New development projects 2024 - 2031

PHASE III - 12 New development projects 2031 - 2050

500 MM New Reserves

Average field rates of 12,000 BOPD
Contributions from within existing fields and new field discoveries

Brooks Range Petroleum Corporation
Status Quo
Maintain Current Tax Policy
• Follow production forecast
• Marginally effective activity
• Limited source for new discoveries
• High degree of uncertainty

Negative Adjustment
Increase tax rate – Lower credits
• Follow production forecast
• Most likely force downward pressure
• Reduce number of capable slope players
• Increase burden to existing units
• VERY High degree of uncertainty

Positive Adjustment
HB - 110
• Focus on throughput
• Upward movement in activity
• Improved exposure to new discoveries
• Exploitation of existing producing units
• Diversification of clients for vendors
• Stability base for SOA tax revenues
• Establish common throughput target
• Extend economic & physical operation of TAPS
• Improve life of field potential
• $36 B new investment capital
• Elevated vendor company options
• Significant growth in employment opportunity
• Healthy base of support services
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