Brooks Range Petroleum Corporation

Cumulative North Slope Spend $154 MM

BRPC Gross North Slope ~ 240,000 acres

10 YEAR HISTORY AND PROJECT MILESTONES

- Formation of AVCG, LLC
- Drilled North Shore #1 (Ivishak – Sag River discovery)
- Drilled Sak River #1
- North Shore 3D Seismic Shoot (130 sq. mi.)
- Drilled Sak River #1A, Kuparuk test
- Drilled North Shore #3, Ivishak delineation
- Submitted Southern Miluveach Unit application
- Beechey Point Unit Formation
- Refine Prospect Portfolio
- Leasehold position over 268,000 acres
- Leasehold position over 240,000 acres
- Accumulate leasehold position
- Secure experienced technical staff
- Develop prospect portfolio
- Formation of BRPC Operating entity
- North Shore #1 flow test (2,092 BOPD)
- Drill Tofkat #1, A & B sidetracks
- Tofkat #1 (Kuparuk discovery)
- Big Island 3D seismic shoot (210 sq. mi.)
- Drill N Tarn Brookian/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
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 WI O’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 WI O’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.
Current Forecast with Flattened Production Target

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

$ 36 B
New Investment Capital

Brooks Range Petroleum Corporation

PLAN - 2050

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**PHASE I - 10 New development projects over next 12 years**

- **500 MM New Reserves**
- **$6.3 B New Investment Capital**
- Replication of past 12 years history adjusted to current forecast starting 2015

**Required Field Additions to Flatten Decline**

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

**Added Fields**

- **Current Year:** 2021, 2022, 2023, 2024
- **Projected Years:** 2015, 2016, 2017, 2018, 2019

**Current Producing Fields**

- 2021: 1.05
- 2022: 1.35
- 2023: 1.12
- 2024: 1.84

**New Discovery Fields**

- 2021: 0
- 2022: 2.77
- 2023: 2.77
- 2024: 4.36

**Current DOG Forecast**

- Phase I Production Estimate
- Flattened Production Target

**Current Field Rates**

- 2011: 2.64
- 2012: 2.90
- 2013: 4.14
- 2014: 4.80
- 2015: 6.47
- 2016: 6.70
- 2017: 6.41
- 2018: 6.93
- 2019: 4.01

**PHASE II - 22 New development projects 2024 - 2031**

- **$13.2 B New Investment Capital**

**PHASE III - 12 New development projects 2031 - 2050**

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