BlueCrest Energy Activity Update, J. Benjamin Johnson
CIRCAC Board of Directors Meeting – Kodiak, 9/12/2014

September 12, 2014

BlueCrest Energy – Overview

Business Highlights

- **Small privately-held oil and gas development company**
- **Entire focus is 100%-owned oil and gas assets in the Cook Inlet basin (Cosmopolitan Project)**
- **BlueCrest shareholders have invested more than $100 million to date in the company's Cook Inlet assets**
- **Experienced directors and management**
  - **Former high-level oil industry executives (ARCO, Conoco, El Paso, Eni)**
  - **Close personal ties to Alaska and the Cook Inlet**
  - **Long track record of successful large field developments**
- **Emphasis on personnel safety and environmental sensitivity**
- **Alaska-based operations team**
  - **Anchorage headquarters**
  - **Anchor Point operations base**

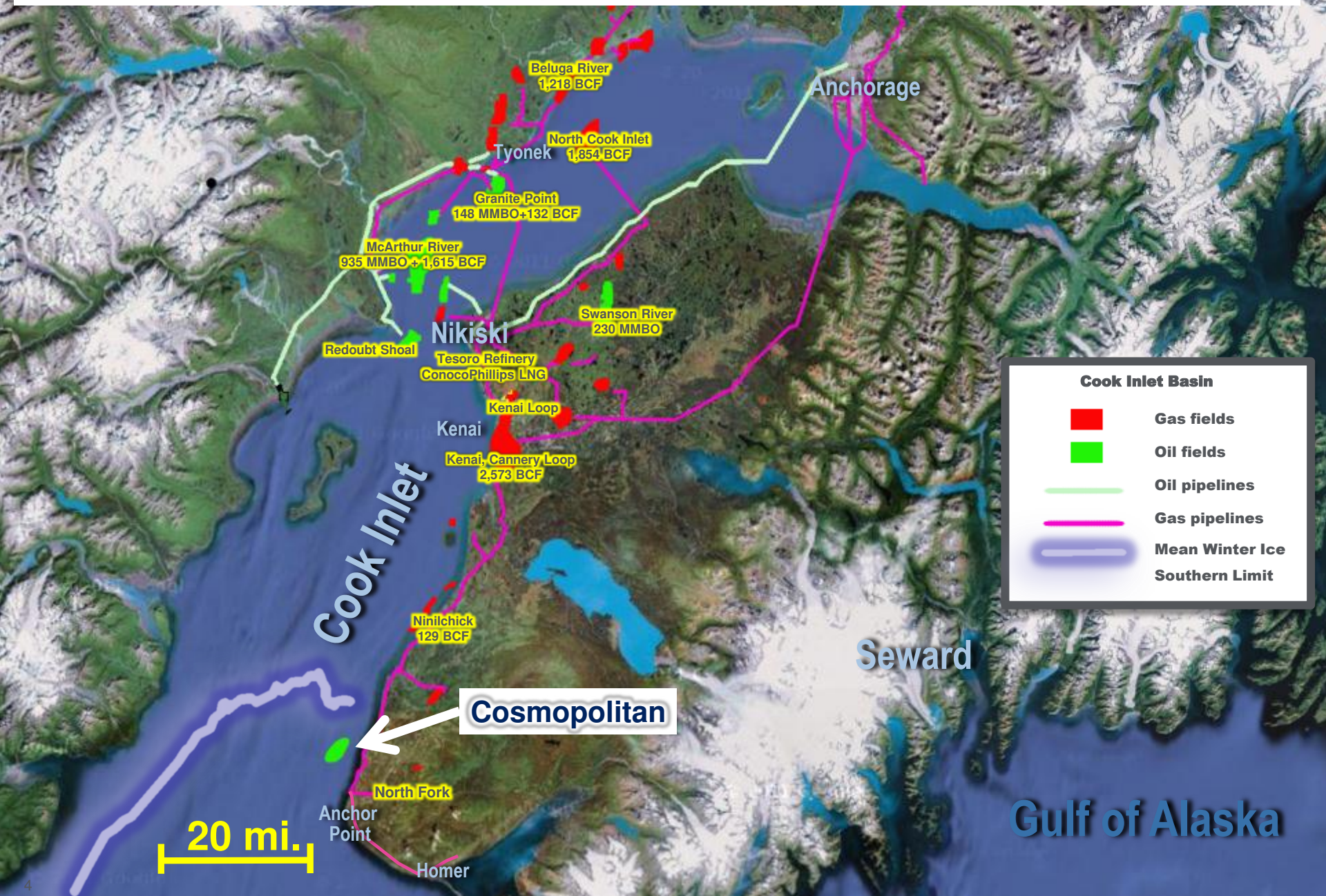
Cook Inlet Legacy - *Johnson home, Anchor Point (1954)*

Current Alaska and Cook Inlet Focus

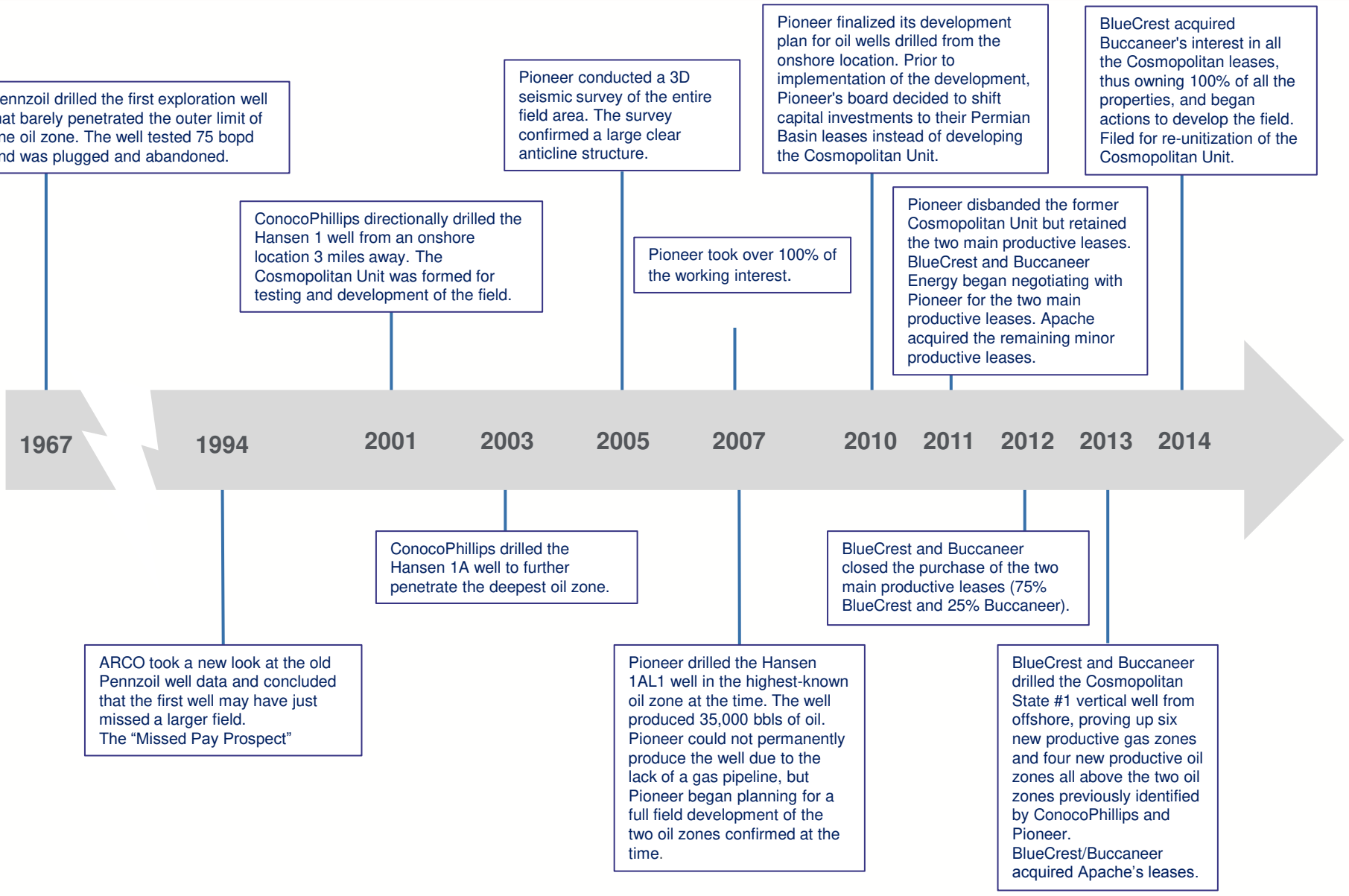
- **BlueCrest Alaska Operations LLC**
- **Operations senior management all Alaska based**
- **Alaska contractors where practical**
- **Excavation work beginning September 2014**
- **Local hiring preference for construction and operations**

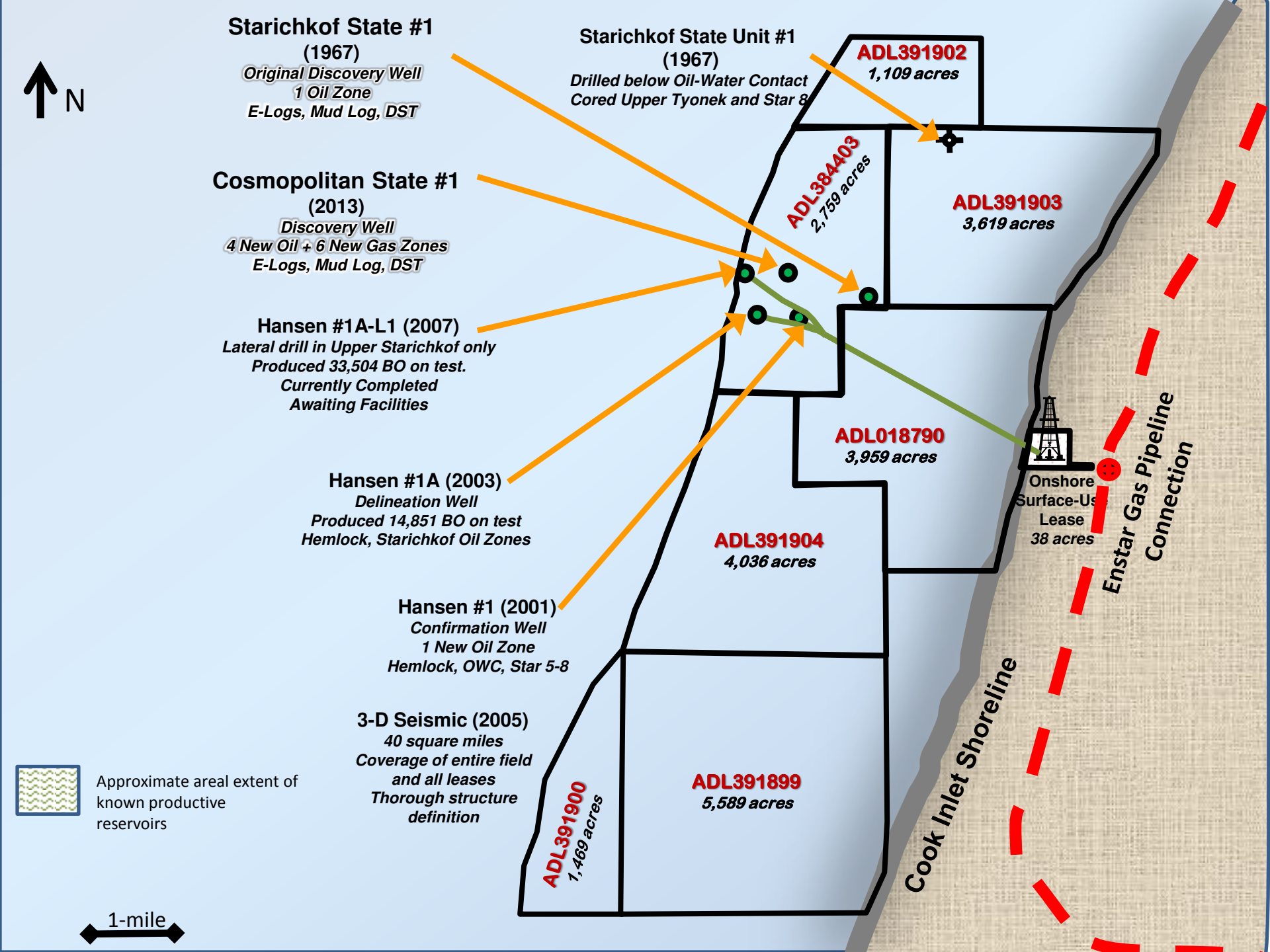
Cosmopolitan Project History and Introduction

Over 1.3 billion barrels of oil and 7.6 tcf of gas have been produced from the basin, essentially all of which was discovered by 1967 (when Prudhoe Bay was discovered)



Cosmopolitan Project History

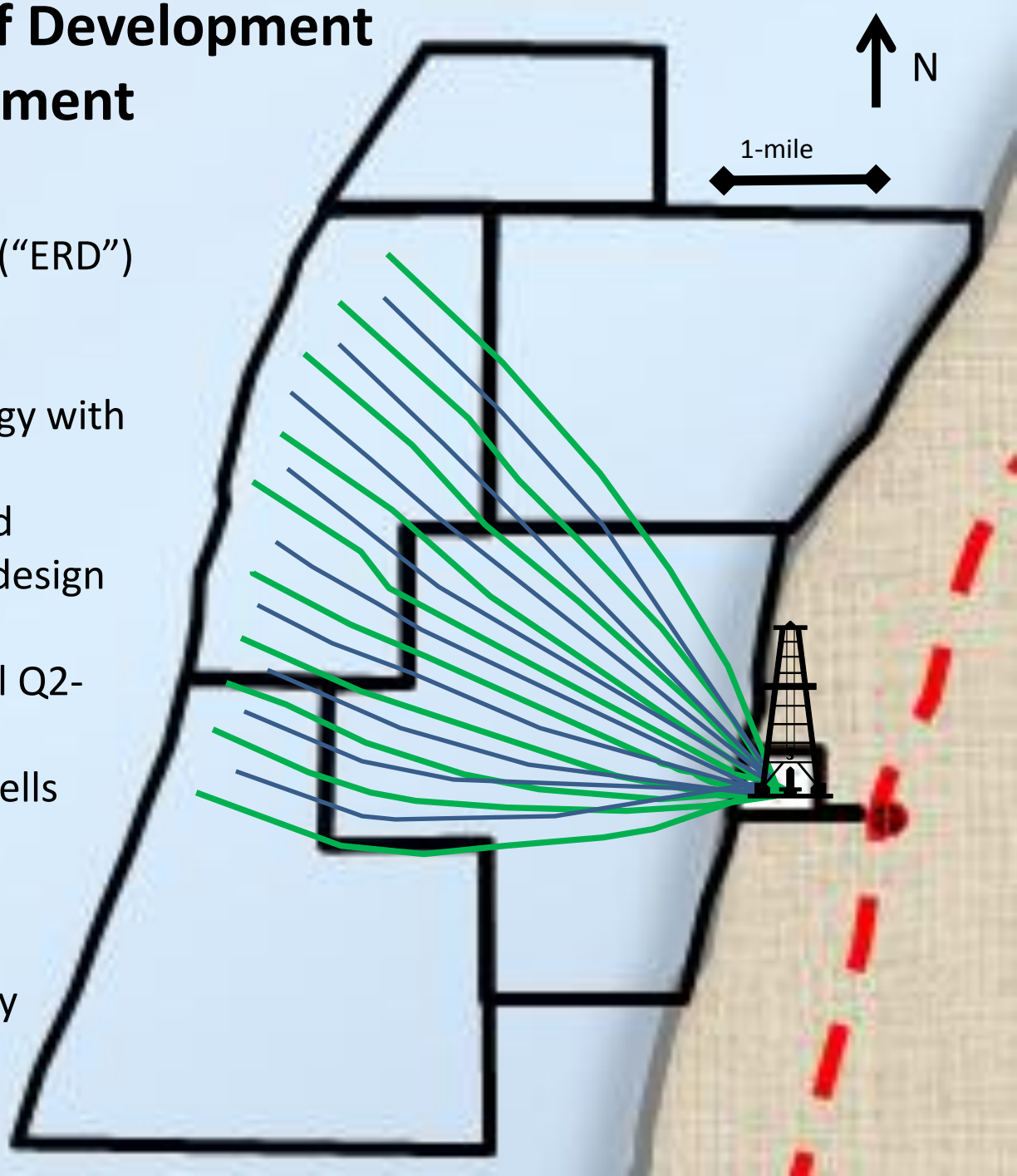



Starichkof State #1
(1967)
Original Discovery Well
1 Oil Zone
E-Logs, Mud Log, DST
Starichkof State Unit #1
(1967)
Drilled below Oil-Water Contact
Cored Upper Tyonek and Star 8
Cosmopolitan State #1
(2013)
Discovery Well
4 New Oil + 6 New Gas Zones
E-Logs, Mud Log, DST
Hansen #1A-L1 (2007)
Lateral drill in Upper Starichkof only
Produced 33,504 BO on test.
Currently Completed
Awaiting Facilities
Hansen #1A (2003)
Delineation Well
Produced 14,851 BO on test
Hemlock, Starichkof Oil Zones
Hansen #1 (2001)
Confirmation Well
1 New Oil Zone
Hemlock, OWC, Star 5-8
3-D Seismic (2005)
40 square miles
Coverage of entire field
and all leases
Thorough structure
definition
N
ADL391902
1,109 acres
ADL384403
2,759 acres
ADL391903
3,619 acres
ADL018790
3,959 acres
ADL391904
4,036 acres
ADL391899
5,589 acres
ADL391900
1,469 acres
Onshore
Surface-Us
Lease
38 acres
Enstar Gas Pipeline
Connection
Cook Inlet Shoreline
Approximate areal extent of
known productive
reservoirs
1-mile

Cosmopolitan Development Plan

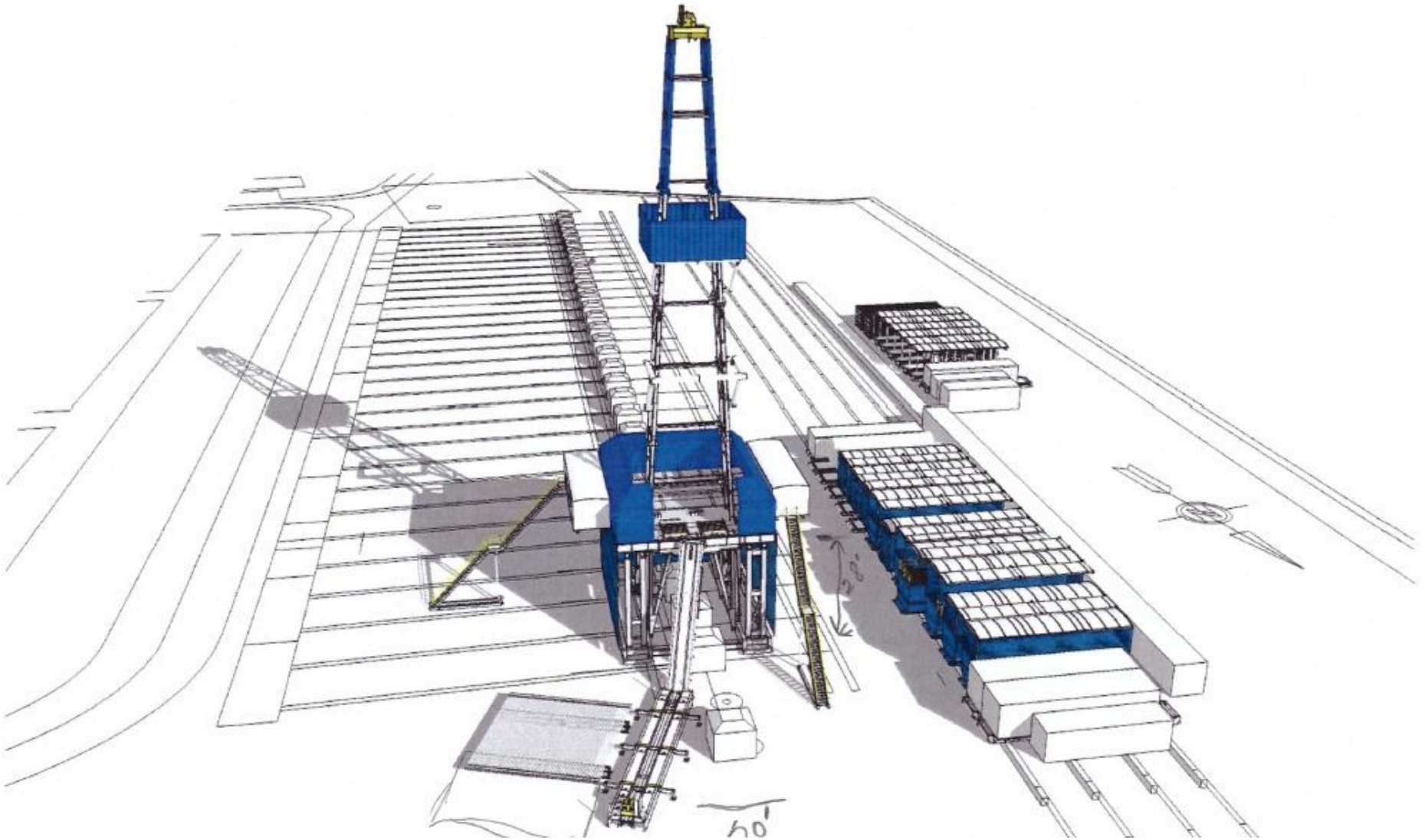
Cosmopolitan Plan of Development
Oil Development

- **Onshore oil wells only**
  - Extended-Reach-Drilling ("ERD") wells to oil zones (>5400' TVD)
  - Current proven technology with design by world experts
  - Onshore Rig LOI executed
  - Permitting and facilities design ongoing
  - Offshore delineation well Q2-2015
  - Initial oil development wells drilled and facilities constructed in 2015
  - First oil sales in 1H-2016, trucked to Tesoro refinery
  - Initial water injection wells drilled in 2016



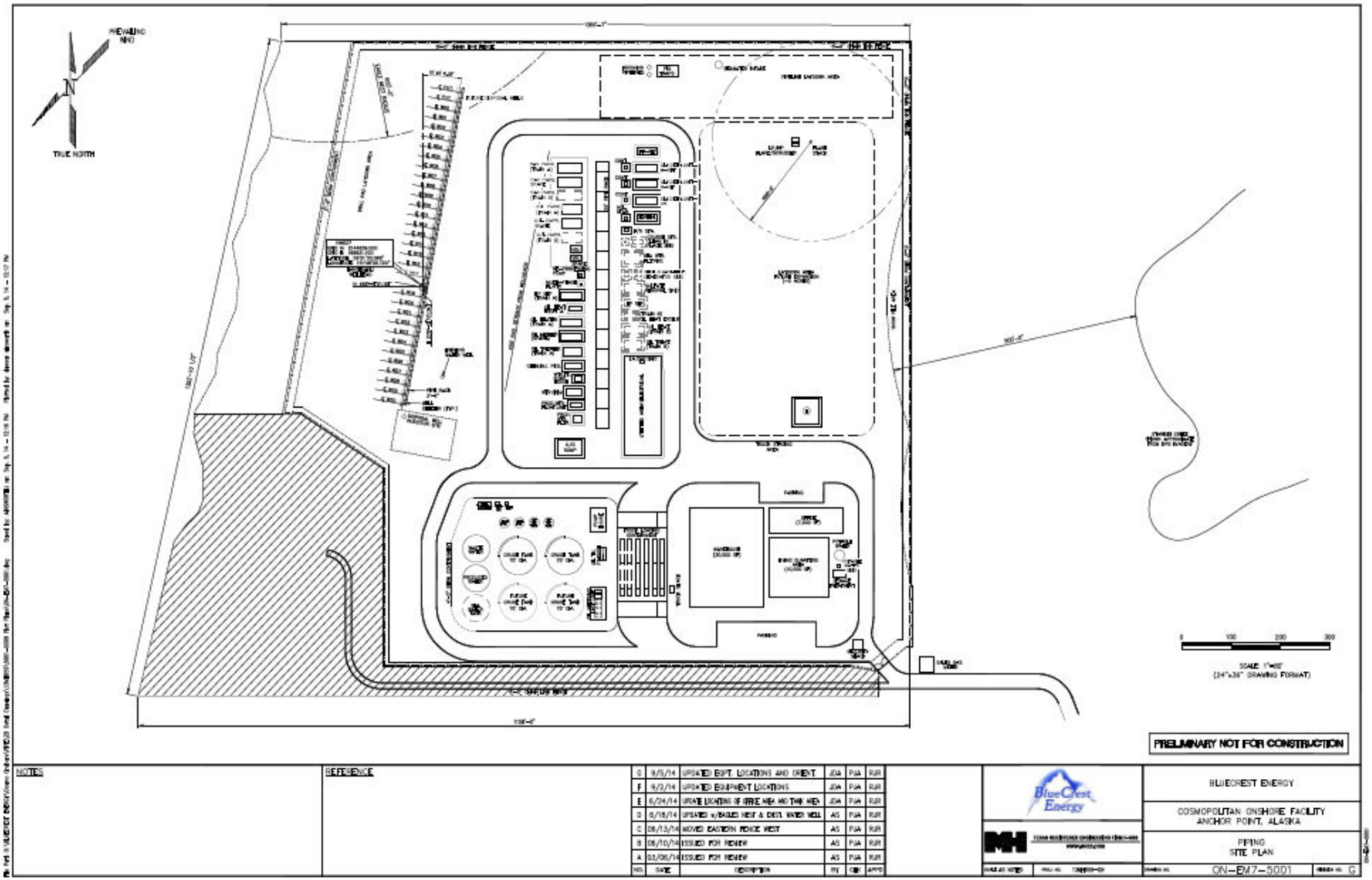
Drilling of Hansen 1 Well

Onshore Rig Configuration



Onshore surface use lease
Current gravel pad showing future wellheads

Facility Layout

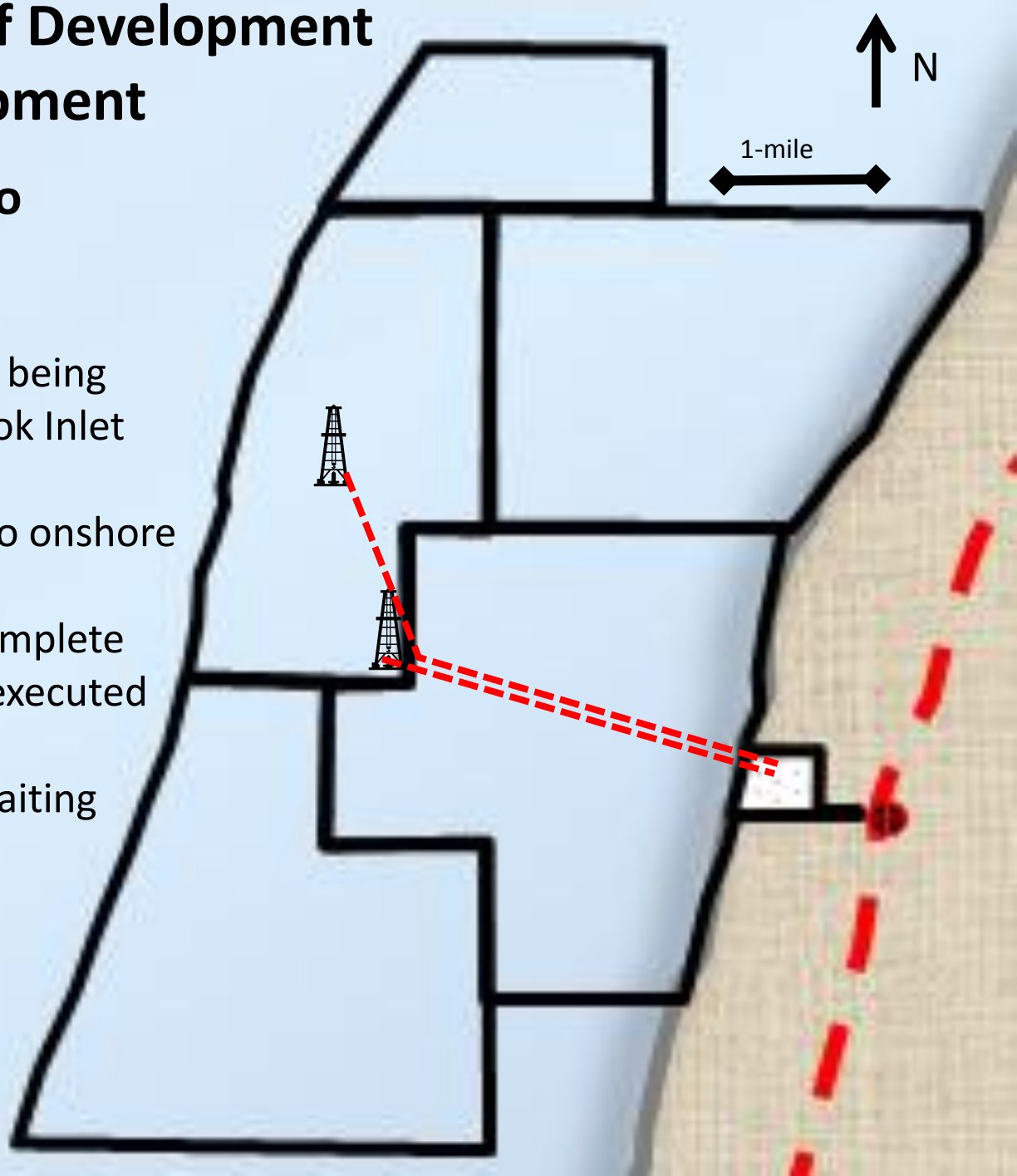


Environmental and Community Considerations: Onshore

- Tall berms (as much as 14 feet high) to reduce noise and light from the site for the neighbors
  - The berms also serve as containment so nothing can drain off the site and especially into Stariski creek or Cook Inlet.
- High noise equipment installed inside of an insulated building to contain the noise
- Light deflectors for area lighting to contain the light within the site
- Use of grid power to eliminate emissions from the site from power generation unless the grid goes down
- Use of both natural gas power generator and diesel generator for backup power
  - The natural gas generator will produce less emissions and will be the primary backup generator while the grid is down. In case natural gas is not available, the diesel generator can be used for primarily for people protection during extreme weather while also allowing the site to maintain production. Each generator is sized to allow Train A oil to stay in production.
- Containment for the truck loading racks for any spills
  - Spills drain back to the drain system where it will then be reprocessed and then sent back to the oil tanks for trucking to customers.
- Primary containment around all tanks for catastrophic events such as tank rupture
  - This is a very unlikely event, but any rupture/spill is fully contained and will drain to the sump system.

Cosmopolitan Plan of Development
Gas Development

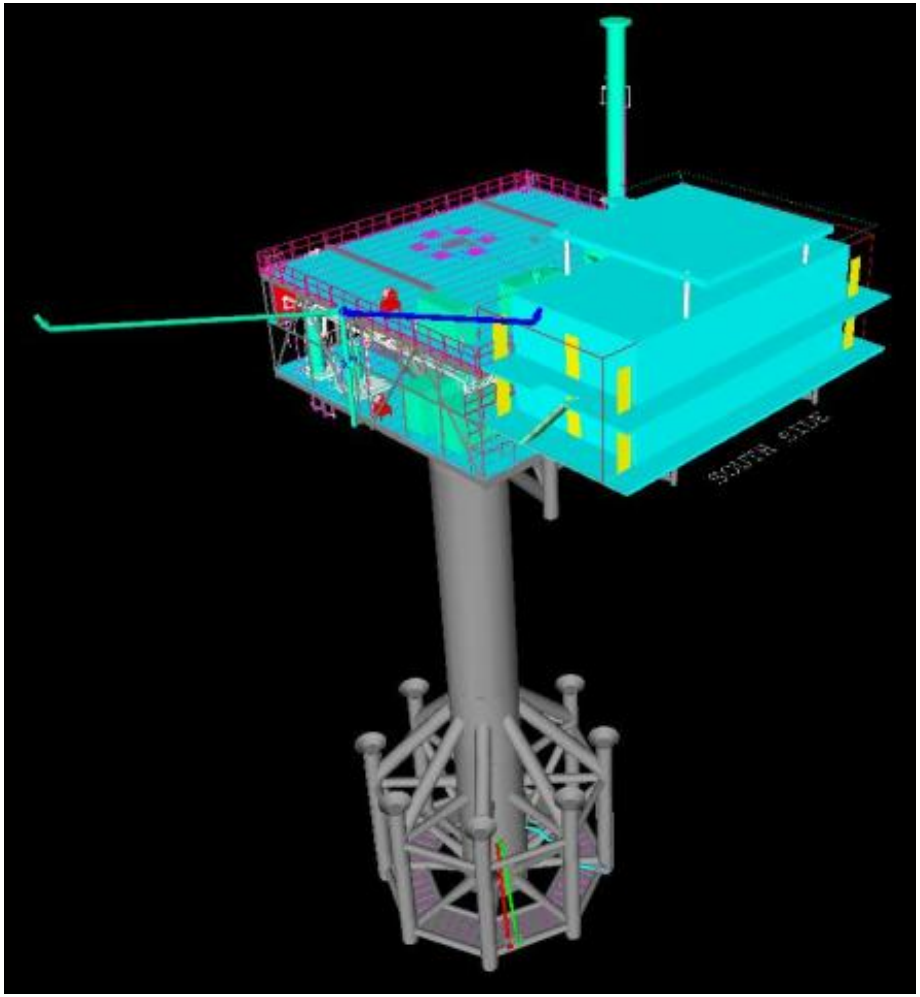
- **Offshore wells from two platforms**
  - Shallow dry gas zones
  - Platforms similar to one being installed in northern Cook Inlet by Furie
  - Subsea pipelines tie-in to onshore oil facility
  - Initial Cosmo designs complete
  - Offshore jackup rig LOI executed with Spartan Drilling
  - Development timing awaiting gas marketing and investment decision



Offshore Monopod Gas Platform Characteristics

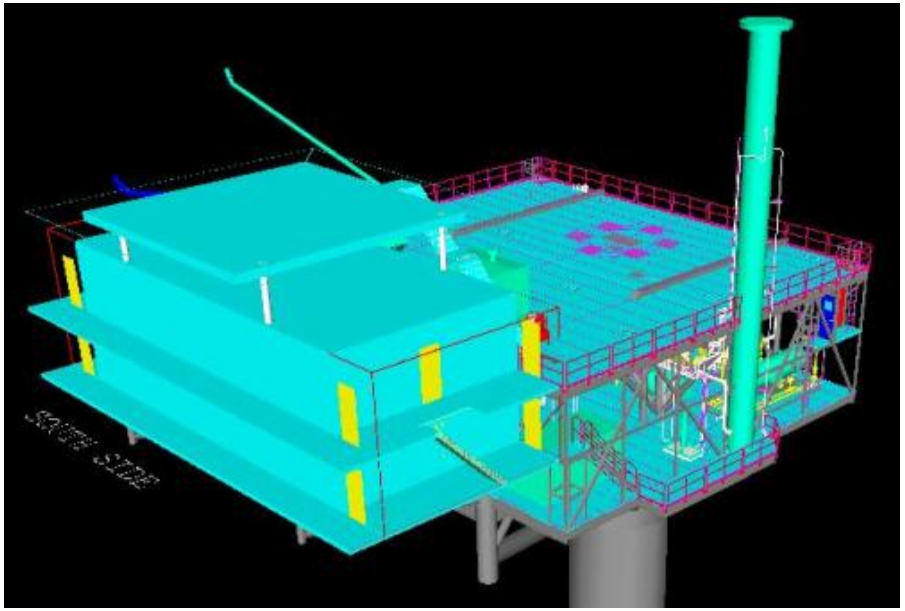
Platform Specifications

- 18-ft diameter central outer caisson
  - 3” thick steel walls
- 11ft diameter inner caisson
- Six 30-inch well conductors and grout in annulus between caissons
- Eight 42-inch diameter skirt piles
- Water depth 60–70ft
- Pile penetration = 120ft
- Cantilevered jackup rig used for drilling
- Support for small platform rig (workover, wireline, coiled tubing)
- 2 pipeline risers inside inner caisson
- Each platform designed for 30 mmscfd, dry gas – no liquid hydrocarbons



Platform Characteristics - Deck

- Automated operations
- 12-man temporary quarters
- Elevations
  - Helideck TOS (+)102
  - Main Deck TOS (+)82
  - Production Deck TOS (+)62
- Crane
- Flare boom
- Walled production deck
- Wellhead access from deck
- Skid beams for small rig or well work equipment



Environmental and Community Considerations: Offshore

- No liquid hydrocarbon production, dry gas only
- Entire process system is computer automated and continuously monitored
- Multiple-redundancy in process safety systems
- Every component of the process system has been analyzed for potential failures, and accommodations made (including procedures) for handling such failure to prevent safety and/or environmental breaches
- Fail-safe design to force automated shut-down in the event of system failure
- Monpod caisson has 3-ft of steel and cement around exterior
- Platform design has smooth round exterior at water line to allow ice and any floating objects to pass by
- Subsea pipelines located below fishing net depths
- All physical connections between onshore and offshore (pipelines, cables) are bored under the beach
- Small platform size to minimize visual impact


Endeavor jack-up rig drilling Cosmopolitan #1 well


Cosmopolitan production platform shown to scale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