



BlueCrest Energy

Cosmo Project Update

August 2017

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Business Overview

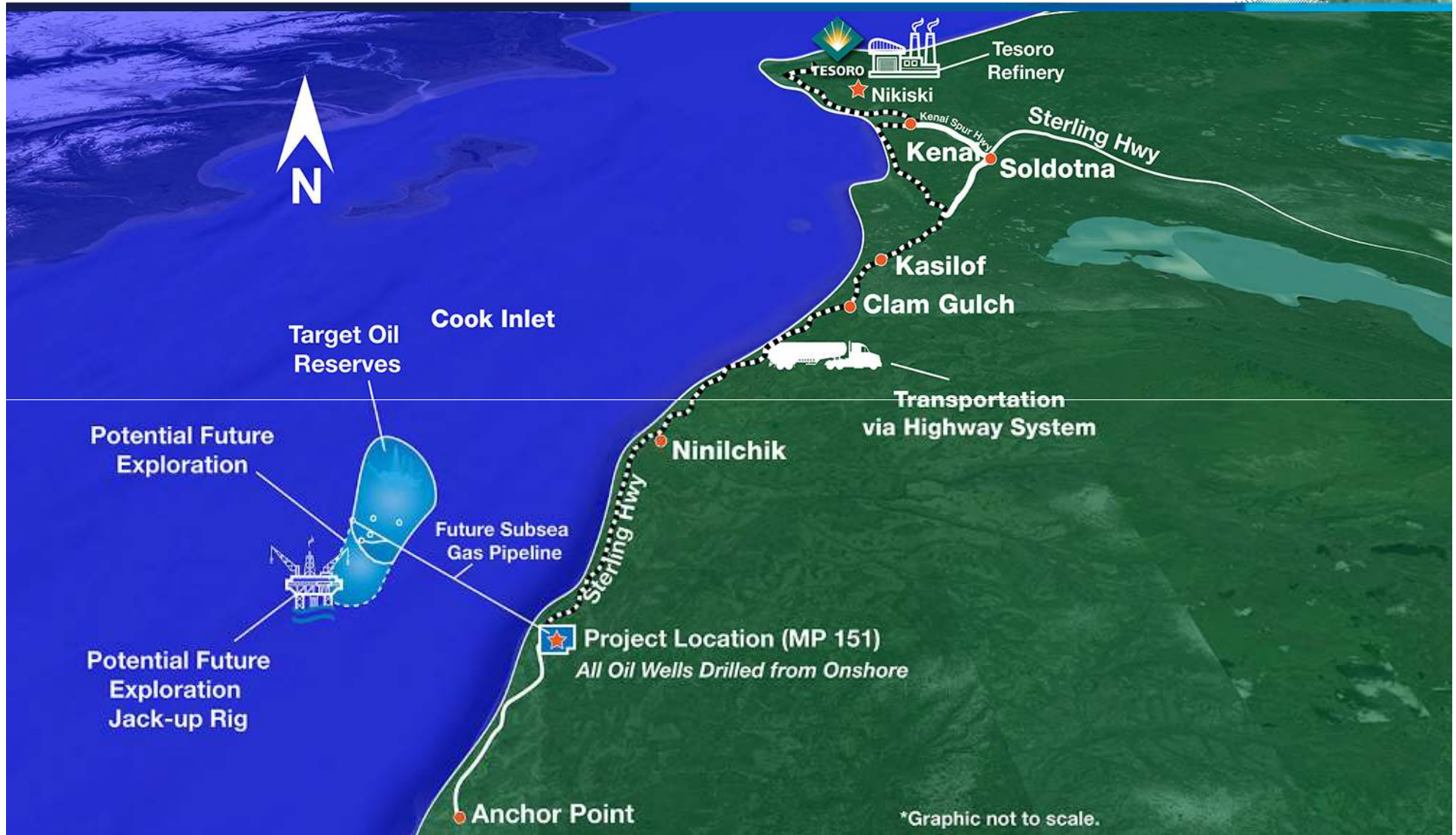


- **Not “Big Oil”**
- **Small, privately-held oil and gas development company**
 - Corporate Office in Fort Worth, TX
 - Operations Headquarters in Anchorage, AK
 - Directors and management team with Alaska experience
- **100% lease ownership in Cosmopolitan Unit**
 - Cosmo is currently BlueCrest’s only project
- **Emphasis on personnel safety and environmental integrity**

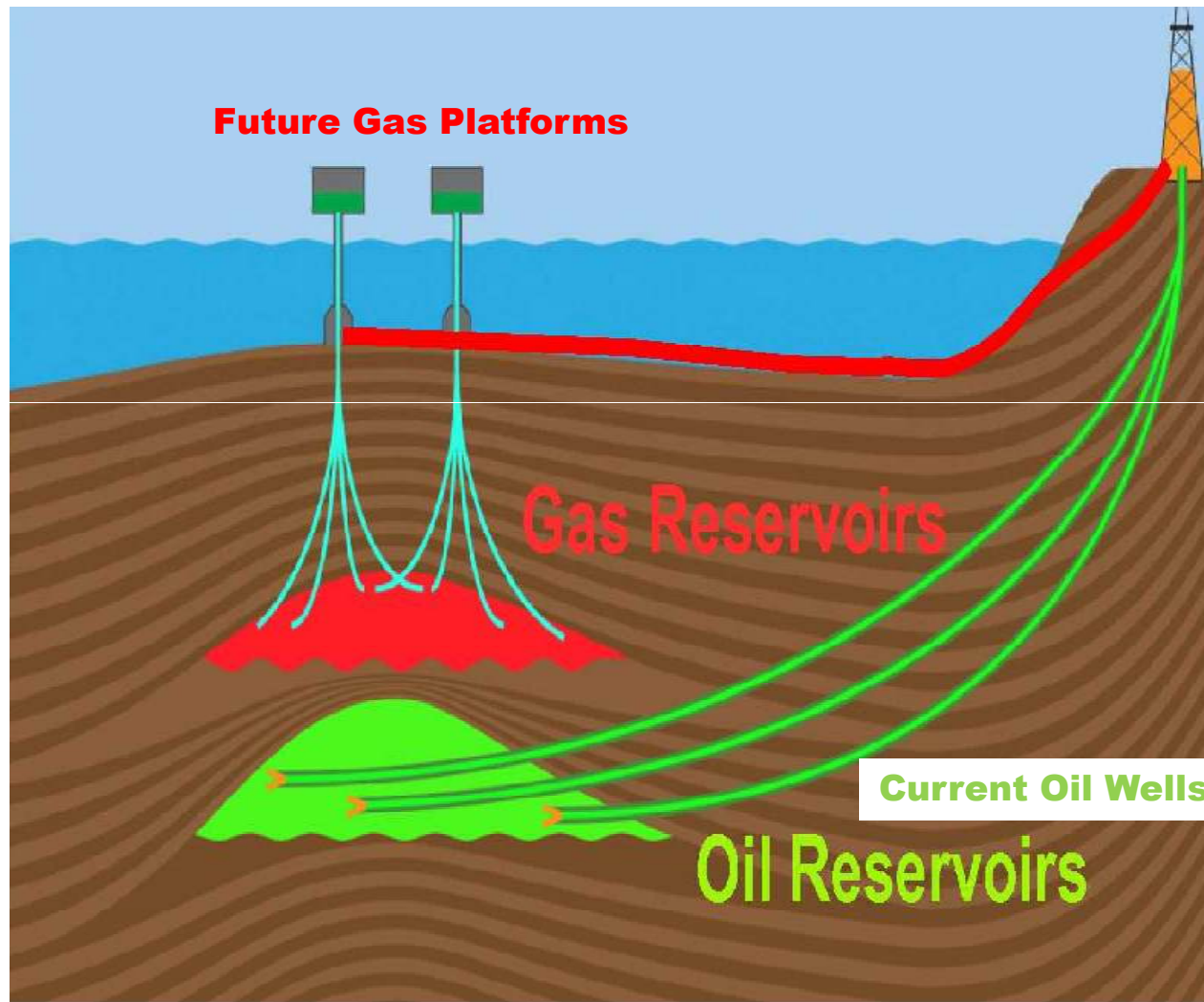




Cosmo Project Components



Cosmopolitan Unit



Contractors & Vendors

- Over 90 vendors statewide
- 75 Kenai Peninsula vendors
- Services include:
 - Lodging and meals
 - Construction supplies
 - Site survey
 - Pad expansion
 - Pile driving
 - Crane services
 - Weld inspections
 - Geotechnical compactions
 - Tank farm liners
 - Equipment rentals
 - Health care facilities



Electrical panel for microturbines

Employment for Alaskans



- 92% Alaskan workers
- 88% From the Kenai Peninsula
- Local Native hire
- 30% Female operators
- Skilled, high paying jobs in community with high unemployment

Community Outreach



- **BlueCrest encourages feedback and local engagement**
- **Community input has influenced development plans**
 - Water wells won't be drilled to avoid impacts to private wells
 - 14-foot berm around entire pad for light and noise mitigation
 - LED directional lighting on pad to minimize light pollution
 - No platforms for oil production



View From Above



Current Permits



Mostly state permits

- Air quality
- Solid waste
- Lease operations
- Permits to Drill
- Spill contingency plans

Current federal permits

- FAA obstruction for drill rig
- EPA UIC permit for disposal well
- Offshore spill contingency plan

Regulatory Challenges



Future offshore activities will require federal permits

- Marine mammal harassment authorizations
- U.S. Corps of Engineers

Permits can take 1 – 2 years to obtain

Current Well Status H16



- Well is choked back to help lower GOR (Gas Oil Ratio).
- Currently producing 200bbls per day, down from 400 due to GOR increase and choke back.
- Currently selling an average of 1.4 million cubic feet of natural gas daily to a local community.
- Preparing to run a permanent production completion within the next 2-4 weeks.

Current Well Status H14



- Well successfully drilled and completed.
- Preparing to perforate wellbore after coil tubing cleanout and survey.
- Run production string and begin flowback and well testing (2-3 weeks).
- Once flowback and testing is complete, begin flowing to the Hansen Production Facility, process oil and gas and ship crude oil to Andeavor Refinery in Nikiski

Forward Plan (Possible Options)



- Re-drill lower lateral on H16 into better formation rock.
- Drill H12 production well.
- Potentially drill a gas well from shore to demonstrate feasibility as well as produce 10MM cubic ft per day of natural gas.
- Drill and complete a water injection well for reservoir pressure maintenance.
- Drill a Class 1 disposal well.

Questions?





Thank You!

Larry Burgess (907) 754-9552
lburgess@bluecrestenergy.com

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