

**BUCCANEER ALASKA OPERATIONS, LLC**  
Cook Inlet Exploratory Drilling Program  
w/ Cosmopolitan

CIRCAC Meeting  
December 7, 2012



# Agenda

1. Introductions
2. Project Overview
3. Drilling Program
4. Environmental Management & Permitting
5. Questions & Answers

## **Buccaneer the Company**

- ❖ Publically traded in Australia
- ❖ All Operations in U.S.
- ❖ U.S. Operations Headquartered in Houston, TX
- ❖ Alaskan Operations Headquartered in Kenai and Anchorage, AK
- ❖ [www.BuccEnergy.com](http://www.BuccEnergy.com)

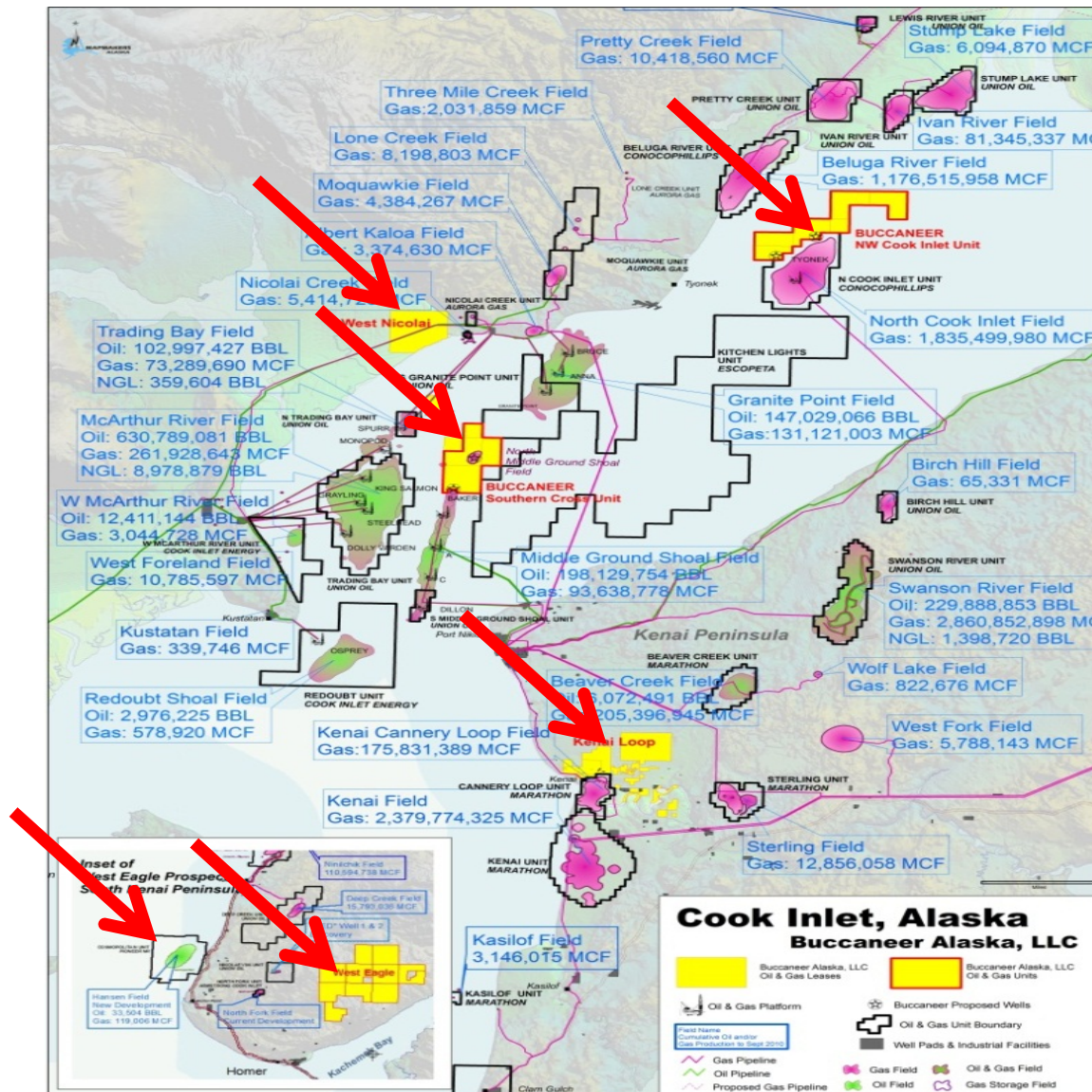


## **Buccaneer History in Cook Inlet**

- ❖ Acquired initial acreage in upper Cook Inlet in March 2010
- ❖ Drilled first onshore well at Kenai Loop in April 2011, Kenai Loop No. 4 now undergoing testing
- ❖ Established gas sales to ENSTAR in January 2012
- ❖ Endeavour-Spirit of Independence jackup rig arrived in August 2012
- ❖ Acquired Cosmopolitan leases in August 2012

# BUCCANEER ALASKA OPERATIONS, LLC

## Cook Inlet Exploratory Drilling Program



## **Economic Impact**

- ❖ Spent over \$53 million on Cook Inlet oil and gas projects
  - Hired over 310 vendors and contractors to date
  - Over 81 direct hires with 47 Alaskan residents associated with the Endeavour
  - Over 30 direct hires through the Kenai Office, mostly local Alaskans
- ❖ 300 + additional jobs will be created by the pull through impact of the Endeavour
  - Local Contractors
  - Specialists and Consultants
  - Transportation, Hotels, Restaurants
- ❖ Temporary workers are currently being employed at the rig, many from the Homer area
  - 20 plus electricians, welders, plumbers and other contractors sourced locally working on Endeavour
- ❖ Additional spending and hires anticipated



## **Cosmopolitan Field Fact Sheet**

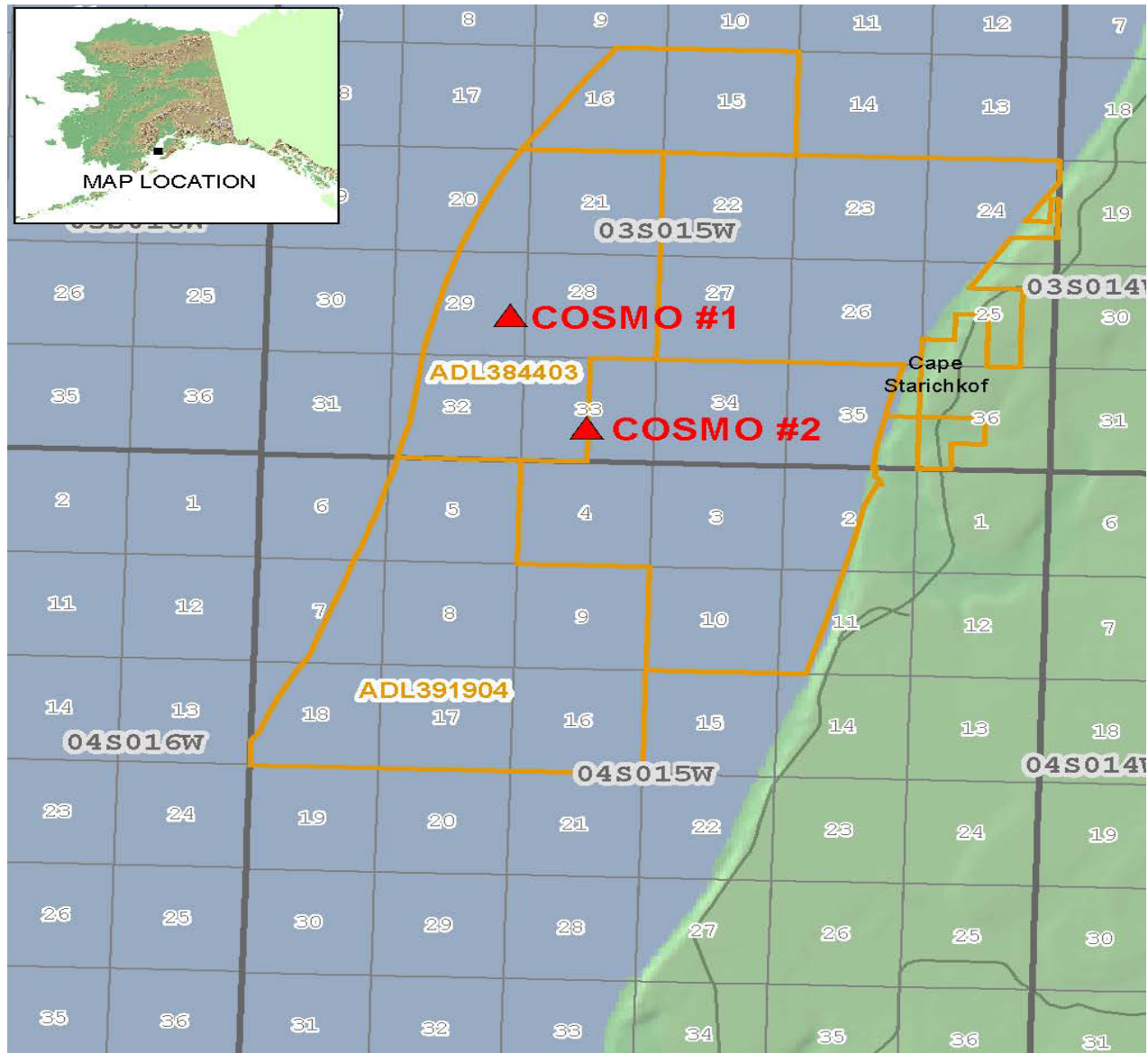
- ❖ Oil formations discovered in 1960s by Pennzoil using a jackup rig and winter drilling program (Starichkof State No. 1)
- ❖ Highly deviated oil wells from shore drilled by ConocoPhillips and Pioneer Natural Resources
- ❖ Sold to Buccaneer (25%) and BlueCrest (75%) in 2012
- ❖ Drilling vertical offshore wells with the Endeavour will allow for penetration of shallow gas formations that are not reachable from onshore locations





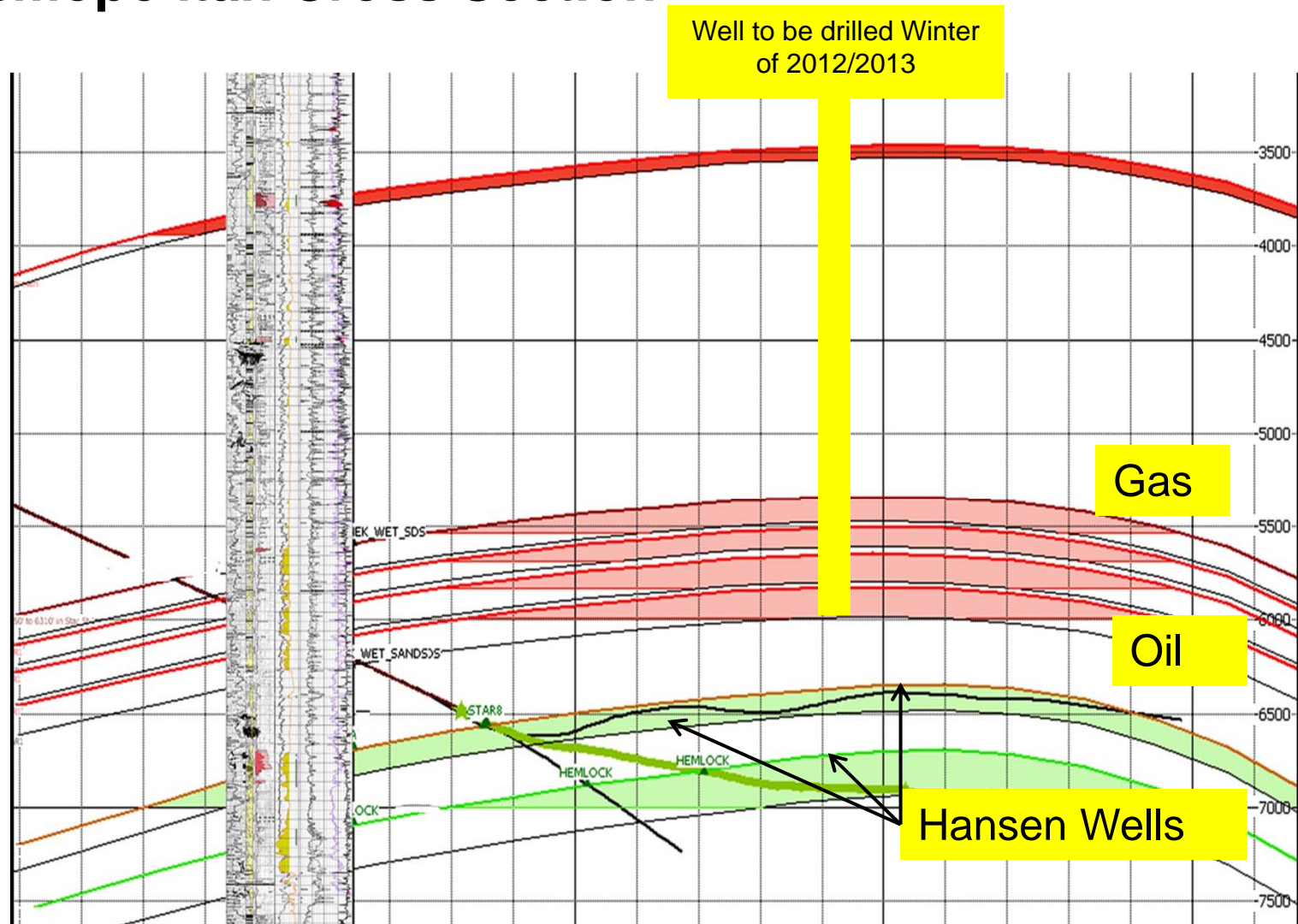
# BUCCANEER ALASKA OPERATIONS, LLC

## Cook Inlet Exploratory Drilling Program





## Cosmopolitan Cross Section



## **Kenai Offshore Ventures (KOV)**

### **Ownership & Partners**

- ❖ 50/50 JV with Ezion Holdings (Singapore listed)
- ❖ Alaska Industrial Development and Export Authority (AIDEA) is a partner owning 100% Preferred Equity (Invested \$24 million)
- ❖ Upgrades and modifications occurred in Singapore shipyard (K-FELS)
- ❖ Repairs currently being completed at Homer Deep Water Dock



## **Kenai Drilling, LLC - Owned by Buccaneer**

- ❖ Manage Daily Operations of the Rig
- ❖ Drilling Contractor Chosen: Archer Drilling
  - Operates over 100 rigs globally
  - Experience operating in harsh environments and extensive engineering capabilities
  - Very familiar with the LeTourneau 116 Class jack-up rig
  - Excellent safety record



# Dry Tow From Singapore to Cook Inlet





**BUCCANEER ALASKA OPERATIONS, LLC**  
Cook Inlet Exploratory Drilling Program

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# Rig Arrival in Cook Inlet



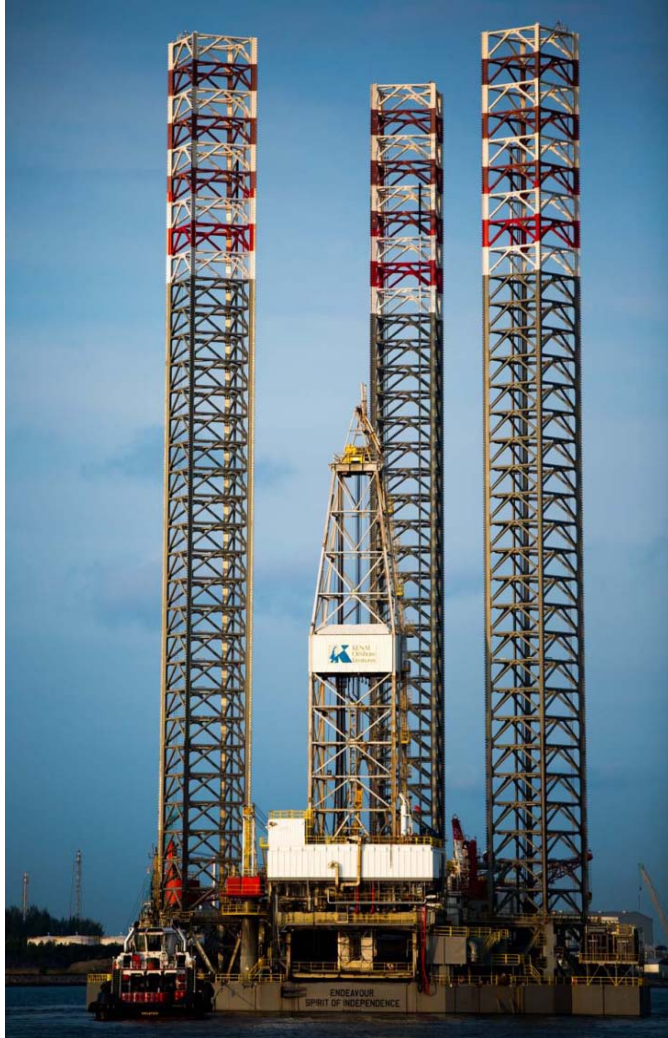
## **Endeavour-Spirit of Independence**

- ❖ Design Marathon LeTourneau 116-C
- ❖ Originally built for North Sea Arctic conditions (-10 degree Celsius steel)
- ❖ Ability to operate in water depths up to 300 Ft.
- ❖ Multiple sets of BOPs 10K & 15K for anticipated high pressure horizons in Cook Inlet
- ❖ Capable of drilling to 25,000 feet
- ❖ Legs (3) 410 ft. long square
- ❖ Quarters capacity 116 persons
- ❖ Ability to Cantilever over existing platforms
- ❖ High variable deck load rating enables it to operate with extra equipment and materials onboard, should support services be limited





# Endeavour – Spirit of Independence

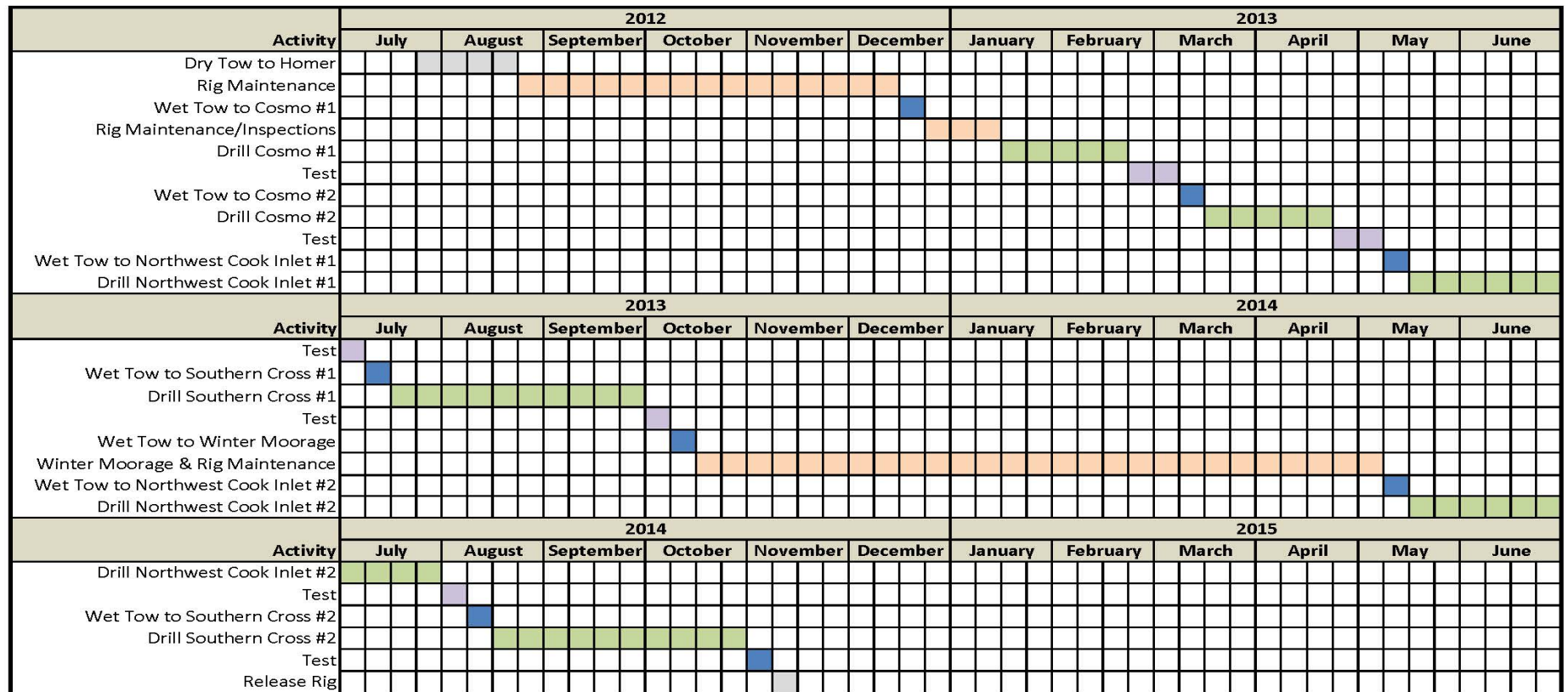




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Cook Inlet Exploratory Drilling Program

# Drilling Program Timeline

Cook Inlet Drilling Program - Preliminary Timeline  
Draft Version: November 27, 2012



**Legend:**

Dry Tow
Wet Tow
Drilling Operations
Testing
Rig Maintenance

Note: Timeline does not present the gas-only well alternate drilling plan for Cosmo #1 pursuant to AOGCC approval.

# State of Alaska Cosmopolitan Permitting

- ❖ Alaska Department of Natural Resources (ADNR)
  - Division of Oil & Gas - Lease Plan of Operations-Pending,
  - Division of Parks & Outdoor Recreation - SHPO Section 106 Clearance-Approved
  - Division of Mining, Land & Water - Land Use Permit-Pending
- ❖ Alaska Department of Environmental Conservation (ADEC)
  - Division of Air Quality - Title 1 Air Quality Permit-Approved
  - Division of Environmental Health – Food and Drinking Water - Pending
  - Division of Water – Waste water – Pending
  - Division of Spill Prevention & Response - Temporary Storage of Drilling Waste-Approved, and Oil Discharge Prevention and Contingency Plan (C-Plan)
    - Approved for Upper Cook Inlet for 5500 bbls/day
    - Seeking Amendment for Cosmo at 800 bbls/day
    - Seeking “Gas Only” determination from AOGCC for 1<sup>st</sup> well
- ❖ Alaska Oil Gas Conservation Commission (AOGCC)
  - ❖ Applications for Permit to Drill and Sundry Notices-Pending
  - ❖ Well Site Surveys (Geohazard)-Completed



## **Federal Permitting**

- ❖ United States Army Corps of Engineers (USACE)
  - Section 10 Individual Permit – Approved
  - Section 10 Letter of Permission – Pending
  - Consultation
- ❖ National Marine Fisheries Service (NMFS)
  - Endangered Species Act (ESA) Letter of Concurrence – Pending (Stellar Sea Lion, Humpback and Beluga Whale)
  - Marine Mammal Protection Act (MMPA) – In conformance with Marine Mammal Monitoring and Mitigation Plan (MMMMP) – all mammals except sea otters
- ❖ US Fish and Wildlife Service –
  - ESA Letter of Concurrence – Pending (Stellar's Eider)
  - MMPA - In conformance with Marine Mammal Monitoring and Mitigation Plan (MMMMP and Incidental Harassment Authorization (IHA) - Pending (sea otters)



## Federal Permitting

- ❖ United States Coast Guard (USCG)
  - Certificate of Compliance - To be obtained prior to rig move
- ❖ United States Environmental Protection Agency (USEPA)
  - National Pollutant Discharge Elimination System (NPDES) Permit - Approved
  - Environmental Monitoring Plan-Contracted with 3<sup>rd</sup> Party
- ❖ US Bureau of Safety and Environmental Enforcement (USBSEE)
  - ODPCP Review and Financial Responsibility



## **Spill Response Management**

- ❖ Member of Cook Inlet Spill Prevention & Response, Inc. (CISPRI)
- ❖ Member of Obrien's Response Management
- ❖ Member Wild Well Control, Inc.

## **Training & Safety**

### **❖ Orientation**

- Rig Operations
- Archeological Resources
- Biological Resources, Wildlife & Habitats
- Laws, Regulations & Stipulations

### **❖ Alaska Safety Handbook (ASH)**

### **❖ International Association of Drilling Contractors**



# Questions & Answers