

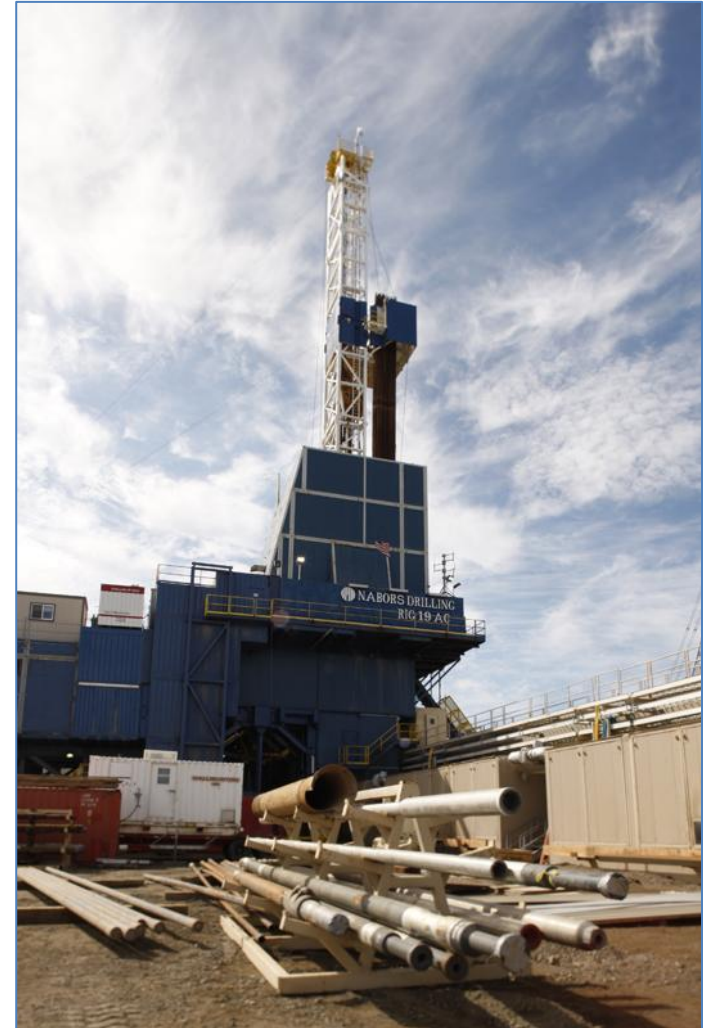
Caelus Energy Alaska Activity Update

Dec. 10, 2015

J. Patrick Foley
Senior Vice President, Alaska Operations



- ❖ Privately-held E&P company formed to pursue large-scale exploration and development opportunities on Alaska's North Slope
 - Seasoned management team with proven track record, led by CEO Jim Musselman
 - Strong equity sponsorship from Apollo Global Management
- ❖ Acquired 100% of Pioneer Natural Resources Alaska ("PNRA") in April 2014
 - ~70 full-time Alaska employees
 - Seasoned operational staff with extensive North Slope experience
 - **SB 21 attracted Caelus and provides good investment structure**
- ❖ Many of the Caelus leadership have been working together over three decades



North Slope Operations Orientation Map / Year in Review

Smith Bay Exploration 'Tulimaniq

- 75% WI in 117,000 acres (Operator)
- 2-well exploration program Jan 16
- Billion Barrel Potential

Oooguruk Unit (ODS / OTP)

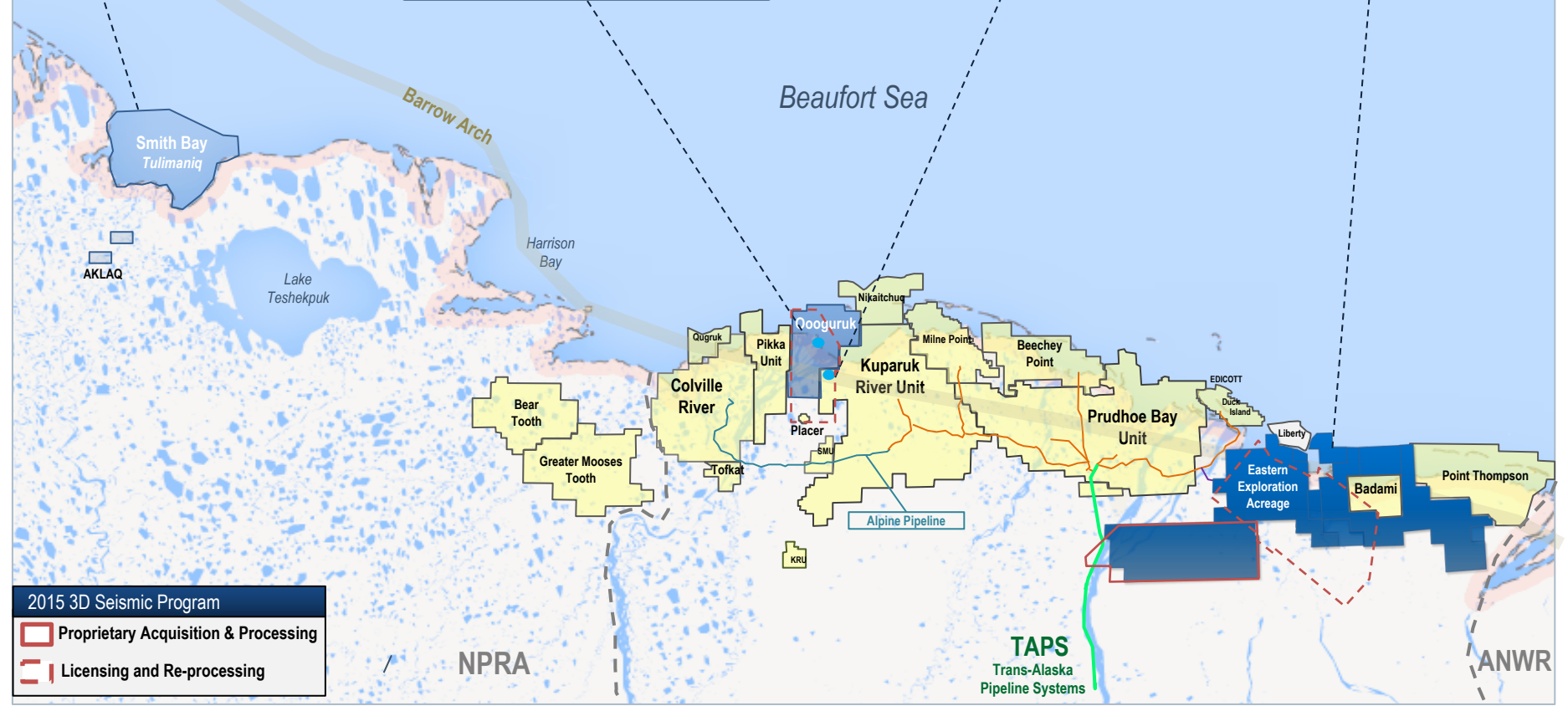
- Largest fracs in North Slope history
- ~23 MMBO Produced since 2008
- ~125 MM paid to AK via royalties / Ad Val

Nuna Drill Site

- 22 acre gravel pad and 4 mile road construction installed winter 2015
- First oil target 4Q 2017

Eastern ANS Exploration Acreage

- ~350,000 acres acquired (100% WI)
- 167 miles² new hi resolution 3D seismic
- Initial exploration drilling anticipated 2017



2015 3D Seismic Program

- Proprietary Acquisition & Processing
- Licensing and Re-processing

Large Scale Smith Bay Exploration Project with True Billion Barrel Potential

Project Overview

- ❖ 75 % WI owner and operator
- ❖ 26 leases, ~117,000 acres
- ❖ True billion barrel potential
- ❖ High quality 3D seismic
- ❖ Stacked turbidite fans
- ❖ Extremely remote location

2015-2016 Program Underway

- ❖ 1-2 exploration wells planned (CT-1, CT-2)
- ❖ 400+ contractor jobs
- ❖ Doyon Arctic Fox rig mobilized by barge
- ❖ Exploration and LCF credits remain critical



- ❖ First Independent operator on North Slope
- ❖ Caelus 70% WI owner/operator (Eni 30%)
- ❖ ~ \$ 2 billion invested to date
- ❖ ~ 23 MMBO produced since 2008
- ❖ Peak production: 25,531 BOPD (May 23, 2015)
- ❖ Annual budget of ~\$300 million through 2018
 - Remaining reserves ~100 MMBO
 - 39 of 48 Wells drilled (22 producers, 17 injectors)

Economic Benefits to Alaska

- ❖ Annual contractor load ~ 300 jobs
- ❖ ~ \$ 65 MM royalties paid to Alaskans
- ❖ ~ \$ 60 MM Ad Valorem paid

Ooguruk Island Drill Site (ODS)



Ooguruk Tie-In Pad (OTP)



- ❖ Caelus holds 100% interest
- ❖ 2P Reserves: 102 MMBO
- ❖ ~ \$1.2 billion total facilities and development capital
 - Construction of 22-acre Nuna pad and 4+ mile road complete
 - First oil October 2017
 - Primary target: Brookian Torok
 - Estimated peak production: 20-25 MBOPD
 - Phase I: 30 wells
 - (15 producers/15 injectors)
 - Capital intensive frac program
 - Frac both production and injection wells
- ❖ New high resolution 3D seismic data acquired

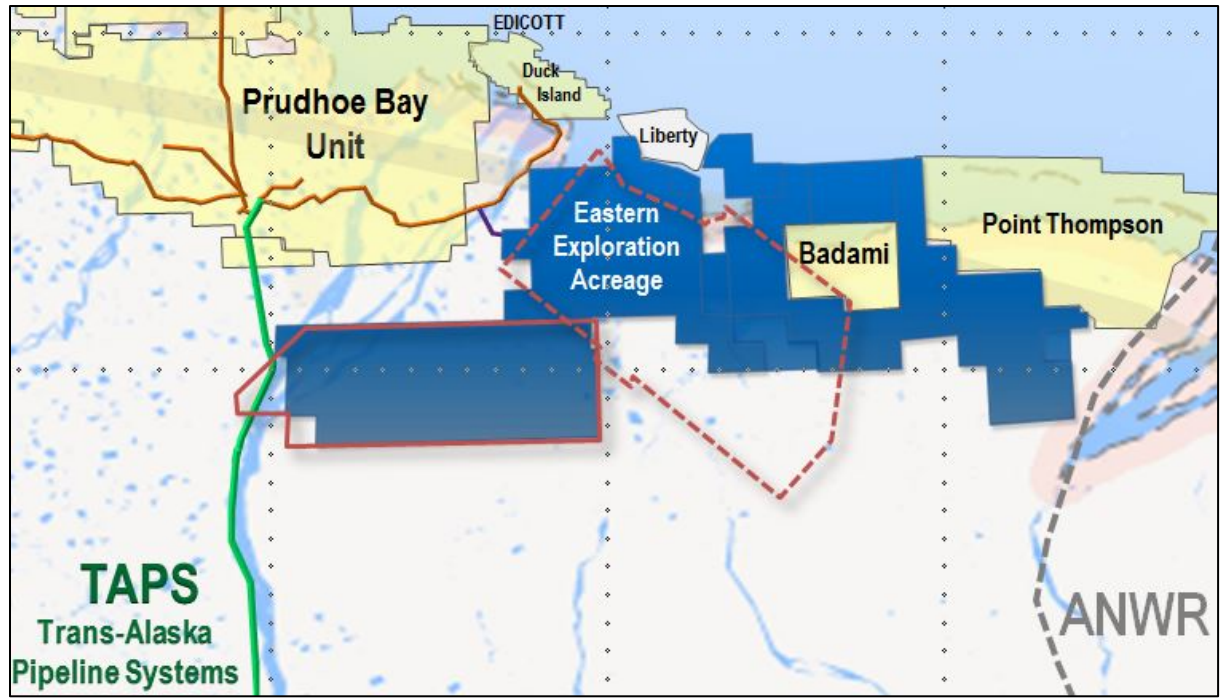
Nuna gravel pad



Estimated Economic Benefits to Alaska

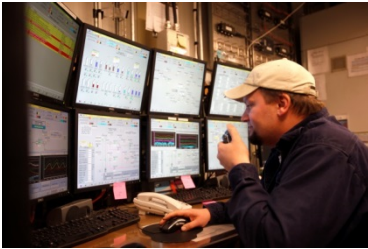
- ❖ ~ \$1.25 to AK via taxes/royalties
- ❖ Year round jobs and economic development
- ❖ State royalty modification and existing credit program remain critical to success

- ❖ ~ 350,000 acres acquired
- ❖ 167 sq. miles of high resolution 3D seismic acquired in 2015
 - Numerous brookian turbidities potential
- ❖ Additional 3D acquisition likely
- ❖ Initial exploration drilling anticipated in 2017
- ❖ Alaska benefits from seismic data, exploration well data,



2015 3D Seismic Program

- Proprietary Acquisition & Processing
- Licensing and Re-processing



Operational Excellence

- ❖ Record annual production ~ 4 MMBO
- ❖ Best plant uptime / 25% improvement yr:yr
- ❖ Longest well and frac

Environmental Stewardship

- ❖ 2nd lowest number of reportable spills

Health and Safety

- ❖ Lowest number of recordable injuries

Social Responsibility

- ❖ AHA Heart Walk, Habitat, United Way, North Slope Activities

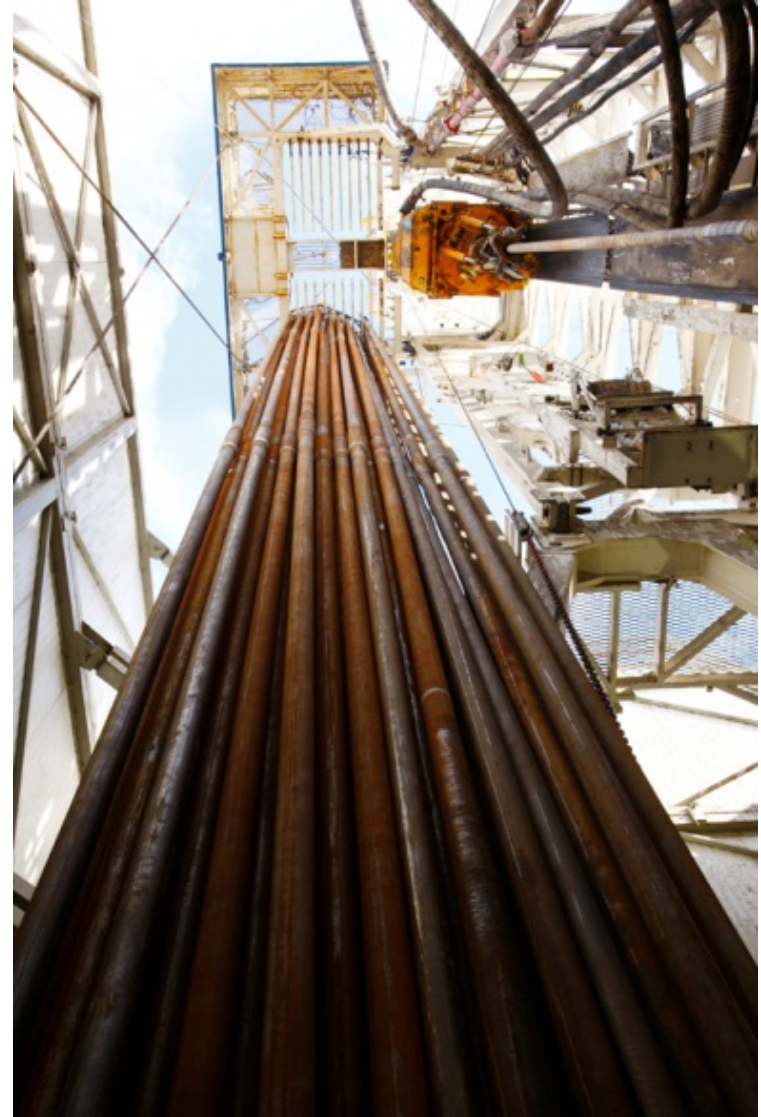
North Slope Operations

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|--|--|--|---|--|---|------------------------|
| Alaska Air Fuel | AUTOMATED LAUNDRY SYSTEMS | CONSTRUCTION MACHINERY IND LLC | Fence Emporium | Industrial Engineering | NANA OILFIELD SERVICES INC | RELIA |
| ALASKA BEARING CORPORATION | Avaya | Container Specialties of Alaska | Firocft Engineering | INDUSTRIAL INSTRUMENT SVC INC | NANA Worley Parsons | RESMA |
| Alaska Cab | Baker Engineering & Risk | CONTROL COMPONENTS INC | Flowline Alaska | INDUSTRIAL SCIENTIFIC CORP | nanqu | Rocky I |
| Alaska Crane Ltd. | BAKER HUGHES | CORE LABORATORIES LP | FLOWSERVE | ISSCO | NEI FLUID TECHNOLOGY | ROHRB SYSTEME |
| Alaska Department of Labor-Mechanical Inspection | BAKER OIL TOOLS | Corpro Companies | FMC FLUID CONTROL | JACKOVICH INDUSTRIAL & | NEMA7.COM | ROSCO DECAL |
| Alaska Enterprise Solutions, ALASKA FITNESS | BAKER PETROLITE CORP | Crowley Marine Services | Foss Maritime | JCI CYCLONICS LTD. | Norberg-JES LLC | ROSEM RPS En |
| ALASKA HYDRAULICS INC | Bakersfield Pipe and Bald Mountain | Cruz Construction Cruz Marine LLC | FRIGID NORTH FRONTIER SUPPLY COMPANY | Jim Gilroy JL Properties (Centerpoint West) | NORTH COAST ELECTRIC North Slope Telecom, Inc. | RWDY I |
| Alaska Inaugural Ball Committee Inc. | Bay Valley | DeFoe Digital Services | Full Circle | John Schneider | Northern Air Cargo (NAC) | SCHLU TECHN |
| ALASKA INDUSTRIAL HARDWARE INC | BE | | | | Consulting | Seal-Tr |
| Alaska Industrial LLC | BE | | | | Engineering & | Seal-Tr |
| ALASKA INSTRUMENT COMPANY LLC | Be | | | | Maritime | Seisch |
| ALASKA INSULATION SUPPLY | Blade Energy | DeRa Constructors LLC | GAUMER PROCESS | Judy Patner Photography | Northern Solutions | Sender LP |
| Alaska Interstate Construction LLC | BRENNTAG PACIFIC INC | DELTA INDUSTRIES (MOYNO PUMP DISTRIBUTOR) | GBR Equipment | Kakvik Asset Management | NORTHERN SOLUTIONS LLC | Sentry |
| Alaska Marine Surveyors Inc. | Brice Marine LLC | DeRa Leasing | GCI | Katch Kan | NORTHLAND WOOD | SIEMEN |
| ALASKA METROLOGY & CALIBRATION | BROACH | DeRa Technical Solutions (DTSI) | GCISIT | Kodiak Breakers & Supplies, Inc. | NovaLynx Corporation | SIMPLE |
| Alaska Oil & Gas Operations Consultant | BROOKS RANGE SUPPLY INC | DELTA WESTERN INC | GCSIT Solutions | Kuukpik Arctic Catering (KAS) | NRC Alaska (DBA Emerald Alaska) | Site Pro |
| ALASKA PUMP & SUPPLY INC | BUILDERS MILLWORK & SUPPLY | Detection Services | GE Oil & Gas Inc. | Kuukpik Hotel (DBA Nanuq/AFC) | ODRILL-MCM INC | Skyline |
| ALASKA PURE WATER PRODUCTS | C & R Pipe | DET-TRONICS | Geokinetics | L N CURTIS & SONS | Olgoonik Oilfield | Slalom |
| ALASKA RESTAURANT | C & R PIPE | DNOW LP | GeoKinetics USA, Inc. | LIEBERT CORPORATION | OMNISENS SA | SLR |
| ALASKA RUBBER & SUPPLY INC | C&B PUMPS & COMPRESSORS LLC | Dooley Tackaberry, Inc. | Glacier Services Inc (GSI) | LITTLE RED SERVICES INC | Orbis Engineering | Society Geophys |

Thank you!

- ❖ **Alaska has Great Resource Potential**
 - Alaska needs exploration/development companies to fully tap all of Alaska's petroleum resources

- ❖ **Stable, Competitive, North Slope Fiscal Regime Remains Crucial to new Investments and Investors**
 - Credit system is attracting new forms of investors and capital to Alaska
 - Credits are investment in that future, and they're working





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