

Point Thomson Unit Development



ALASKA COMMITTEES ON AGIA / ENERGY

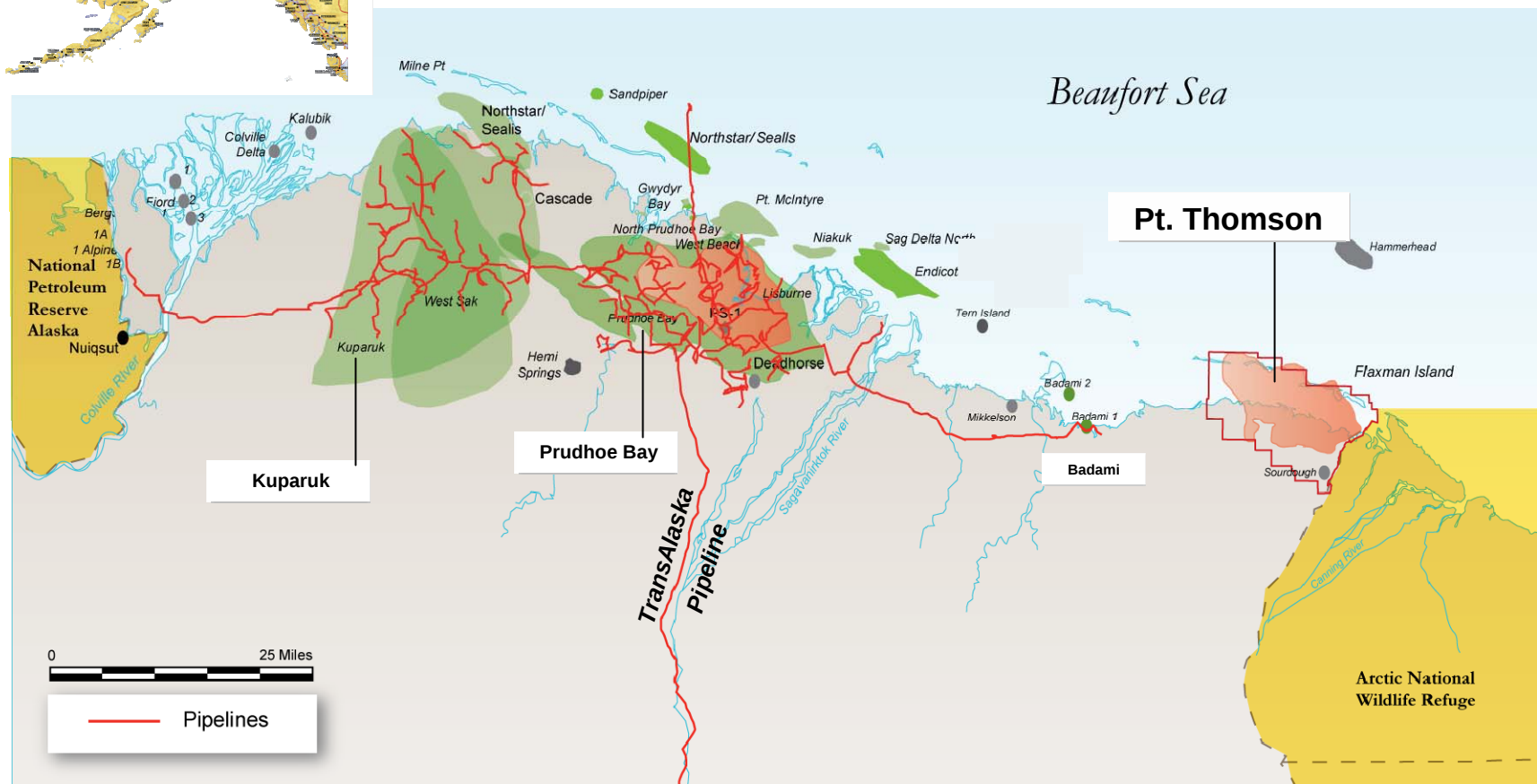
June 17, 2008

Craig A. Haymes
ExxonMobil Alaska Production Manager

Point Thomson – Isolated from Rest of North Slope

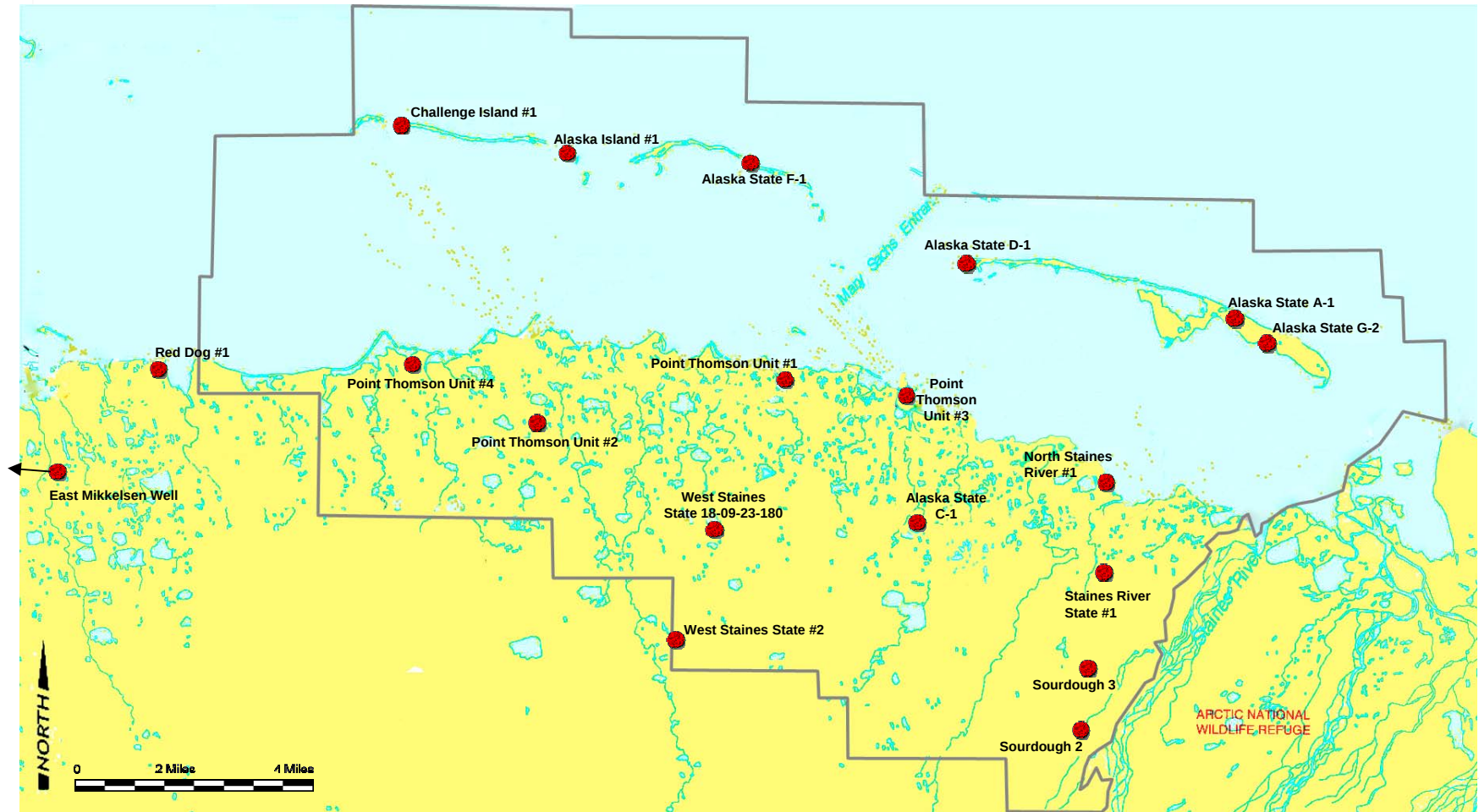


- Located in remote and environmentally sensitive area
- 60 miles east of Prudhoe Bay and TransAlaska Pipeline
- 22 miles east of Badami

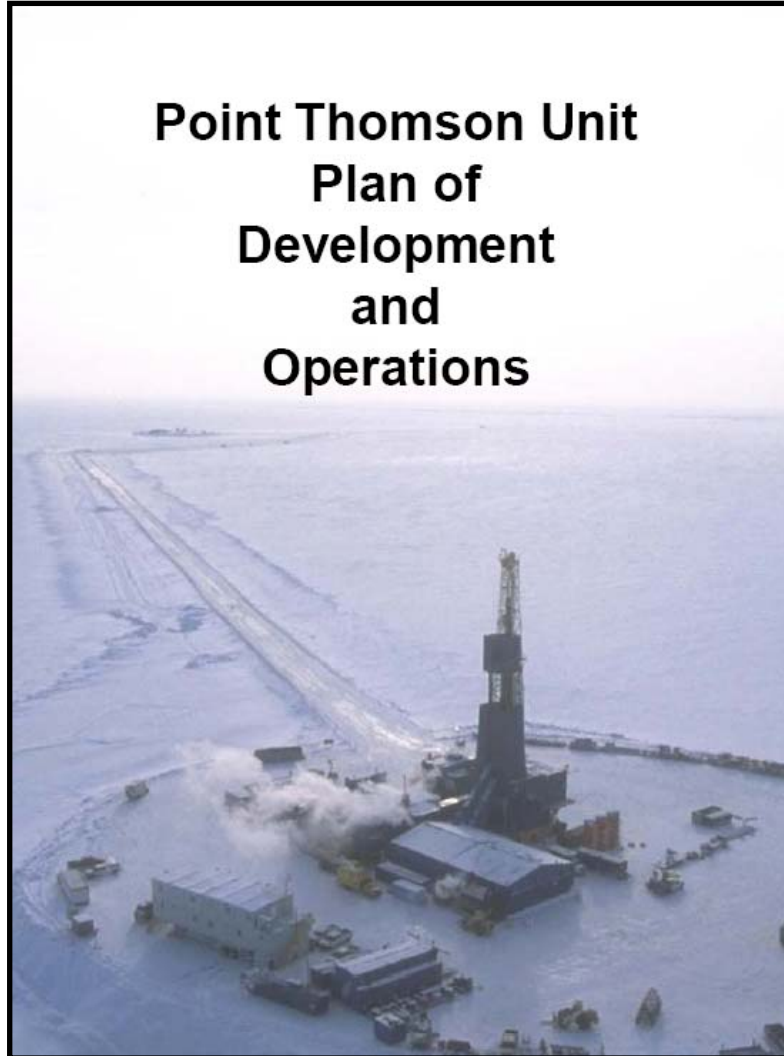


Point Thomson – Obtaining Information

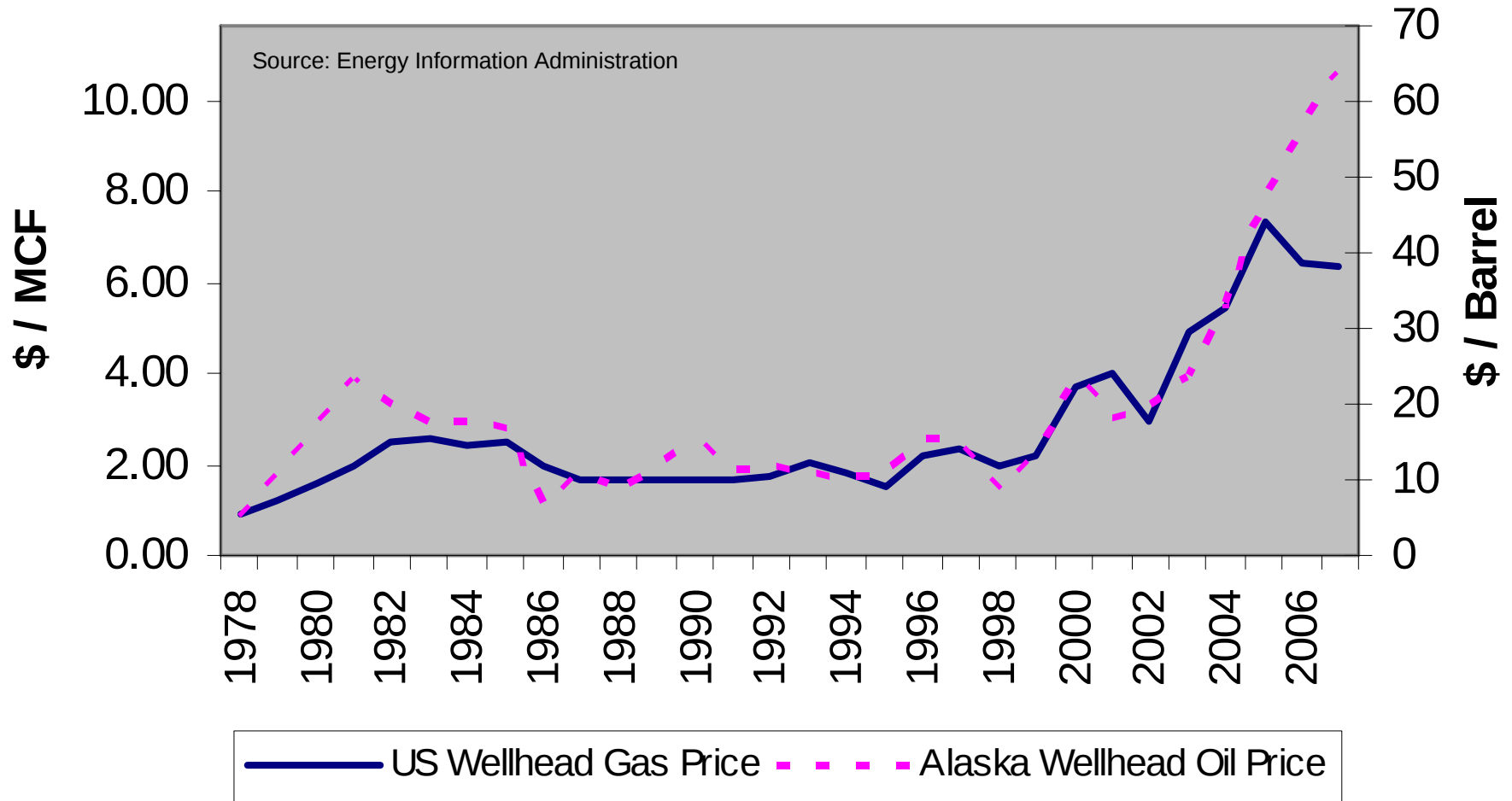
- 19 Exploratory Wells Drilled
- Eight 3D Seismic Acquisitions



Point Thomson Unit Plan of Development and Operations

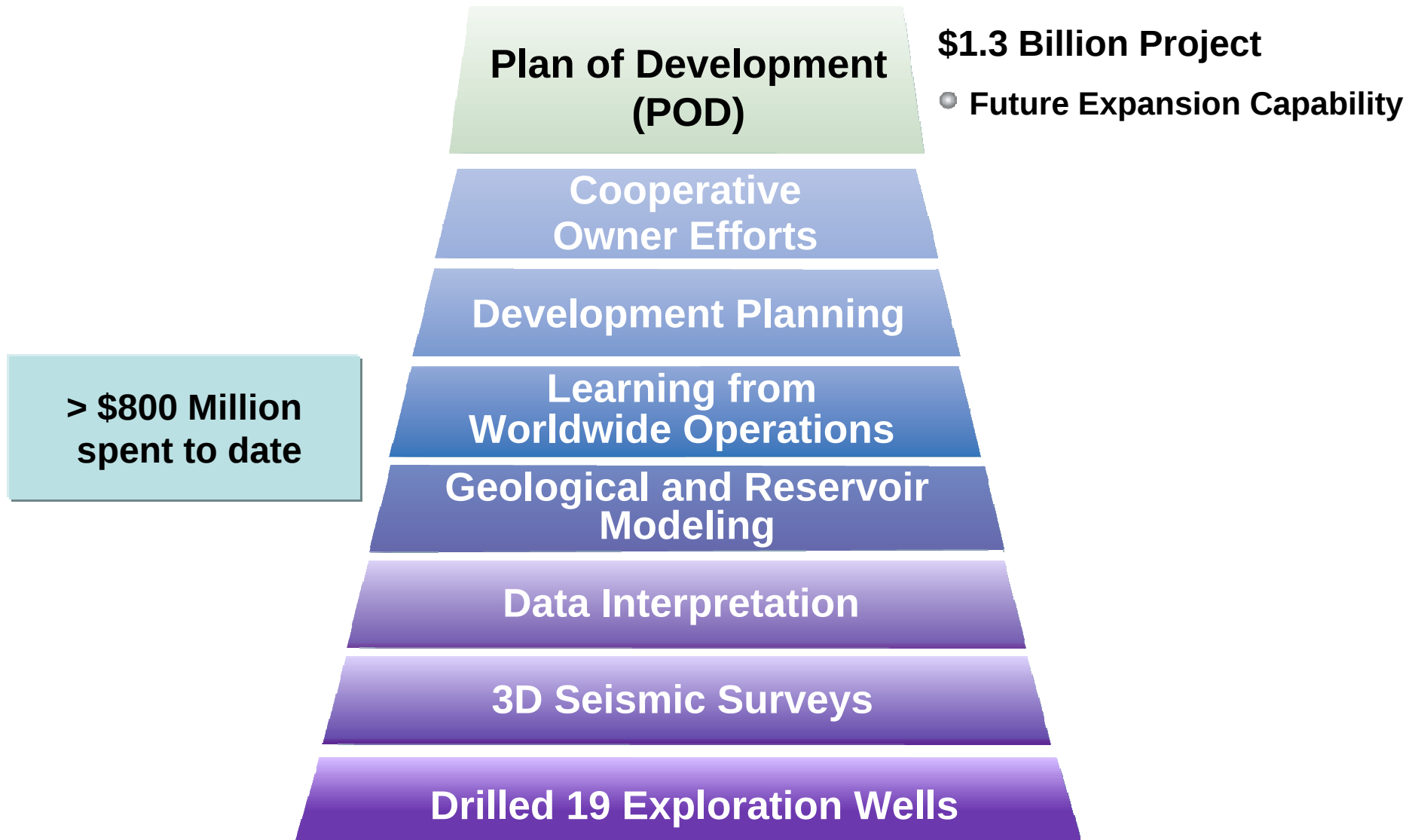


Historical Oil and Gas Prices



Point Thomson Plan of Development (POD)

ExxonMobil



PTU POD - Plan to Produce Condensate

Project Illustration

- Production by YE 2014: 10,000 BPD, inject remaining gas
- Includes liquids pipeline, airstrip, camp, and facilities
- Delineate oil reservoirs, ability to produce
- Future expansion capability



PTU – Project Activity Underway

- **Nabors Rig 27E contracted**
- **Rig upgrades (\$20M) commenced – Anchorage, North Slope**
- **Long lead drilling materials ordered**

PTU - Drilling Rig with Upgrades Underway

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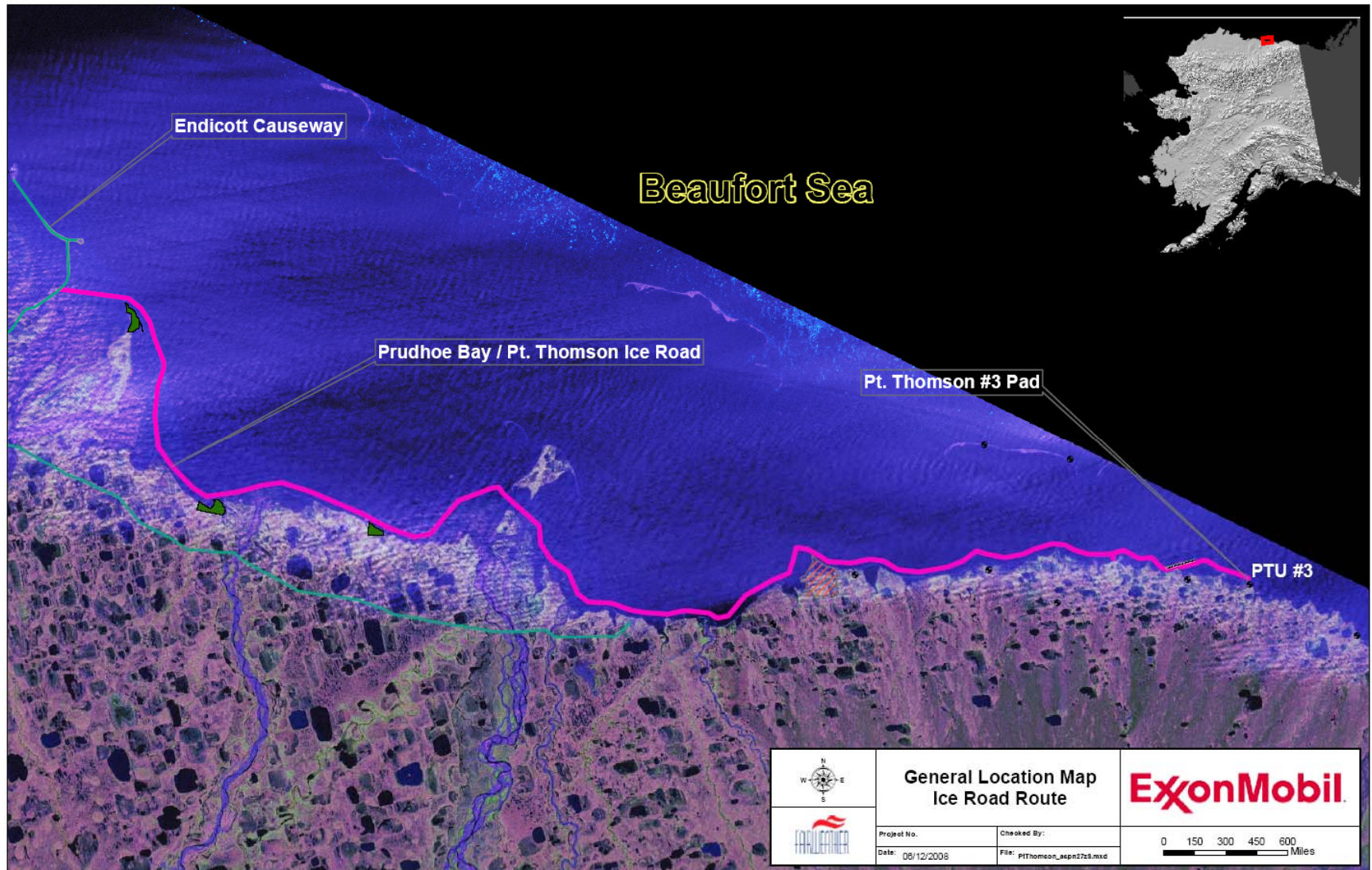


PTU – Project Activity Underway

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- **50 mile ice road and airstrip contracted to Alaskan company**

PTU – 50 Mile Sea Ice Road

ExxonMobil

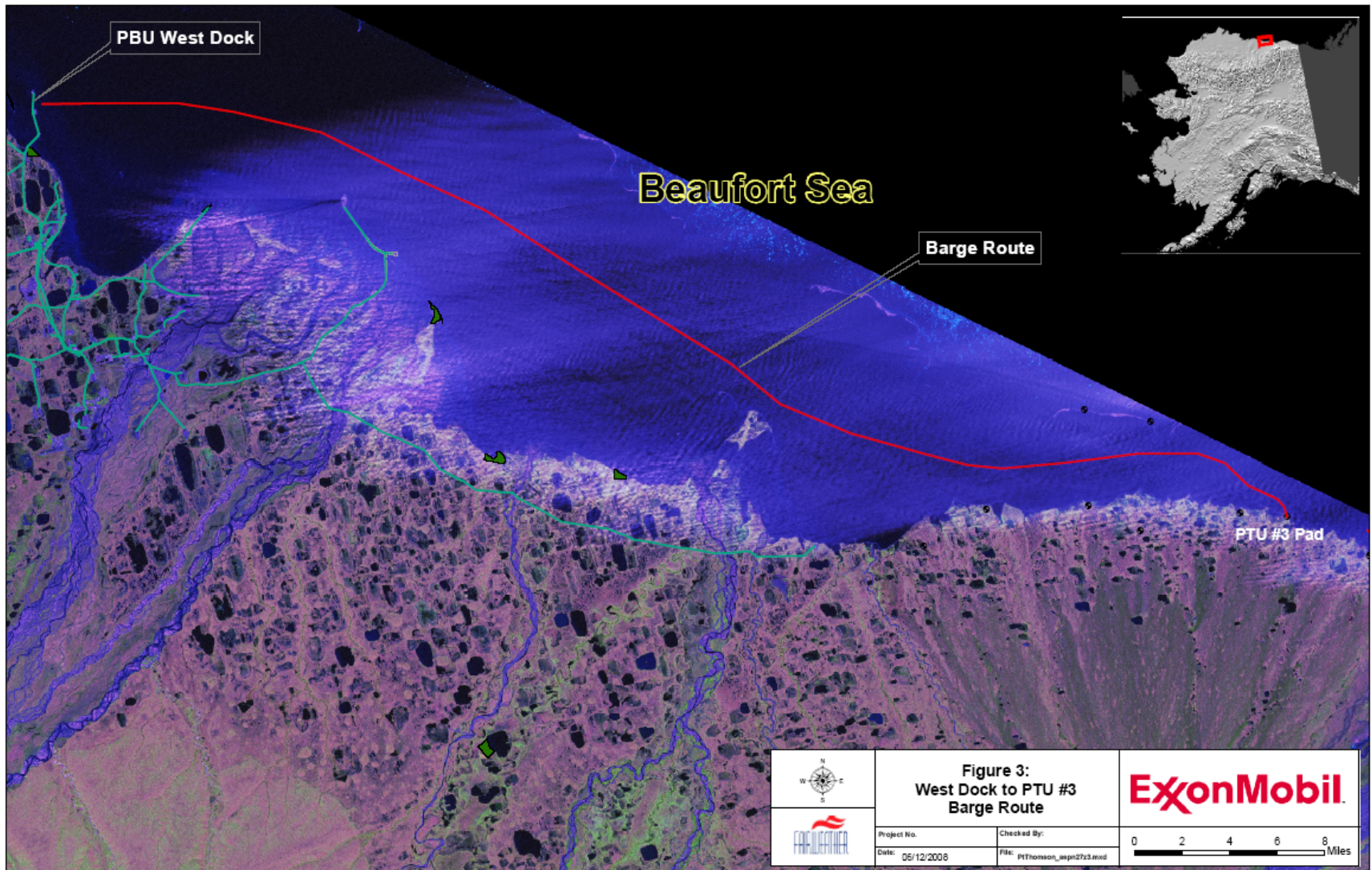


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- **Drilling/Project site survey week of 6/23**
- **Permitting applications in June**
- **Barging of ice facilities and pad equipment in July/August**

PTU – Route for Summer Barge Activity

ExxonMobil



PTU – Summer Site Preparation Plan



Figure 2
ExxonMobil
Point Thomson
Equipment Staging and Pad Preparation Project Schedule

ID	Task Name	Start	Finish	2008											
				May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan			
1	Barging of Equipment and Materials	7/15/08	8/30/08												
2	Camp Setup	7/15/08	7/20/08												
3	Gravel Hauling	7/21/08	7/30/08												
4	Pad Preparation	8/1/08	8/15/08												
5	Onsite Equipment Backhaul	8/16/08	8/17/08												
6	Final Equipment Staging	8/16/08	8/30/08												
7	Security Crew Standby	9/2/08	1/31/09												

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- **Construct ice road and mobilize rig to PTU in December/January**

PTU – Ice Road Construction & Maintenance **ExxonMobil**



PTU – Rig Move Over Ice Road

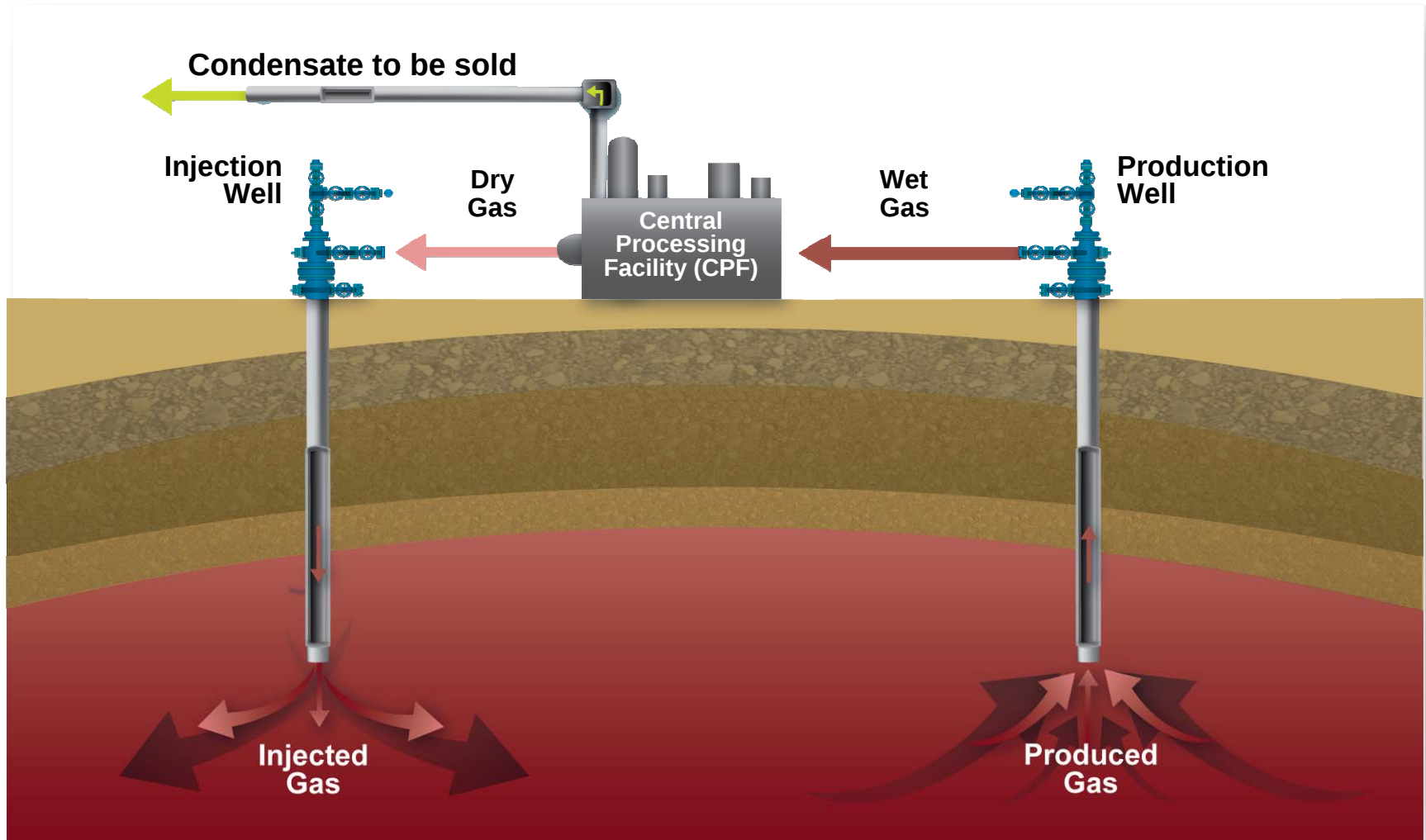
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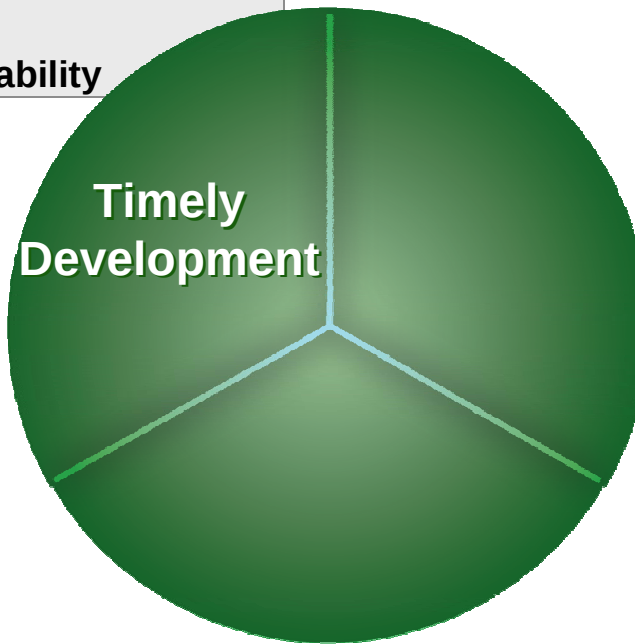
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- **Spud 1st well February 2009**

Point Thomson - Produce Condensate by Cycling Gas **ExxonMobil**

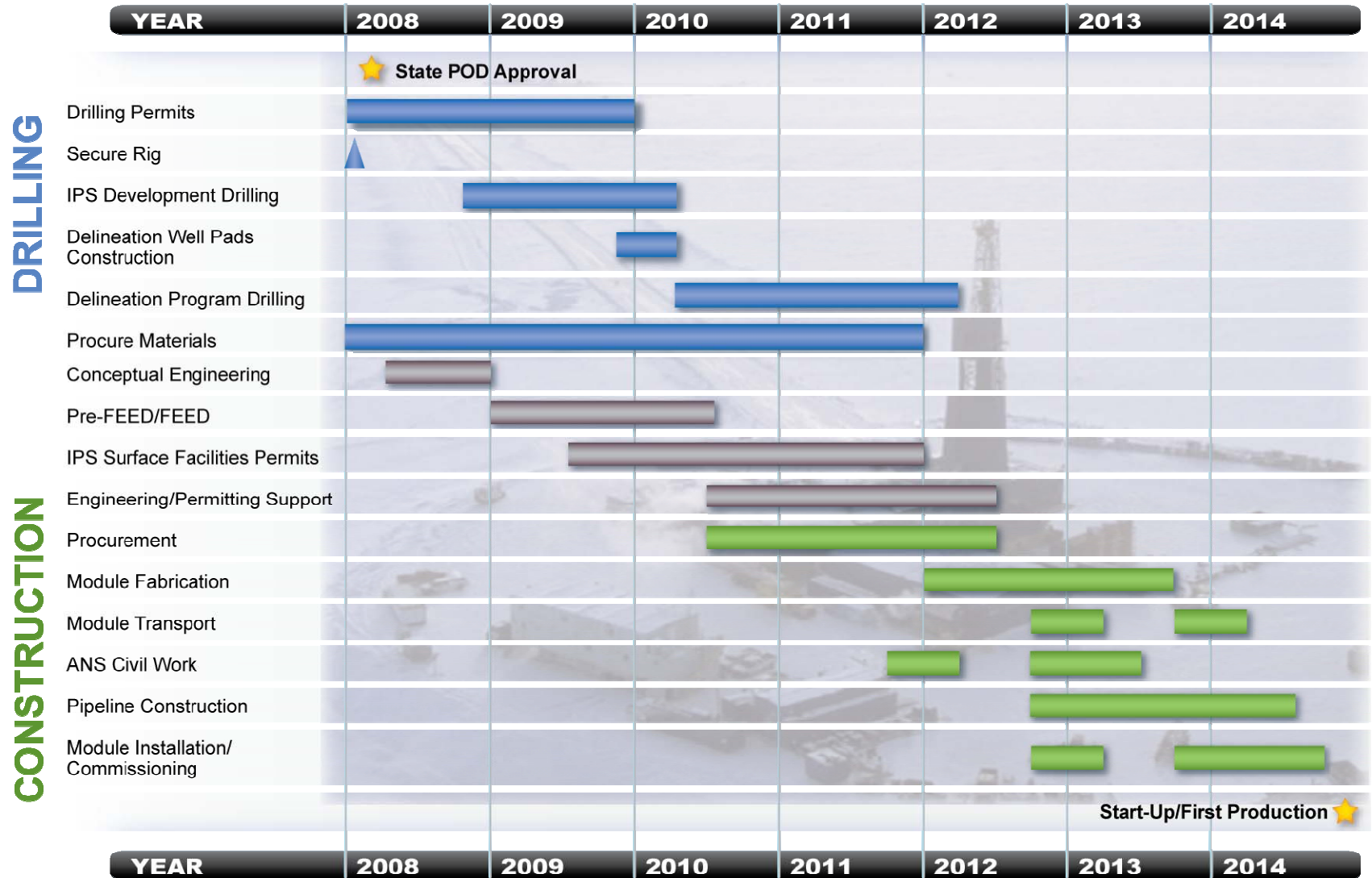


PTU POD - Addressing DNR's Concerns

- Engineering & Drilling Starts 2008
 - > 200 jobs by next winter
- Production begins 2014
- 10,000 Barrels per Day
- Future Expansion Capability



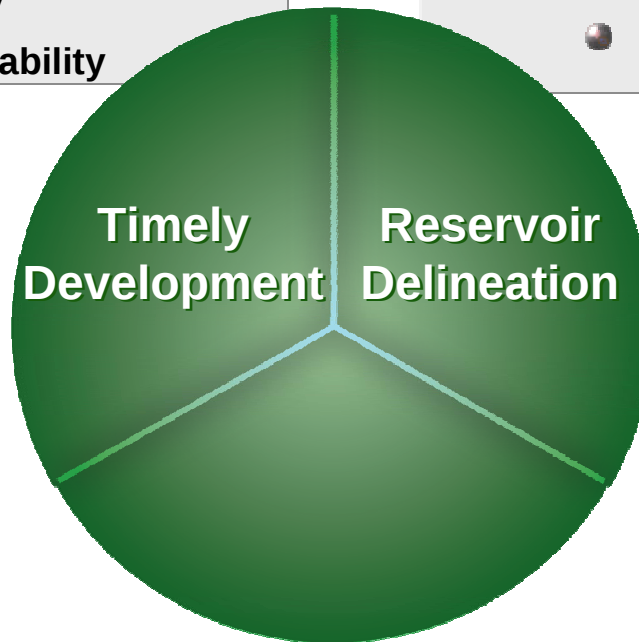
PTU POD - Clear and Committed Timeline



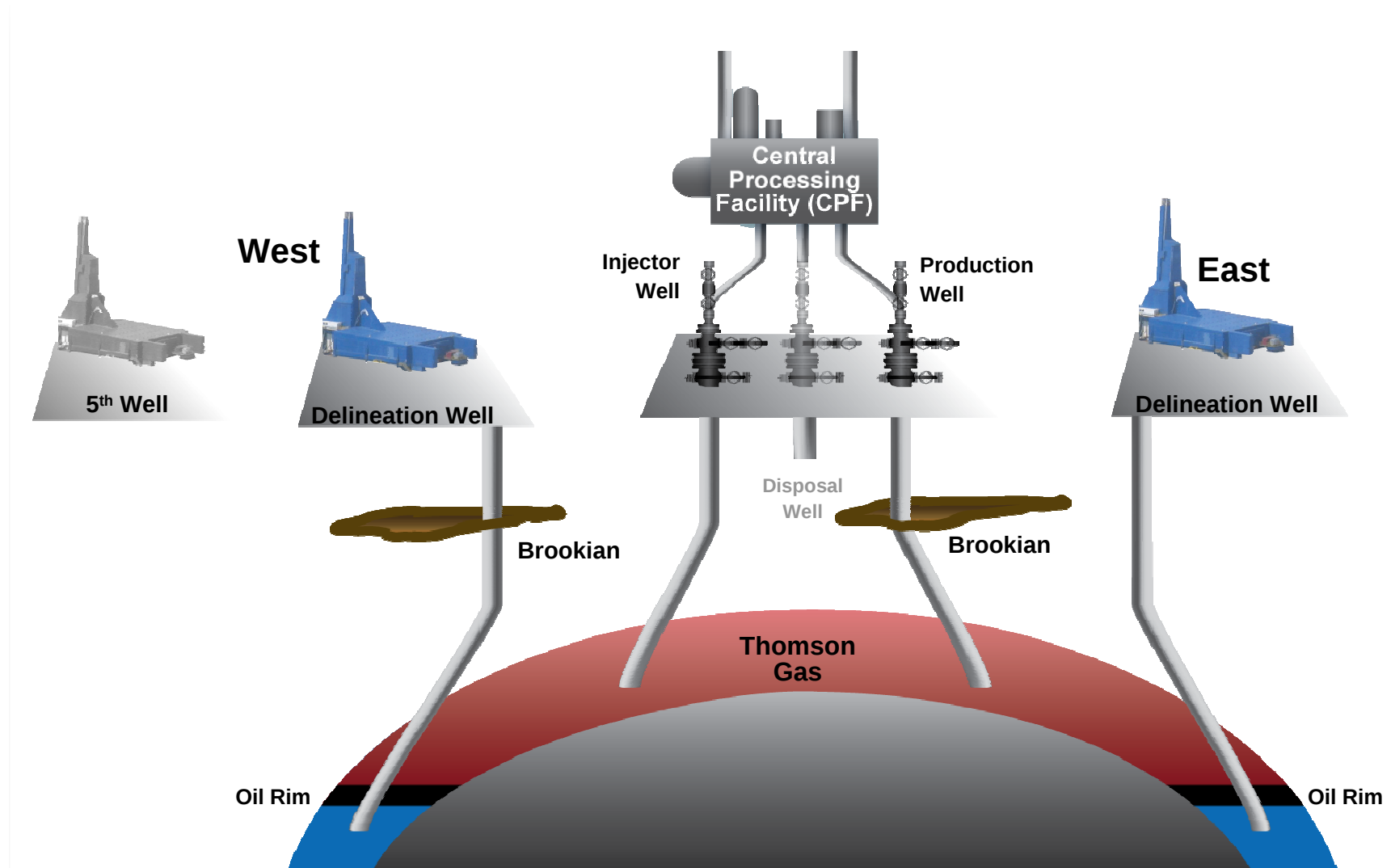
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- Drilling Program – Gas, Oil, Condensate
 - 2 gas cycling wells
 - 3 oil / gas delineation wells
 - Additional Wells if required



PTU POD - Plan to Develop and Delineate



PTU POD - Addressing DNR's Concerns

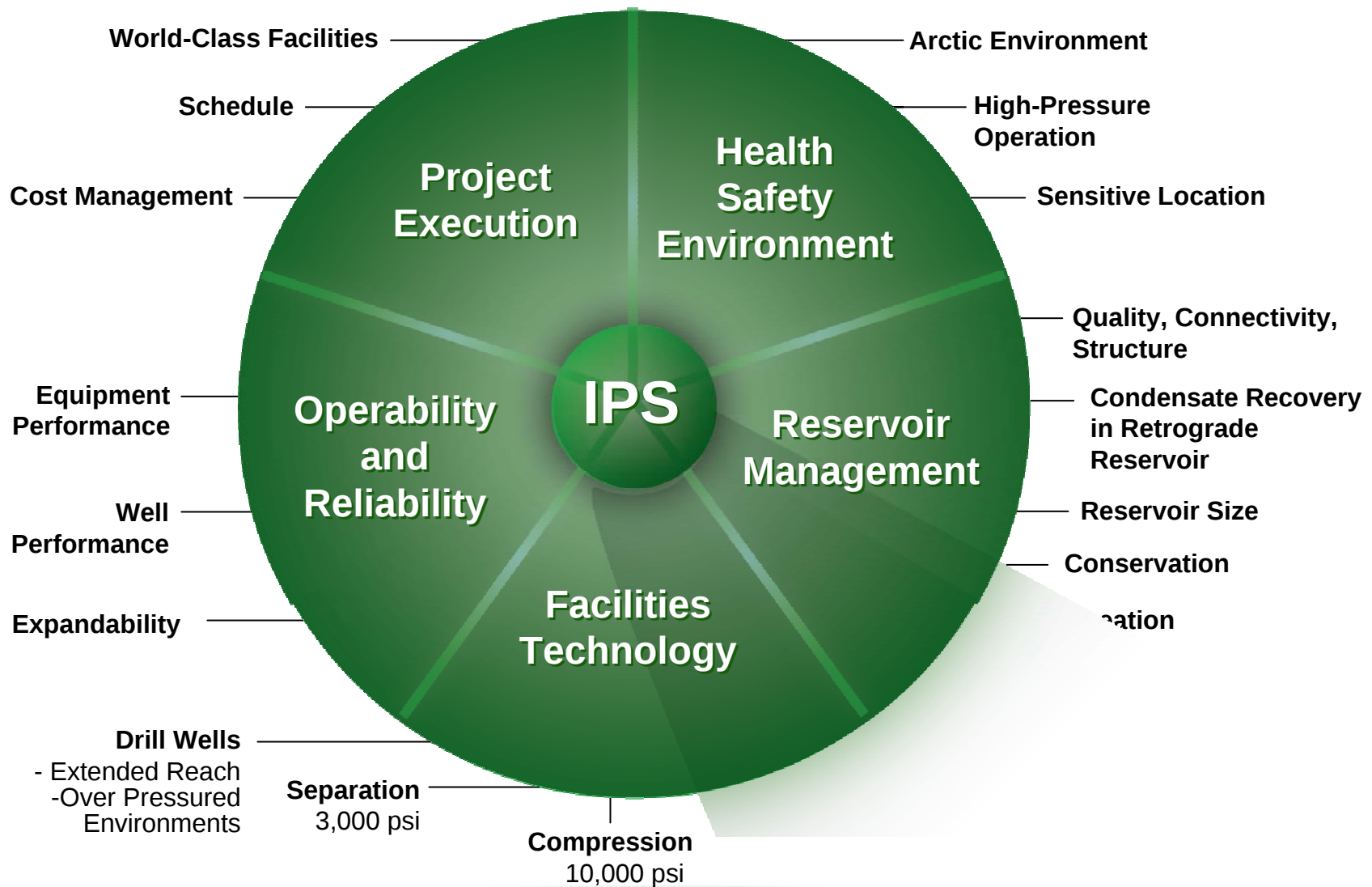
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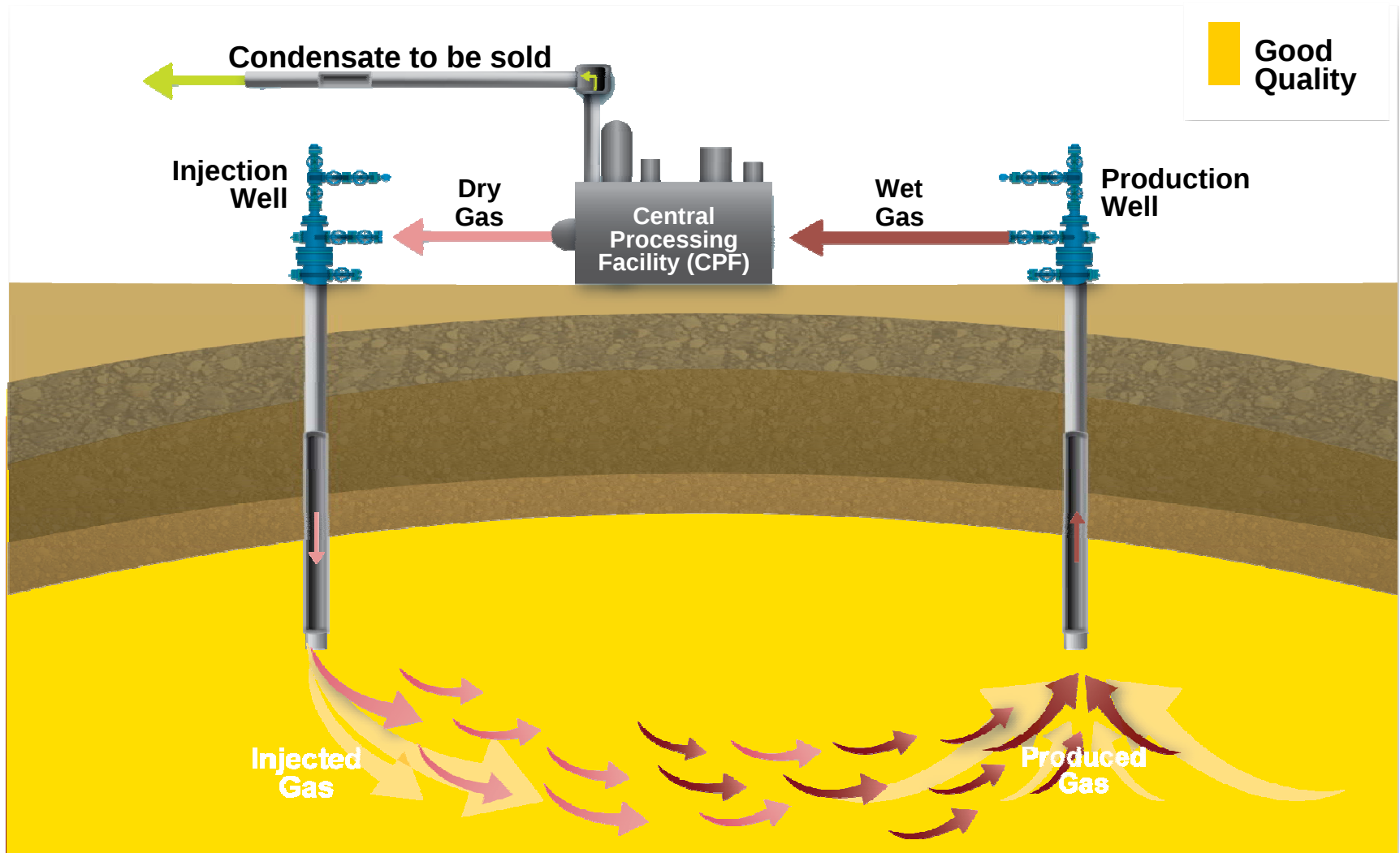


- Term of POD through to Production
- Owners support \$1.3 Billion Project
- Already Secured Rig; Long Lead Materials
- Scheduled Milestones for State to Monitor Progress
- Owners Support Assured by Corporate Executives
- Agreed to Unit Termination if Milestones Not Met

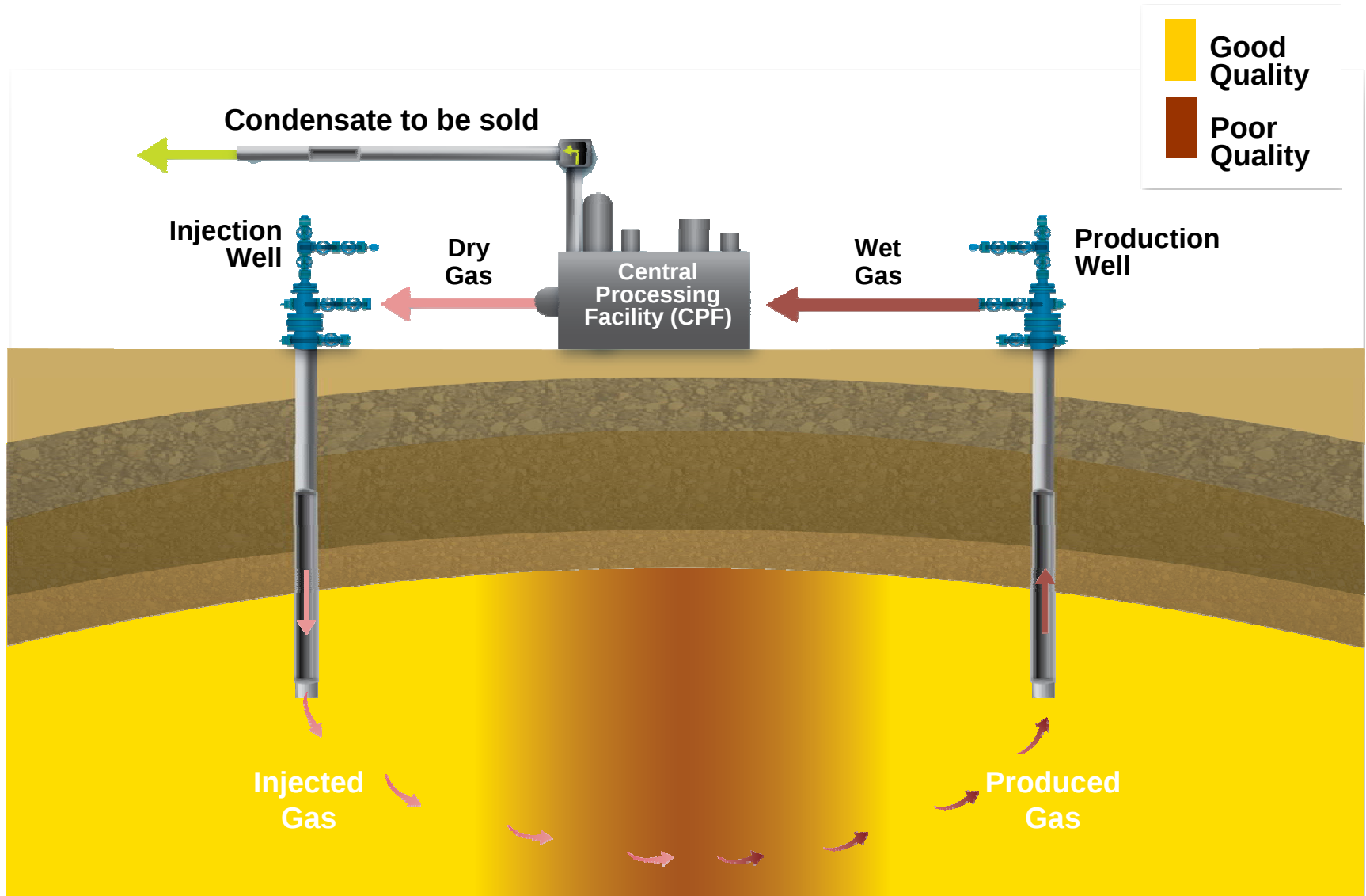
PTU POD - Prudently Manages Risk



PTU - Reservoir Quality and Performance

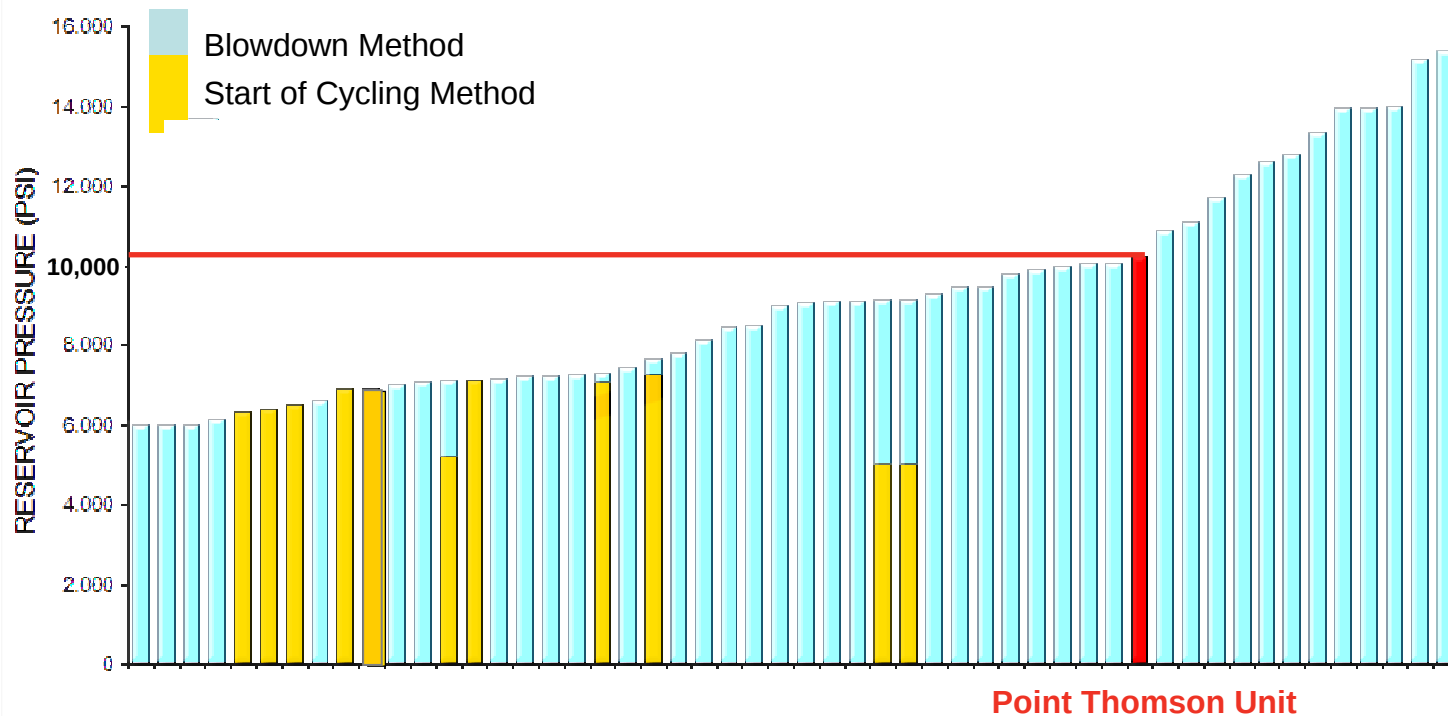


PTU - Reservoir Quality and Performance



Cycling at High-Injection Pressure

World-Wide Gas – Condensate Reservoirs



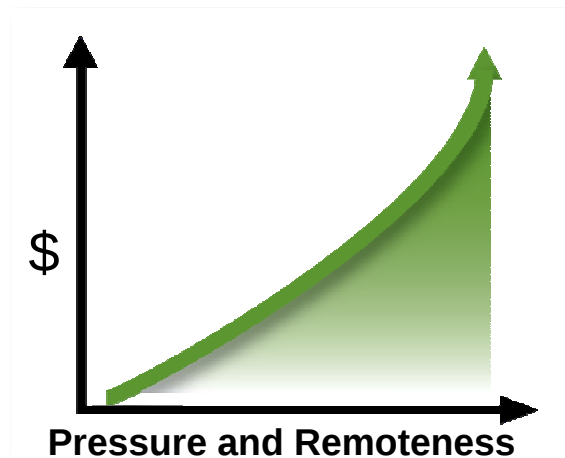
Wells Required for High-Pressure Operations

Point Thomson Well



Point Thomson Drilling

- Abnormal pressure
- Extended reach
- Heavy mud
- World class wells



PTU POD - Phased Approach Mitigates Risk

Operations

- Over Pressured
- Long Reach

Apply Critical Learnings

- Well Data
- Dynamic Information from Cycling
- Operability Learnings for Expansions

POD

Facilities

- Utilize Proven Technology
- Compressors and Separators

Drilling

- Fewer Wells
- Limit Reach to Proven Capability
- Apply Proprietary Technology

Management

- Targets Reservoir “Heart”

● Provides for Production

- Commence Engineering 2008
- Commence Drilling Program Winter '08-'09
- Provides Jobs – Over 200 People Employed Next Winter
- 10,000 Barrels Condensate Per Day - 2014

● Further Delineates Reservoirs

- Producer and Injector Wells
- 3 oil/gas Delineation Wells
- Additional wells if required

● Provides Information About Reservoirs

- Reservoir Quality, Performance, and Size
- Prudently Manages Risk – Reservoir & Technology

● Conservation

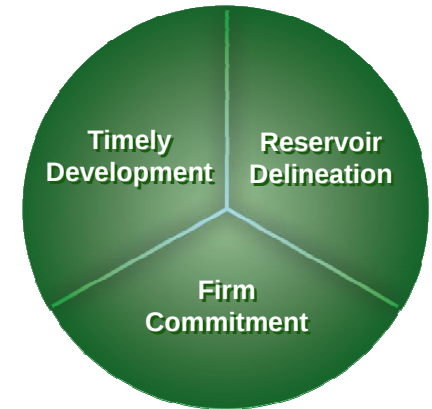
- Cycling Enhances Resource Recovery

● Minimizes Environmental Impacts

- IPS Utilizes Existing Gravel Pad
- Offshore Drilling from Onshore Pad
- Utilization of Ice Roads

● Expandability

- Cycling, Oil Production, and Major Gas Sales

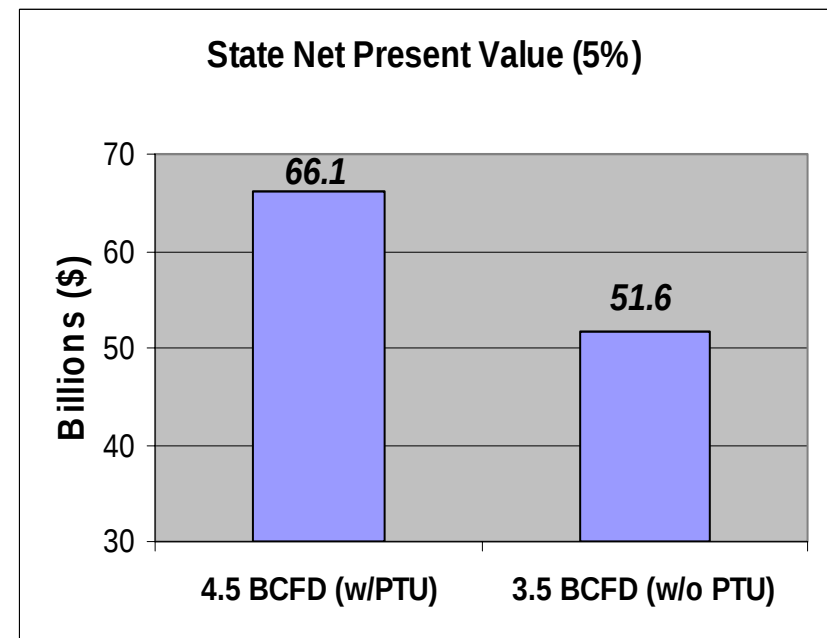
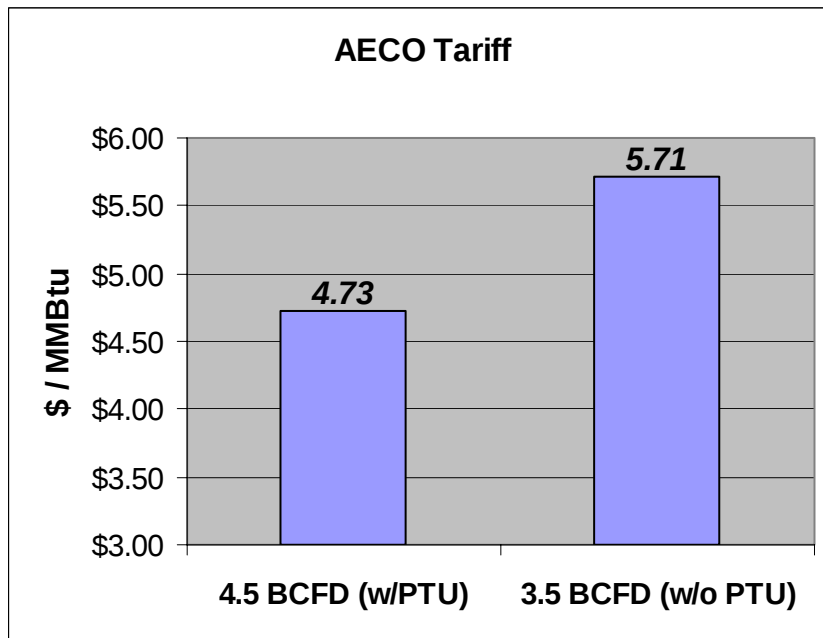


Importance of PTU Gas to Gas Pipeline

- **PTU Gas represents ~25% of the discovered North Slope gas resource**
- **Supports critical firm transportation commitments (“FT”) necessary to secure project financing**
- **Provides security of supply for downstream consumers**
 - Not relying solely on Prudhoe Bay Unit gas or “yet to find” gas to meet commitments
- **Improves liquid recoveries at Prudhoe Bay**
 - Not required to produce Prudhoe Bay Unit at higher gas rates to meet FT / marketing requirements
- **Provides economies of scale for a gas pipeline project**
 - Allows optimization of initial project design
 - Reduces tariff, increases value to all stakeholders

Importance of PTU Gas to Gas Pipeline

- Without PTU gas, pipeline tariff increases by ~\$1.00 / MMBtu
 - Less value for State (\$14.5 billion dollars) and Producers
 - Essentially requires a PBU gas discovery within the next few years
- Significant impacts on shippers, including explorers
 - Annual Impact: **\$1.3 billion dollars**
 - $3.5 \text{ BCF / Day} * 365 \text{ Days} * \$1.00 / \text{MCF}$
 - Impact over 25 years: **\$32 billion dollars**



Source: Black and Veatch – Alaska Gasline Determination Forum

PTU – DNR Summary of PetroTel's Assessment

- **PTU lease holders have not been provided the recent PetroTel study, but based on DNR's summary of the analysis;**
 - Report appears to be based on selective and limited data
 - Report indicates significant critical work yet to be done
 - Report does not address key development planning, reservoir planning, economics, environmental considerations, costs, feasibility of drilling wells . . .
- **No sound technical conclusions can be drawn from this report; significant work remains.**
- **The DNR's summary of the PetroTel report clearly overstates the developable liquid hydrocarbons (condensate and oil)**
 - Oil recovery at PTU is unlikely to exceed 5% (PetroTel - "close to 50%")
- **Our technical work shows that over 90% of developable hydrocarbons (gas, condensate, oil) can be produced today through a gas sales development**
- **Our POD provides the opportunity to recover even more liquids prior to the start of gas pipeline operations**
- **PTU lease holders remain willing to share their technical work and expertise on these issues**

Point Thomson Project

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**Taking on the world's toughest
energy challenges.**

