



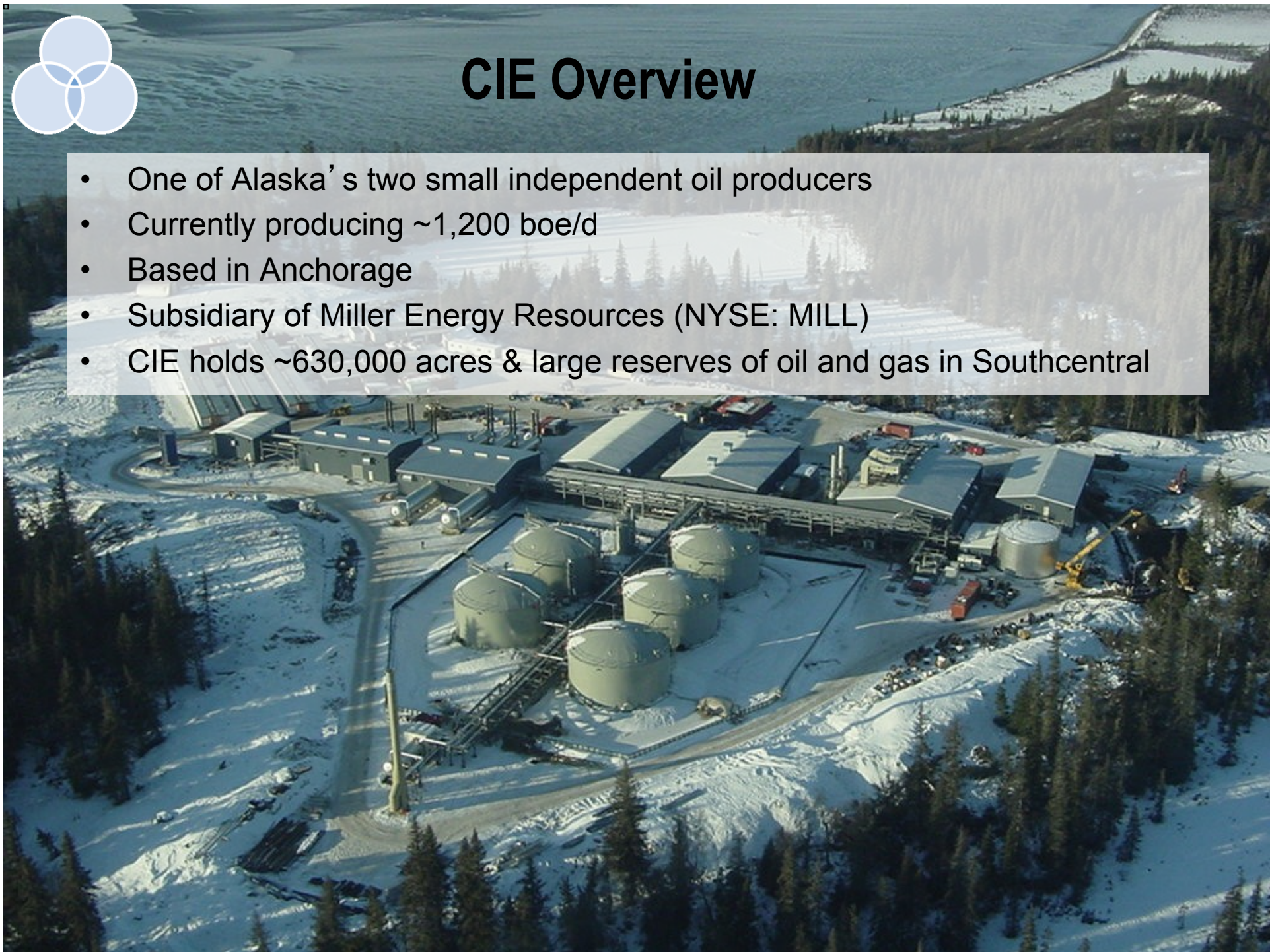
Cook Inlet Energy





# CIE Overview

- One of Alaska's two small independent oil producers
- Currently producing ~1,200 boe/d
- Based in Anchorage
- Subsidiary of Miller Energy Resources (NYSE: MILL)
- CIE holds ~630,000 acres & large reserves of oil and gas in Southcentral





# Cook Inlet Area Map





# CIE Achievements To Date

## 2009

- September – Pacific Energy abandons all Alaskan assets
- December – CIE overturns abandonment order, approved as successor operator, rehires staff

## 2010

- Jan – April – CIE restores WMRU production; increases production ~400%

## 2011

- Jan – Miller Rig 34 brought to Alaska, CIE begins modifications at WMRU
- April – CIE reactivates Osprey, begins workover program
- June – Osprey Platform resumes oil shipments
- July – \$100 million credit facility secured, work begins on new rig for Osprey
- October – Miller Rig 35 begins arriving in Nikiski



# Plan Forward

- Execute second phase of Osprey redevelopment
- Continue well work to optimize existing production
- Exploit additional onshore oil & gas opportunities near WMRU
- Gas exploration & development in Cook Inlet & Susitna Basin



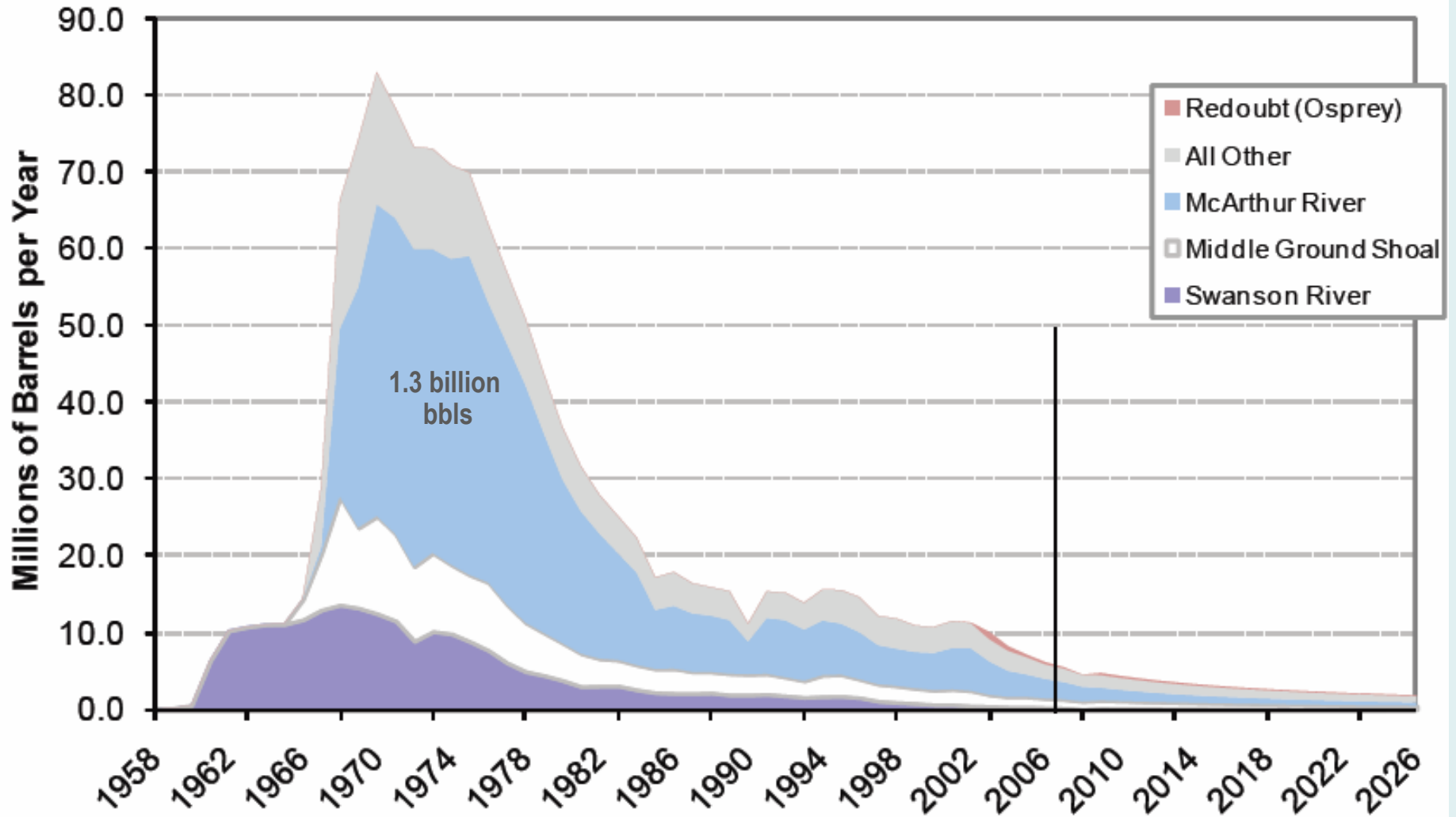


## Good Things are Happening in the Inlet

- Increased reserve estimates from USGS
- New oil & gas players bringing capital & expertise (Hilcorp, Apache, NordAq, Buccaneer, Escopeta, Linc, Armstrong)
- UCG Projects (Linc & CIRI)
- Mines (Chuitna, Donlin Creek)
- Geothermal (Ormat)
- Multiple developments near existing infrastructure could result in synergistic economic development

# But...

## Cook Inlet Historic and Forecast Oil Production 1958 - 2026<sup>1</sup>



Source: Alaska Division of Oil & Gas 2009 Annual Report



## Don't Mistake Green Shoots for a Crop

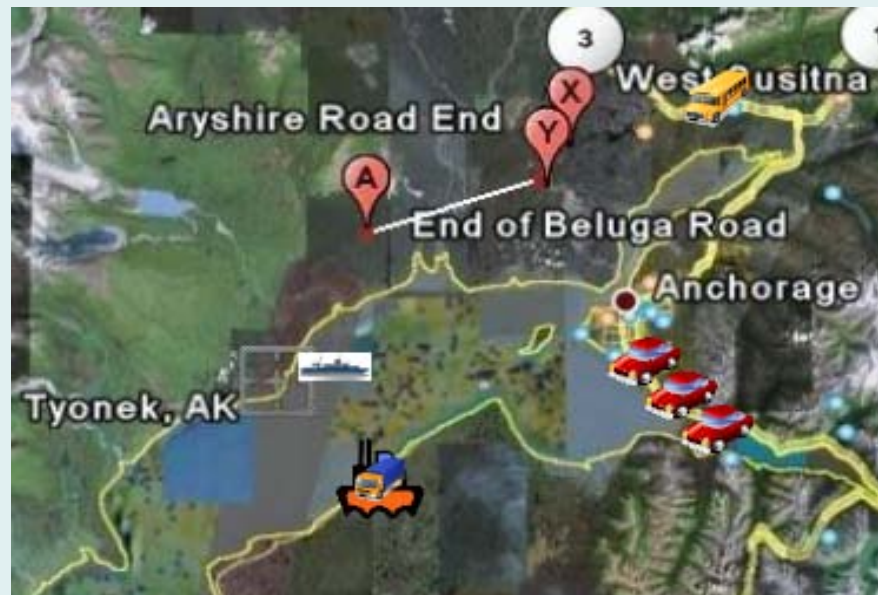
- If things seem great now, it's because they've been so bad
- It takes time, money, and a lot of work to turn potential into reality
- The last thing we need is the perception that Cook Inlet has recovered; it just may have stopped getting worse





# What Should be Done

- HB 32 is a key piece of legislation
  - Marginal oil & gas production must be preserved
  - CI royalty structure should be expanded new platforms
- Access is the key to development
  - Access is precluded or expensive throughout basin
  - Ability to permit gravel roads and pads is essential
  - 28 mi Chuitna-GB Hwy could be road-to-resources poster child



Source: Tyonek Native Corp., 2010



## What Should be Done

- Platform abandonment must be addressed
  - No clear abandonment standard
  - State feels it needs cash bonds instead of relying on chain of title
- Gas market needs development
  - Moving away from gas could lead to negative-feedback loop
  - We need to promote demand along with supply to ensure longevity



## Bottom Line

- Local energy production underpins our quality of life
- A thriving energy sector in Southcentral is possible
- It will take a lot of work
- CIE is working hard every day to help achieve this
- Legislature & administration must continue to support revitalizing the Inlet