

# YOUR FUTURE IS OUR FUTURE



Caelus is a privately held oil exploration and production company formed in 2011 expressly to pursue large-scale exploration and development opportunities on the North Slope. We have almost half a million acres under lease across the North Slope, including over Smith Bay—which by itself is estimated to represent more than 2 billion recoverable barrels.

## Caelus is a strong partner in securing Alaska's continued prosperity because we:

**Hold leases with enormous, demonstrated economic potential**

**Have the proven expertise, technology, and resources to develop these finds safely but swiftly.**

**Are a trustworthy, responsible independent known for doing right by people and the environment**

## ABOUT CAELUS



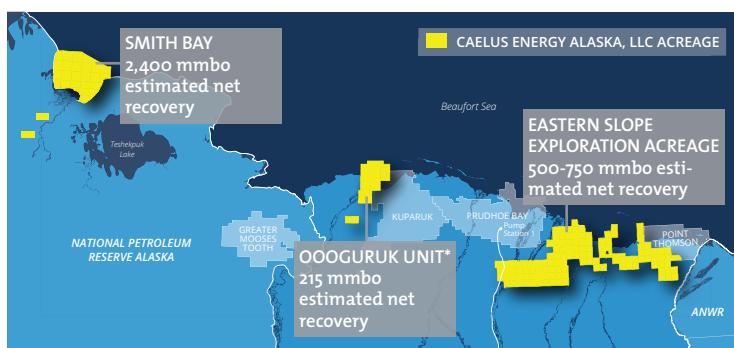
## Our Vision for Sustainable Growth



Contrary to the belief that oil production in Alaska faces permanent decline, our Nuna and Smith Bay discoveries, combined with our view of our eastern acreage potential, demonstrate that the North Slope still holds tremendous recoverable oil resources—and that we can expand existing production rates there safely but swiftly.

Caelus is committed to bringing the responsible innovation and strong financial resources that extracting those resources will require. Our extensive investments benefit Alaska by significantly increasing resource development today that will generate new long-term jobs, opportunities and production for the state tomorrow.

And because our plans are attracting the interest of highly respected global investment firms, as well as result in significant new infrastructure in previously undeveloped areas of the North Slope, we believe that our success will open the doors to further investment and production in Alaska.



\* Oooguruk Unit includes both Oooguruk and Nuna developments

Our fortunes are intertwined with Alaska's. Our strategy and operations are committed entirely to the state, and our team and technologies are specially developed to operate in the North Slope's harsh conditions.

**EXPERT, REPUTABLE MANAGEMENT** led by a team with three decades of exploration and development experience

**ACQUIRED ASSETS** of Pioneer Natural Resources Alaska in 2014

**ONGOING OPERATIONS** at Oooguruk produce ~20,000 BOPD

**HOLD RIGHTS** to almost half a million North Slope acres for new development

**HAVE STRONG BACKING** from a tier 1 global investment firm

**OFFICES IN DALLAS AND ANCHORAGE** with the large majority of employees and payroll in Alaska

# OUR ECONOMIC IMPACT

## CAELUS IN 2015

### JOB

 75  
Direct Jobs

300  
Average Number of Contractors Daily

1500  
Indirect Jobs

600  
Total Contractor Jobs (due to Rotation)

### OIL PRODUCTION

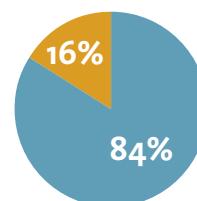


11,000+  
Barrels per day in 2015

20,000+  
Barrels per day as of Fall 2016

### TOTAL CAELUS ALASKA SALARIES & BENEFITS

\$19,707,677 FYE 2015



■ Other  
■ Alaska Residents

### FINANCIAL CONTRIBUTIONS TO ALASKA'S ECONOMY IN 2015

Dollars Paid to Alaskan Companies

\$192,944,662

Philanthropy

\$350,750

### CUMULATIVE

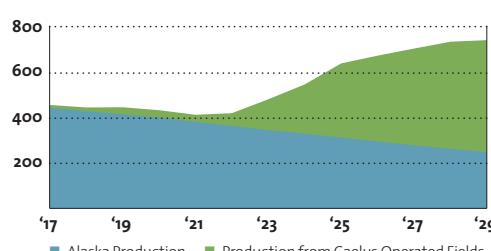
Royalty, Land and Rent payment to the State  
**More than \$70 million**

Taxes Paid in Alaska  
**More than \$100 million**

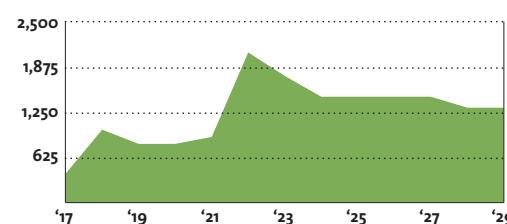
## CAELUS IN THE LONG TERM

### CAELUS' PROJECTED IMPACT OVER THE NEXT 12 YEARS

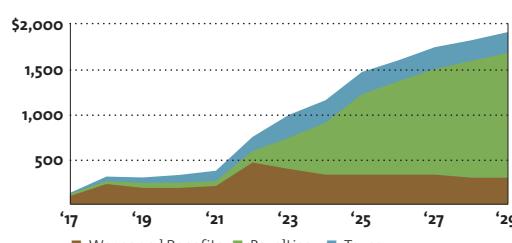
CAELUS' CONTRIBUTION TO ALASKAN OIL PRODUCTION (THOUSAND BARRELS OF OIL PER DAY)



CAELUS ALASKAN WORKFORCE



FINANCIAL CONTRIBUTIONS TO ALASKA'S ECONOMY (\$ IN MILLIONS)



### PROJECTED CUMULATIVE IMPACT, 2016-2040

2 Billion

Barrels of Oil

~2100

Jobs at peak in Alaska

Direct Employment:

100

Indirect Employment:

2000

\$34 Billion

Economic contributions to Alaska:

Wages & Benefits: \$5B

Taxes: \$13B

Royalties: \$16B

# A TRACK RECORD OF SUCCESSFUL, INNOVATIVE DEVELOPMENT



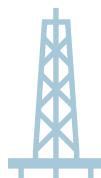
Caelus comprises proven oil finders and operators with the proven expertise and resources to responsibly bring new fields online in record time. **With our world-class technical, financial, and operational talent, we create long-term value by finding and developing quality assets.** And as exploration and development conditions and locations become more demanding, our technology and innovation has been demonstrated to be up to the task.



## OOOGURUK BY THE NUMBERS



### First Independent North Slope Operator



The Oooguruk Development ('Oooguruk') is located in the State of Alaska waters of the Beaufort Sea and was the first field in the history of Alaska's North Slope to be operated by an independent company. The project was brought from discovery to production in just five short years – a record for the North Slope. This is a testament to the team's operational focus and strong working relationships with government agencies, local communities and other stakeholders. Oooguruk was the recipient of the IOGCC Chairman's Stewardship Award in 2008 for demonstrating exemplary effort in protecting the environment.

With an estimated potential of 85-100 million barrels of oil remaining, Oooguruk has produced more than 25 million barrels of oil and generated over \$100 million in royalties for Alaska since production began in 2008. Caelus is the 70 percent working interest owner and operator of Oooguruk (Eni Petroleum holds 30%).

Caelus continues to develop the various reservoirs which can be reached from the Oooguruk Island Drill Site. Our operations team continues to implement better processes and take advantage of leading technologies to maximize the reservoir potential and improve production.

**ON TRACK** to reach all-time high of 4.9 million barrels produced

**OVER \$2 BILLION INVESTED** as of Fall 2016

**PRODUCTION INCREASED SIGNIFICANTLY** since Caelus' acquisition of Oooguruk from Pioneer Natural Resources, reaching a peak of 25,531 BOPD in May 2015

**400 CONTRACTORS EMPLOYED** at peak operation

**MORE THAN \$150 MILLION** in royalties and taxes paid to the state

**OPERATING STANDARDS** at high levels of safety environmental compliance that in some cases exceed those required



## A World-Class Team



Jim Musselman's management team, which includes many people who have worked together for decades, has a strong history of creating successful, responsible development projects on several continents, all of which are still producing.

Caelus' seasoned technical, managerial, and financial team bring domestic and international expertise in discovering and delivering significant oil and gas reserves in complex conditions and locations and along the North Slope itself. True pioneers of the oil and gas industry, the members of our company bring a steadfast focus to every facet of the business and consistently translate our vision into tangible results.

## MEMBERSHIPS

THE ALASKA OIL AND GAS ASSOCIATION  
ALASKA CLEAN SEAS  
ALASKA SOCIETY OF SAFETY ENGINEERS  
ALASKA PROCESS IMPROVEMENT CONSORTIUM  
ALASKA CHAMBER OF COMMERCE  
RESOURCE DEVELOPMENT COUNCIL  
ALASKA SUPPORT INDUSTRY ALLIANCE  
ALASKA ASSOCIATION OF PROFESSIONAL LANDMEN  
ALASKA ASSOCIATION OF DRILLING ENGINEERS

## 30 Years of Creating Value for All Our Stakeholders

Caelus' management have launched and led multiple highly successful exploration and development corporations, most recently Kosmos and Triton.



**RAISED \$350 MILLION** in equity funding

**BUILT** into one of largest internationally focused independent U.S. oil & gas companies

**DISCOVERED AND DEVELOPED** on budget and in record time (14 mo.) a major offshore field in Equatorial Guinea

**SOLD TO AMERADA HESS** in 2001 and Hess continues to develop the assets previously discovered by Triton



**RAISED \$825 MILLION** in equity funding

**INITIATED LATE-CRETACEOUS STRATIGRAPHIC PLAY THEME** in Africa; Captured more than seven blocks

**DRILLED THE DISCOVERY WELL** Mahogany -1, of the world-class Jubilee field in 2006, which was the first major discovery after 100 years of exploration in Ghana

**BROUGHT JUBILEE ON-STREAM** in record time for a deep water development

**FIELD PAY-BACK** after 18 months

**WENT PUBLIC IN 2011**, and continues to produce and explore



# RAISING THE BAR FOR RESPONSIBLE STEWARDSHIP AMONG INDEPENDENTS

With responsible management and continued investment, Alaska's extensive natural resources hold the key to a prosperous future for the state.

At Caelus, we recognize that strong corporate citizenship is essential to long term success, and we pride ourselves on handling financial, human, and environmental resources with care.

Whether it's making every effort to keep our workers employed after a downturn in oil prices, or using our infrastructure to aid nearby residents when they need it, we do our best to do right by our employees, contractors, and surrounding communities.

Our highly trained teams are experts in operating under harsh conditions and maintaining rigorous safety and environmental practices that go above and beyond regulatory requirements. In our leadership team's 30-year history operating Caelus and prior companies, we have never had an incident resulting in major health, safety, or environmental repercussions.

## Committed to Employee and Contractor Wellbeing

### EMPLOYEES



Our employees' safety and satisfaction is extremely important to us. We assess satisfaction directly through management interaction and indirectly through employment turnover. And Caelus' employee-led safety and environmental committees have developed and maintained a safety excellence recognition program that has helped us achieve an exemplary safety culture and operating record.

### CONTRACTORS



Much North Slope work is conducted by contractors, and we extend our high standards to them and to vendors. Caelus has a formal contractor Health, Safety and Environmental (HSE) management program intended to reduce overall incident rates, and in addition to monthly contractor incident review meetings, we perform routine contractor evaluations and conduct face to face reviews with contractor leadership. In 2016, Caelus also developed and began implementing our new Supplier Guiding Principles, a vital pillar of Caelus' human rights and workplace accountability programs.

### UNIONS



While we have no unionized employees, many of our contractors are union members with whom we have long and mutually beneficial relationships. We are very supportive of organized labor and the expertise and high standards it brings to our projects.



### SAFETY BY THE NUMBERS



### EXPERIENCE

Our technical team members have run continuous North Slope operations since 2008 and average more than 20 years of industry experience.

### SAFETY

There has not been a recordable injury of a Caelus employee in more than 700,000 hours of work since 2011.

The combined ODS Caelus and contractor recordable injury rate for 2015 was 0.6, the best in Oooguruk's 10-year history and among the best on the Slope.

### STANDARDS

Oooguruk is not subject to the PSM standard, but we have adapted the standards to our operations voluntarily. This includes formal process hazard analysis, operating procedures, and mechanical integrity, among other guidelines.

### EMPLOYEE LOYALTY

During 2015 we experienced just one voluntary resignation.

# Protecting Alaska's Environment

Alaska's natural environment is its most valuable asset, and caring for it protects everyone's livelihoods. In addition to meeting all applicable environmental regulations and expectations, we voluntarily implement a variety of additional practices above and beyond those required by state and federal codes.



Among our voluntary measures:

## CONTAINMENT

All parked vehicles are required to place containment ponds under the engine. Containment is also constructed under all temporary piping connections, pumps and process equipment.

## SPILL PREVENTION

We require contractors to provide spill prevention plans for all activities using or storing fuel and hazardous substances even when not subject to EPA SPCC rules.

## FUEL TRANSFERS

We provide incentives to employees and contractors to audit and oversee fuel transfers and other operations to identify and reinforce best practices.

## SPILL PREPAREDNESS

In addition to cooperating with other operators on spill preparedness, we conduct our own annual spill drill, in which we invite local, state, and federal oversight agencies to participate.



## ULTRA-LOW SULFUR DIESEL

Oooguruk burns exclusively ultra-low sulfur diesel, including on equipment for which it's not required.

In the history of the Oooguruk project, Caelus has experienced only one significant issue and fine, which was levied by the Alaska Oil and Gas Commission for our error in failing to report a pressure communication in an Oooguruk well in 2014.

In addition to promptly paying the \$115,000 fine, we moved quickly to correct the problem and ensure it is not repeated, drawing recognition from AOGC Commissioner Cathy Foerster.

"Caelus have done a great job," Ms. Foerster said upon the conclusion of the issue. "They determined the root cause of the problem, put in place fixes, and didn't have any qualms about paying the money."

# Building Trusted Relationships with Communities

Our work is not possible without the collaboration of the communities that our employees, contractors, and partners call home.

We endorse and participate in local and regional subsistence mitigation agreements on the North Slope, and partner with various community development

organizations to support the social and economic well-being of local communities in our areas of operation:

- **We work closely with the Alaska Eskimo Whaling Commission**
- **We participate in United Way drives, Anchorage Bike to Work and the American Heart Association's local Heart Walk**
- **Our employees sit on boards of organizations such as Alaska Sea Life Center, Challenge Alaska, and The Providence Alaska Hospital Foundation**

Caelus is also a co-founder and funder of the Autaaqtuq Fund, which provides grants to improve education and training, monitor the health of subsistence resources, and address substance abuse on the North Slope of Alaska. Since 2011, the fund has distributed more than \$2 million in grant funds to local organizations.

## 2015 CAELUS COMMUNITY CONTRIBUTIONS

**Total: \$350,750**

