Chukchi Sea Play 6: Sadlerochit Gp.-Arctic Platform

Geological Assessment

<u>GRASP UAI</u>: AAAAA DAG <u>Play Area</u>: 9,298 square miles <u>Play Water Depth Range</u>: 90-165 feet

Play Depth Range: 3,600-14,200 feet Play Exploration Chance: 0.081

Play 6, Sadlerochit Gp.-Arctic Platform, Chukchi Sea OCS Planning Area, 2006 Assessment, Undiscovered Technically-Recoverable Oil & Gas

Assessme	nt Results as o	Assessment Results as of November 2005													
Resource	F	Resources	*												
Commodity (Units)	F95	Mean	F05												
BOE (Mmboe)	0	1,573	4,933												
Total Gas (Tcfg)	0.000	4.672	15.413												
Total Liquids (Mmbo)	0	741	2,191												
Free Gas** (Tcfg)	0.000	3.719	12.755												
Solution Gas (Tcfg)	0.000	0.953	2.658												
Oil (Mmbo)	0	539	1,513												
Condensate (Mmbc)	0	202	678												

^{*} Risked, Technically-Recoverable

F05 = 5% chance that resources will equal or exceed the given quantity

BOE = total hydrocarbon energy, expressed in barrels-of-oilequivalent, where 1 barrel of oil = 5,620 cubic feet of natural gas

Mmb = millions of barrels
Tcf = trillions of cubic feet

Table 1

Play 6, the "Sadlerochit Group-Arctic Platform" play, is the 6th-ranking play (of 29 plays) in the Chukchi Sea OCS Planning Area, with 5.4% (1,573 Mmboe) of the Planning Area energy endowment (29,041 Mmboe). The overall assessment results for play 6 are shown in table 1. Oil and gascondensate liquids form 47% of the hydrocarbon energy endowment of play 6.

Table 5 reports the detailed assessment results by commodity for play 6.

Table 3 summarizes the volumetric input data developed for the *GRASP* computer model of Chukchi Sea play 6. Table 4 reports the risk model used for play 6. The location of play 6 is shown in figure 1.

The reservoir objectives of play 6 primarily include marginal to shallow marine sandstones that were deposited on the southfacing shelf that existed on the Arctic platform from Late Permian to Jurassic time.

Triassic sandstones of the Sadlerochit Group are the primary targets, but reservoir sandstones like the Sag River or Simpson sandstones found onshore may also occur in Jurassic strata. Diamond well, offshore on the east flank of Hanna trough, encountered over 500 feet of potential reservoir strata that are correlative to the Permian Echooka Formation at the base of the Sadlerochit Group. Primary trap styles include stratigraphic wedges and fault traps, with hydrocarbons migrating northward into traps from the Hanna trough play charging system to the south. A prospect in play 6 was tested by Diamond well, which encountered trace oil shows in sandstones of the Ivishak and Echooka Formations. At Barrow, gas production is occurring from Lower Jurassic ("Barrow") sandstones that are apparently unique to the Barrow area. Several wells

^{**} Free Gas Includes Gas Cap and Non-Associated Gas F95 = 95% chance that resources will equal or exceed the given quantity

Within the stratigraphic convention used here, the "Barrow" sandstones at the base of the Lower Kingak Formation would be grouped with the Upper Ellesmerian play sequence. In the Beaufort Sea and northern Alaska, the "Barrow" sandstones are grouped with the Rift or "Beaufortian"

in northwestern Alaska outside the Barrow area penetrated the parts of the play sequence that extend offshore, but encountered no pooled hydrocarbons.

A maximum of 23 hypothetical pools is forecast by the aggregation of the risk model and the prospect numbers model for play 6. These 23 pools range in mean conditional (un-risked) recoverable volumes from 31 Mmboe (pool rank 23) to 1,276 Mmboe (pool rank 1). Pool rank 1 ranges in possible conditional recoverable volumes from 273 Mmboe (F95) to 3,355 Mmboe (F05). Table 2 shows the conditional sizes of the 10 largest pools in play 6.

Play 6, Sadlerochit Gp.-Arctic Platform, Chukchi Sea OCS Planning Area, 2006 Assessment, Conditional BOE Sizes of Ten Largest Pools

Assessment Results as of November 2005

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Pool Rank	BOI	E Resourc	es *										
1 oor realis	F95	Mean	F05										
1	273	1276	3355										
2	148	553	121										
3	89	357	775										
4	59	254	555										
5	43	191	423										
6	34	151	337										
7	28	123	275										
8	24	104	233										
9	21	90	200										
10	19	79	175										

^{*} Conditional, Technically-Recoverable, Millions of Barrels Energy-Equivalent (Mmboe), from "PSRK.out" file

Table 2

In the computer simulation for play 6 a total of 43,471 "simulation pools" were sampled

for size. These simulation pools can be grouped according to the USGS size class system in which sizes double with each successive class. Pool size class 13 contains the largest share (10,876, or 25%) of simulation pools (conditional, technically recoverable BOE resources) for play 6. Pool size class 13 ranges from 512 to 1,024 Mmboe. The largest 9 simulation pools for play 6 fall within pool size class 19, which ranges in size from 8,192 to 16,384 Mmboe. Table 6 reports statistics for the simulation pools developed in the *GRASP* computer model for play 6.

sequence

F95 = 95% chance that resources will equal or exceed the given quantity

F05 = 5% chance that resources will equal or exceed the given quantity

BOE = total hydrocarbon energy, expressed in barrels-of-oilequivalent, where 1 barrel of oil = 5,620 cubic feet of natural gas

GRASP Play Data Form (Minerals Management Service-Alaska Regional Office)

Basin: Chukchi Sea Planning Area

Reservoir Thermal Maturity: % Ro

Assessor: K.W. Sherwood

Date: January 2005

Play Number: 06

9,298 (5.951)

0.67-1.52

Play Name: Sadlerochit Gp.- Arctic Platform

Play UAI Number: AAAAA DAG

Play Area: mi² (million acres)

Play Depth Range: feet

3,600 - 14,200 (mean = 10,400)

Expected Oil Gravity: O API

Play Water Depth Range: feet

90 - 165 (mean = 140)

30

POOLS Module (Volumes of Pools, Acre-Feet)

		,											
Fractile	F100	F95	F90	F75	F50	Mean/Std. Dev.	F25	F15	F10	F05	F02	F01	F00
Prospect Area (acres)-Model Input*	1700		2696		8731	13292/15259			28272				128783
Prospect Area (acres)-Model Output**	1705	2467	3112	5051	9109	13482/13608	16671	23044	28028	39022			125208
Fill Fraction (Fraction of Area Filled)	0.18	0.30	0.32	0.37	0.43	0.44/0.10	0.49	0.54	0.57	0.62			1.00
Productive Area of Pool (acres)***	460	1009	1305	2160	3883	5915/6309	7234	10041	12809	17567	23000	26000	68672
Pay Thickness (feet)	20	122	136	163	200	209/64	245	273	294	327	370	401	700

^{*} model fit to prospect area data in BESTFIT

MPRO Module (Numbers of Pools)

Input Play Level Chance	0.6
Output Play Level Chance*	0.5994

Prospect Level Chance 0.135

Exploration Chance 0.081

^{*} First Occurrence of Non Zero Pools As Reported in PSUM Module

Risk Model	Play Chance	Petroleum System Factors	Prospect Chance
		Seal Integrity (stratigraphic traps and down-side fault traps)	0.6
Ī		Chance Porosity > 10%	0.45
	0.6	Migration (Diamond well barren of significant hydrocarbons)	
		Reservoir Presence (shale-out into marine facies?)	0.5

Fractile	F99 F95 F90 F75		F50	Mean/Std. Dev.	F25 F15		F10	F05	F02	F01	F00		
Numbers of Prospects in Play	40	43	45	49	53	53.69/6.40	57	60	62	63	66	69	80
Numbers of Pools in Play					5	4.35/4.10	8	9	10	11	12	13	23
Zero Pools at F59 96													

Minimum Number of Pools 4 (F55) Mean Number of Pools 4.35 Maximum Number of Pools 23

POOLS/PSRK/PSUM Modules (Play Resources)

Fractile	F100 F95		F90 F75		F50	Mean/Std. Dev.	F25	F15	F10	F05	F02	F01	F00
Oil Recovery Factor (bbl/acre-foot)	38	89	103	132	180	211/116	253	314	360	441	520	580	1033
Gas Recovery Factor (Mcfg/acre-foot)	229	671	758	940	1203	1320/550	1572	1839	2022	2375	2800	3050	5564
Gas Oil Ratio (Sol'n Gas)(cf/bbl)	450	1250	1350	1550	1750	1762/374	2000	2150	2200	2350	2450	2550	3100
Condensate Yield ((bbl/Mmcfg)	29	33 40		50 54/19		64	72	79	90	105	120	200	
Pool Size Distribution Statistics from POOLS	(1,000 BO	E):	μ (mu)= 12	2.266	σ² (sigma squared)= 1.118				Random Number Generator Seed= 4			ed= 428408	

BOE Conversion Factor (cf/bbl) 5620
Probability Any Pool is 100% Oil 0.2
Probability Any Pool is 100% Gas 0.4
Probability Any Pool is 100% Gas 0.4

Table 3. Input data for Chukchi Sea play 6, 2006 assessment.

^{**} output from @RISK after aggregation with fill fraction

^{***} from @RISK aggregation of probability distributions for prospect area and fill fraction

Risk Analysis Form - 2006 National Assessment Assessment Province: Chukchi Sea OCS Planning Area Play Number, Name: 6. Sadlerochit Gp. - Arctic Platform Assessor(s): K.W. Sherwood Play UAI: AAAAA DAG Date: 1-Jan-05 For each component, a quantitative probability of success (i.e., between zero and one, where zero indicates no confidence and one indicates absolute certainty) based on consideration of the qualitative assessment of ALL elements within the component was assigned. This is the assessment of the probability that the minimum geologic parameter assumptions have been met or exceeded. Play Chance Averge Conditional **Factors** Prospect Chance¹ 1. Hydrocarbon Fill component (1a * 1b * 1c) 1 1.0000 0.6000 a. Presence of a Quality, Effective, Mature Source Rock Probability of efficient source rock in terms of the existence of sufficient volume of mature source 1a 1.00 1.00 rock of adequate quality located in the drainage area of the reservoirs b. Effective Expulsion and Migration Probability of effective expulsion and migration of hydrocarbons from the source rock to the 1b 0.60 1.00 reservoirs. c. Preservation Probability of effective retention of hydrocarbons in the prospects after accumulation. 1c 1.00 1.00 2. Reservoir component (2a * 2b) 2 1.0000 0.2250 a. Presence of reservoir facies Probability of presence of reservoir facies with a minimum net thickness and net/gross ratio (as 1.00 0.50 2a specified in the resource assessment). b. Reservoir quality Probability of effectiveness of the reservoir, with respect to minimum effective porosity, and 2b 1.00 0.45 permeability (as specified in the resource assessment). 3. Trap component (3a * 3b) 3 1.0000 0.6000 a. Presence of trap Probability of presence of the trap with a minimum rock volume (as specified in the resource За 1.00 1.00 assessment) b. Effective seal mechanism Probability of effective seal mechanism for the trap. 1.00 0.60 Overall Play Chance (Marginal Probability of hydrocarbons, MPhc) 0.6000 (1 * 2 * 3) Product of All Subjective Play Chance Factors Average Conditional Prospect Chance 0.1350 1 * 2 * 3) Product of All Subjective Conditional Prospect Chance Factors Assumes that the Play exists (where all play chance factors = 1.0) Must be consistent with play chance and prospect distribution -- See discussion on Page 3 of Guide Exploration Chance 0.0810 (Product of Overall Play Chance and Average Conditional Prospect Chance) Comments: See guidance document for explanation of the Risk Analysis Form 2b: Chance That Porosity >10%, Based on Regional Model for Porosity vs Reservoir Thermal Maturity

Table 4. Risk model for Chukchi Sea play 6, 2006 assessment.

GRASP - Geologic and Economic Resource Assessment Model - PSUM Module Results

Minerals Management Service - Alaska OCS Region GRASP Model Version: 8.29.2005) Computes the Geologic Resource Potential of the Play

Play UAI: AAAAADAG Play No. 6

World Level - World Level Resources

UNITED Country Level **STATES** OF **AMERICA** ALASKA **REGION** Region Level MMS Basin Level CHUKCHI SEA **SHELF**

Play Level - Play 6 Sadlerochit Gp. - Arctic Platform

Geologist Kirk W. Sherwood

Remarks 2005 Assessment
Run Date & Time: Date 19-Sep-05 Time 13:52:51

Summary of Play Potential

Product	MEAN	Standard Deviation
BOE (Mboe)	1,572,700	1,808,700
Oil (Mbo)	538,970	743,260
Condensate (Mbc)	202,320	281,570
Free (Gas Cap & Nonassociated) Gas (Mmcfg)	3,719,200	4,833,600
Solution Gas (Mmcfg)	953,130	1,343,900

10000 (Number of Trials in Sample)

0.5994 (MPhc [Probability] of First Occurrence of Non-Zero Resource)

Windowing Feature: used

Empirical Probability Distributions of the Products

Greater Than Percentage	BOE (Mboe)	Oil (Mbo)	Condensate (Mbc)	Free (Gas Cap & Nonassociated) Gas (Mmcfg)	Solution Gas (Mmcfg)		
100	0	0	0	0	0		
99.99	0	0	0	0	0		
99	0	0	0	0	0		
95	0	0	0	0	0		
90	0	0	0	0	0		
85	0	0	0	0	0		
80	0	0	0	0	0		
75	0	0	0	0	0		
70	0	0	0	0	0		
65	0	0	0	0	0		
60	67,698	22,913	8,880	161,480	40,312		
55	845,170	281,260	109,800	2,068,600	483,450		
50	1,182,700	425,340	143,560	2,706,000	743,680		
45	1,462,600	512,180	179,700	3,407,400	923,770		
40	1,730,900	617,650	210,650	3,999,300	1,073,300		
35	2,007,300	649,730	268,330	4,981,500	1,140,100		
30	2,305,900	846,810	262,520	5,231,500	1,493,100		
25	2,613,700	838,810	360,160	6,488,300	1,462,400		
20	2,976,200	1,144,100	354,450	6,284,200	2,020,000		
15	3,394,500	1,159,600	437,160	8,078,600	2,024,900		
10	3,964,700	1,306,000	521,110	9,674,800	2,338,100		
8	4,274,000	1,498,500	535,250	9,867,100	2,722,900		
6	4,684,200	1,621,600	589,820	10,952,000	2,944,900		
5	4,933,100	1,513,000	677,640	12,755,000	2,658,000		
4	5,222,300	1,832,300	671,420	11,994,000	3,284,600		
2	6,261,500	1,944,100	872,170	15,895,000	3,467,400		
1	7,388,300	2,585,400	971,500	16,983,000	4,549,400		
0.1	11,995,000	7,936,000	278,680	6,565,900	14,678,000		
0.01	15,712,000	9,214,800	702,060	10,778,000	21,793,000		
0.001	15,830,000	2,501,100	4,135,300	46,425,000	5,244,200		

Table 5. Assessment results by commodity for Chukchi Sea play 6, 2006 assessment.

Play 06	CHUKCHI S - Sadlerocl y: AAAAAD	hit - Arctic				Model Simul	lation "Pools	' Reporte	ed by "F	ieldsiz	e.out" G	RASP M	odule										
	Classifica	tion and Size		Poo	l Count Statis	stics Pool Types Count				ount	Mixed P	ool Range	Oil Poo	Oil Pool Range		ol Range	Total Po	ol Range			Pool Resource S	Statistics (MMBOE)	
Class	Min (MMBOE)	Max (MMBOE)	Pool Count	Percentage	Trial Average	Trials w/Pool Avg		Mixed Pool	Oil Pool	Gas Pool	Min	Max	Min	Max	Min	Max	Min	Max		Min	Max	Total Resource	Average Resource
1	0.0312	0.0625	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
2	0.0625	0.125	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
3	0.125	0.25	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
4	0.25	0.5	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
5	0.5	1	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
6	1	2	1	0.0023	0.0001	0.000167		1	0	0	1	1	0	0	0	0	1	1		1.938586	1.938586	1.938586	1.938586
7	2	4	6	0.013802	0.0006	0.001001		0	4	2	0	0	1	1	1	1	1	1		3.225993	3.884508	21.264637	3.544106
8	4	8	63	0.144924	0.0063	0.010509		20	18	25	1	1	1	1	1	1	1	1		4.010233	7.975090	395.070316	6.270957
9	8	16	289	0.664811	0.0289	0.048207		105	86	98	1	2	1	1	1	1	1	2		8.034994	15.987867	3667.689000	12.690967
10	16	32	1352	3.110119	0.1352	0.225521		507	345	500	1	2	1	3	1	2	1	3		16.034216	31.979266	33671.827000	24.905197
11	32	64	3964	9.118723	0.3964	0.661218		1576	912	1476	1	4	1	4	1	4	1	5		32.003757	63.985408	193992.271000	48.938515
12	64	128	8368	19.249615	0.8368	1.39583		3380	1761	3227	1	5	1	4	1	5	1	7		64.020120	127.995445	794047.861000	94.890999
13	128	256	10876	25.018978	1.0876	1.814178		4403	2124	4349	1	5	1	4	1	5	1	10		128.010556	255.986460	2017939.000000	185.540558
14	256	512	9826	22.603575	0.9826	1.639032		4011	1823	3992	1	6	1	4	1	5	1	8		256.003283	511.918276	3568885.000000	363.208374
15	512	1024	5930	13.641278	0.593	0.989158		2282	1143	2505	1	4	1	3	1	5	1	7		512.087065	1023.642000	4190145.000000	706.601196
16	1024	2048	2184	5.024039	0.2184	0.364304		820	373	991	1	3	1	2	1	3	1	5		1024.313000	2046.455000	2978287.000000	1.363685
17	2048	4096	512	1.177797	0.0512	0.085405		194	99	219	1	3	1	2	1	2	1	3		2048.735000	4069.599000	1395961.000000	2.726486
18	4096	8192	91	0.209335	0.0091	0.015179		23	17	51	1	2	1	1	1	1	1	2		4102.351000	7462.063000	458284.113000	5.036089
19	8192	16384	9	0.020703	0.0009	0.001501		4	2	3	1	1	1	1	1	1	1	1		8297.824000	12571.761000	91313.703000	10.145967
20	16384	32768	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
21	32768	65536	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
22	65536	131072	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
23	131072	262144	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
24	262144	524288	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
25	524288	1048576	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0		0.000000	0.000000	0.000000	0.000000
Not Clas	sified		0	0	0	0	Below Class	0	0	0					-		•		Below Class	0.000000	0.000000	0.000000	0.000000
		Totals	43471	100.000008	4.3471	7.251209	Above Class	0	0	0									Above Class	0.000000	0.000000	0.000000	0.000000
Numbe	Totals 43471 100.000008 4.3471 7.251209 Above Class 0 0 0 0 Above Class 0.000000 0.000000 0.000000 0.000000 0.000000																						

Table 6. Statistics for simulation pools created in computer sampling run for Chukchi Sea play 6, 2006 assessment.

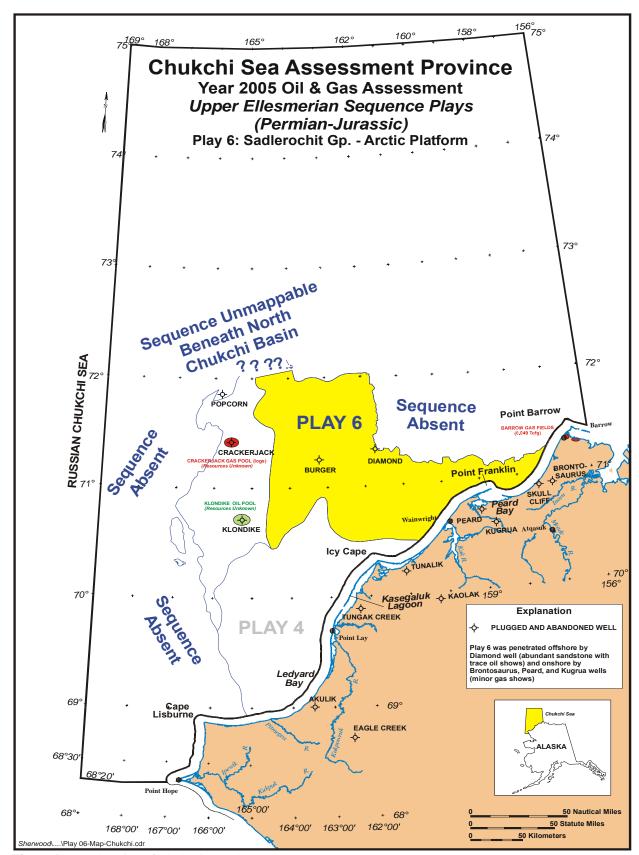


Figure 1. Map location of Chukchi Sea play 6, 2006 assessment.