

BLUECREST ENERGY DRILLING RIG LOAN



February 2023

Current Status

BlueCrest has submitted its 9th Plan of Development for the 2023 calendar year. BlueCrest, pending receipt of new investment funding, plans to restart its onshore oil and gas drilling program in the 2023 calendar year. The Company will start drilling with the H10 Trident Fishbone Well which has already been designed and would be ready within several months upon receipt of new funding. Depending on oil prices and project funding, BlueCrest plans to continue their program to drill the planned onshore oil and gas wells.

Jobs

- Up to 100 full-time jobs associated with active drilling operations
- Up to 20 full-time jobs associated with production facility operations
- Additional management, admin, and support of drilling ops jobs

Economic Benefits

- Rig and facility provide new Borough property tax revenues
- Oil from the Cosmopolitan Unit will increase current total
- Cook Inlet oil production supporting local communities, businesses, and residents
- Oil produced is sold to the Tesoro Refinery, supporting local jobs and reducing oil imports



Project Description

BlueCrest Energy Inc. utilized an AIDEA direct-financing loan for the procurement, transportation, initial outfitting, and commissioning of a new on-shore drilling rig, rig man camp, and associated materials, tools, and equipment to support its ongoing development of the Cosmopolitan oil and gas lease blocks in the southern portion of Cook Inlet. The Cosmopolitan Project area, which consists of four State leases comprised of over 13,000 off-shore acres is capable of accessing six known oil zones and 6+ unknown gas zones, is 100% owned and operated by BlueCrest.

BlueCrest Energy is currently producing oil and natural gas at a level of 1,000 to 1,500 barrels per day (BOEPD) from the Cosmopolitan Field, with the oil trucked to Marathon Petroleum Co.'s refinery at Nikiski, near Kenai. Producing at these levels has generated over \$13 million of royalty revenue for the state of Alaska. Three of four wells now producing oil for BlueCrest incorporate the company's new "fishbone" concept. The fishbone wells are particularly suited for the rock formation within the Cosmopolitan Unit because the consolidated nature of the geology allows wellbores to remain open after drilling, making hydraulic fracturing less effective than BlueCrest's multilateral approach.

Location

Nikiski, Alaska

Partners

Lender: AIDEA

Borrower: BlueCrest Alaska Operating, LLC

Financials

\$30 million AIDEA direct project financing loan investment

Support

Support comes from the Kenai Peninsula Borough, the State of Alaska, local engineering and construction companies, local communities and residents of those communities who benefit through the economic impact and job opportunities afforded by this project.