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Fairbanks, Alaska

Gas exploration well to be drilled near Nenana summer 2009

Group to search for natural gas just off the Parks Highway

Alaska companies Doyon Limited, Arctic Slope Regional Corporation and Usibelli Energy LLC, plus Denver-based Babcock & Brown Energy Inc., plan to drill at least one vertical 10,500 foot natural gas exploration well in the Nenana basin next summer. The well will be the first deep test for this underexplored area. The drill site will be approximately four miles due west of the community of Nenana which is some 50 highway miles southwest of Fairbanks.

The group holds exploration rights to approximately 500,000 acres of land in the Nenana Basin and conducted a 216 mile 2-D seismic program in 2005. Most of the land is owned by the State of Alaska. The other major landowners in the exploration block are Doyon, the Alaska Mental Health Land Trust, and the Toghoththele Corporation. Some of the State land in the basin is set to be transferred to the University of Alaska under its land grant from the State. The initial well will be drilled on Mental Health Trust lands.

Babcock & Brown Energy, which has operated independently from Australia's Babcock & Brown Ltd since 2004, will serve as Operator and handle day-to-day management of drilling and any producing operations resulting from a commercial discovery. The partners have targeted several potential markets, which are dependent on the scale of exploration success:

- Local gas fired power generation at Nenana for Fairbanks and other Interior communities via nearby Intertie transmission lines.
- Gas shipped to Fairbanks via pipeline to heat homes and businesses, and for additional power generation.
- Gas shipped to Anchorage via pipeline for heating, power generation and industrial uses.

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