



PRESS RELEASE

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AIDEA to Sell Stake in Endeavour Drilling Rig *Kenai Offshore Ventures to Repurchase AIDEA Shares*

(Anchorage) – The Alaska Industrial Development and Export Authority (AIDEA) announces an agreement to sell its ownership stake in the *Endeavour – Spirit of Independence* jack-up drilling rig. The rig is owned by Kenai Offshore Ventures, LLC (KOV) in which AIDEA invested with partners Ezion Holdings Limited and Teras Investments Pte, Ltd., an Ezion subsidiary, to acquire and own the rig. AIDEA is the preferred owner of KOV; Ezion and Teras are the common owners.

AIDEA was approached by KOV common owners with a request to exercise their rights to purchase AIDEA's ownership stake in KOV under provisions of the KOV Operating Agreement. KOV is repurchasing AIDEA's preferred shares, leaving the common members as sole owners of KOV.

Over the last several months, KOV has been unable to secure a long-term charter for the rig in Cook Inlet. Although there continues to be great interest in having the *Endeavour* available for Cook Inlet drilling, there has been no long-term commitment, and the economics of this situation have led KOV to find another customer. Pending final AIDEA approval of the sale of its preferred ownership in the *Endeavour*, the rig will leave Cook Inlet on a heavy lift vessel for transport to South Africa for use in offshore exploration.

“The *Endeavour* helped spur a renaissance of exploration in Cook Inlet, and was key in the discovery of a major oil and gas find in the Cosmopolitan unit,” said AIDEA Executive Director Ted Leonard. “The rig’s presence in Alaska promoted significant job creation and economic activity in the Cook Inlet region.”

Even though the rig has not been chartered for much of this year, KOV common owners have lived up to the Operating Agreement and have invested additional funds into KOV to enable it to pay for rig operating and maintenance costs, as well as on-going refurbishment costs in anticipation of the *Endeavour's* continued Cook Inlet use.

“Our KOV partners’ investment in the *Endeavour* was good not only for Cook Inlet, but resulted in their recent and major investment on the North Slope: partnering with AIDEA to jointly finance and own an oil and gas production and processing facility at the Mustang Field,” stated AIDEA’s Director of Project Development and Asset Management Jim Hemsath. “We remain bullish on Cook Inlet, and are in discussions on potential oil and gas production facilities in addition to a potential new rig for the Inlet.”

The Alaska Industrial Development and Export Authority is a public corporation of the state. AIDEA’s purpose is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska.

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