STATE OF THE INDUSTRY: CHALLENGES AND OPPORTUNITY IN ALASKA

KARA MORIARTY, ALASKA OIL AND GAS ASSOCIATION

NOVEMBER 14, 2013
JOBS AND REVENUES

STATE OF ALASKA HAS COLLECTED ~$172 BILLION FROM OIL & GAS SINCE 1959

- OIL & GAS CONTINUE TO DOMINATE STATE’S UNRESTRICTED REVENUE, ACCOUNTING FOR 93% ($8.8 BILLION) IN FY 2012
- STATE ESTIMATES 90% OF ITS REVENUE WILL CONTINUE TO COME FROM OIL AND GAS – EVEN WITH FALLING PRODUCTION

INDUSTRY CREATES JOBS AND PROVIDES INCOME FOR MANY

- 44,800 JOBS AND $2.65 BILLION IN ANNUAL PAYROLL
  (DOES NOT INCLUDE STATE JOBS, OR JOBS RELATED TO CAPITAL BUDGETS)
- 1 = 9

NINE OIL INDUSTRY-RELATED JOBS CREATED IN ALASKA FOR EVERY PRIMARY COMPANY JOB
OIL AND GAS IN THE MAT-SU

MAT-SU TOTAL JOBS: 3,600
MAT-SU TOTAL PAYROLL: $268 million

418 PRIMARY COMPANY & 2,148 OIL AND GAS SUPPORT JOBS HELD BY MAT-SU RESIDENTS.

$221 MILLION IN WAGES FOR MAT-SU RESIDENTS FROM PRIMARY COMPANY AND OIL AND GAS SUPPORT SERVICES COMPANIES.

934 ADDITIONAL JOBS & $40 MILLION ADDITIONAL WAGES GENERATED BY MAT-SU RESIDENTS EMPLOYED BY INDUSTRY.
A PROSPEROUS PARTNERSHIP

- PERMANENT FUND DIVIDEND PAYMENTS
- NO STATEWIDE INCOME OR SALES TAX
- ENHANCED QUALITY OF LIFE
WE ARE ALASKANS

- FRIENDS AND NEIGHBORS
- ACTIVE IN COMMUNITIES
ALASKA’S OIL DECLINE CONTINUES

Alaska North Slope Production
FY 2000-2012 and Forecasted FY 2013-2022

Source: Department of Revenue – Dec. 2012
ALASKA SLIPS TO FOURTH PLACE

Daily Oil Production in the Top Four U.S. Oil-Producing States (2002–2012)

Source: American Enterprise Institute
NEW PLAYERS ARE CHANGING THE GAME

More oil shipped from North Dakota by rail than through TAPS

- TAPS: 600,000 BPD
- BAKKEN: 800,000 BPD

Source: Scientific American
SUCCESS STORY: COOK INLET MAKES A COMEBACK

“MEA signs fuel supply agreement with Hilcorp”
Alaska Business Monthly, July 25, 2013

“Hilcorp finds enough natural gas to heat Anchorage next 4 winters”
Alaska Dispatch, July 23, 2013
COOK INLET RIG COUNTS ARE UP!

NOVEMBER 2006: 9 RIGS
NOVEMBER 2009: 12 RIGS
NOVEMBER 2012: 17 RIGS (INCLUDES TWO JACK-UP RIGS)

Source: Alaska Department of Natural Resources
COOK INLET OIL AND GAS PRODUCTION IS UP!

OIL AND GAS LIQUIDS BBL/DAY:

- OCTOBER 2012: 11,243
- SEPTEMBER 2013: 16,399

Source: AK. Dept. of Natural Resources, 2013
STABILITY IS KEY

- IN 2009, LEGISLATORS CREATED MORE INCENTIVES FOR COOK INLET
- IT’S WORKING!
THE OFFSHORE: ALASKA’S NEXT FRONTIER IN OIL AND GAS

- INCREDIBLE POTENTIAL
- 27 BBO AND 132 TCF GAS
- PREFER THE PIPELINE TO MOVE OIL
GOOD NEWS: MORE INVESTMENT ON THE NORTH SLOPE

“BP plans to invest additional $1 billion in Alaska”
Anchorage Daily News, June 2, 2013

“Repsol plans three more wells, three more rigs”
Alaska Journal of Commerce, October 17, 2013

“ConocoPhillips is planning a new drill site at Kuparuk River”
Alaska Public Radio Network, November 1, 2013
“We’re not necessarily oil, we build housing...just about everybody I touch base with is super encouraged again that hey, there’s opportunity in Alaska, there’s money to be made here in Alaska. The bill (tax reform) was instrumental in my perspective...it means more jobs for my employees and those that work in my industry.”

-Mark Larson, Builders Choice, Alaska
OIL TAX REFORM REFERENDUM = A THREAT TO ALASKA’S ECONOMY

- SENDS THE WRONG SIGNAL TO POTENTIAL INVESTORS
- TAKES ALASKA BACK TO A FAILED TAX POLICY
- TAX REFORM NEEDS TIME TO WORK
SMART CHOICES FOR ALASKA’S FUTURE: VOTE NO ON 1

- BROAD COALITION OF SUPPORTERS
- SHARING ACCURATE INFORMATION
- PROTECTING ALASKA’S ECONOMY AND JOBS
JOIN US…WE NEED YOUR HELP

- www.ForAKsFuture.com
- CAMPAIGN CONTACT: WILLIS LYFORD, 231-4227
- AUGUST 19, 2014: VOTE!