

straight talk



Alaska Oil and Gas Association

July 2010 – Issue 3

Employee Spotlight

Forty Years at AOGA

Executive Director Marilyn Crockett began her career with the Alaska Oil and Gas Association 40 years ago on July 7, 1970.

Just out of high school, Marilyn applied for an open secretarial position with AOGA. A stellar resume and skills placed her resume at the top of the stack, however, because Marilyn was not 18 years old, AOGA’s Executive Director at the time, Bill Hopkins, did not interview Marilyn right away. Only at the insistence of the outgoing secretary did he do so – a decision that has never been regretted. Mr. Hopkins states, “Marilyn is the single most valuable asset the Association has had since its establishment and she is one of the most competent, loyal and trustworthy colleagues I have ever worked with.”

It didn’t take long for the Association to recognize Marilyn’s ability. She is a quick study and someone willing and able to adapt to and excel under changing circumstances. Shortly after she was hired, Marilyn became the administrative assistant to Mr. Hopkins and was quickly doing research, supervising staff and taking on other management duties. She has served as AOGA’s Administrator, Exploration and Production Affairs Representative, Manager for Environmental Affairs and, for 14 years, served as the Deputy Director. She was appointed the Executive Director by the AOGA Board of Directors and assumed the post on July 1, 2007.

Marilyn has always been an outstanding Association staffer, and her work ethic has not gone unnoticed outside of Alaska either. According to Rob Looney, President of the Texas Oil and Gas Association, “Marilyn has earned the utmost respect from her fellow oil and gas association executives across the nation.”

Throughout her career she has represented the Association by participating in numerous agency and public stakeholder groups, and has served as a member and chair of Departmental Transition Teams under three Governors.

In addition to her commitment to AOGA over the years, Marilyn has been active with the United Way, youth soccer leagues (even when her kids were too old to play), and is a member of the Athena Society. An Alaska resident for 44 years, she and her husband Jack have three grown children and enjoy spending time with family and friends in Anchorage and at Big Lake. ♦

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Above: AOGA Executive Director, Marilyn Crockett

Exploration Update

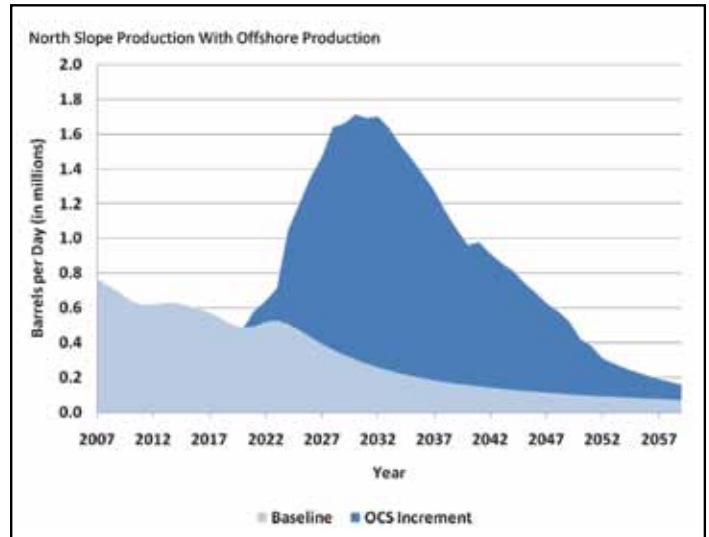
Uncertainty Abounds for Alaska’s Offshore

Concurrent with the announcement of a six-month moratorium on deepwater drilling in the Gulf of Mexico in May, 2010, U. S. Secretary of the Interior Ken Salazar also announced that he would not consider any offshore drilling permits for the Chukchi and Beaufort Seas until 2011. A recent decision in federal court to overturn the moratorium in the Gulf of Mexico, unfortunately, does not apply to Alaska. This decision delayed yet again the exploration program Shell Exploration & Production has been pursuing in Alaska for the last four years.

While over 300 people are working on seismic work and research projects in Alaska’s offshore, the moratorium decision eliminated over 800 jobs for this summer as Shell’s plans included the drilling of up to three exploration wells off Alaska’s northern coasts.

On June 30, 2010, the U.S. Department of Interior announced the postponement of public scoping meetings for the Environmental Impact Statement for the 2012-2017 federal leasing program for the Outer Continental Shelf (OCS), further delaying development of these important resources.

To date, over 16 billion barrels of oil have been produced in the last 33 years from Alaska’s North Slope. A conservative estimate by the federal government states that Alaska’s offshore



Source: Northern Economics

contains over 25 billion barrels of oil and 122 cubic feet of natural gas, which is over 30% of the nation’s resource.

The role that OCS production can play in stemming the projected decline in north slope oil production is dramatically displayed in the above graph. Offshore production will extend the life of the Trans Alaska Pipeline System for generations. It is vital that the federal government continues to move forward with responsible development of the OCS. ♦

Industry Update

Gulf of Mexico Update

On April 20, 2010 a fire broke out on the semi-submersible exploration drilling rig known as the Deepwater Horizon. The rig was located approximately 41 miles offshore the coast of Louisiana in 5,000 feet of water in the Gulf of Mexico. Tragically, eleven of the 126 workers on the rig lost their lives in the accident, while 17 were injured.

Officials have been working nonstop in responding to the spill by working to contain the spill, clean-up and restoration efforts, paying claims to those economically affected by the spill, and investigating the cause of the spill.

As of July 5, 2010, approximately 44,500 personnel, more than 6,563 vessels and some 113 aircraft were engaged in the response effort and more than 47,000 payments have been made on submitted claims.

For the most complete and up to date information please visit the following websites:

- 1) www.deepwaterhorizonresponse.com
(Unified Command Center)
- 2) www.bp.com
- 3) www.restorethegulf.gov ♦

Regulatory Update

Critical Habitat Designation Threatens Development

Following the listing of the polar bear as a threatened species under the Endangered Species Act (ESA), the U.S. Fish & Wildlife Service (USFWS) proposed designation of critical habitat for the bears and issued its economic analysis on that designation. While decisions to list species do not require consideration of economic impacts, designation of critical habitat does.

The USFWS proposes to designate an expansive area totaling 187,166 square miles of Alaska – an area larger than 48 of the 50 states and significantly larger than the State of California alone.

Any federally permitted activity or authorization within the critical habitat area would be subject to what is known as a “Section 7 consultation”, which often requires additional studies and analysis.

Because the USFWS has stated in the draft economic analysis that “the designation of critical habitat is

Polar bear walking along the coast of the Beaufort Sea. Photo: USFWS

expected to result in no changes to polar bear conservation requirements because existing regulations already adequately protect polar bear habit”, and because oil and gas activities have already been determined to have had no impact on the polar bear species or population, AOGA continues to argue that areas of oil and gas activity should be eliminated from the designation and that the size of the critical habitat area be scaled back significantly.

(Continued on page 4)

Technology Update

AOGA Launches New Website

Looking for the source of information about Alaska’s largest private industry? Visit the new website launched by the Alaska Oil and Gas Association (AOGA) website at www.aoga.org.

No more searching through various websites to find the daily price of Alaska North Slope crude (ANS) and natural gas (Henry Hub) or Alaska’s daily production. All three are featured right on the home page.

Want to receive the latest news and updates about the industry? Subscribe to the RSS feed, sign up for AOGA’s Facebook page, and follow AOGA on Twitter.



It’s now easy to sign up to receive AOGA’s newsletter and to download the latest industry positions, comments and presentations right from the webpage.

The website also features a host of information about the industry. New information is continually added so visit the website often and provide feedback, suggestions and comments about how to make the website even more user friendly. 💧

(Critical Habitat Designation continued from page 3)

The draft Economic Analysis significantly underestimates the impact of the designation on the oil and gas industry. In particular, the draft underestimates the direct costs of the designation by assigning unrealistically low values to the incremental administrative costs of considering critical habitat in a section 7 consultation and improperly marginalizes significant indirect costs that are reasonably foreseeable including litigation costs, delay, risk premiums, and uncertainty.

If areas of oil and gas activity are included in the final critical habitat designation, not only will the cost of doing business increase, but so will the uncertainty and risk of completing projects, thereby threatening and decreasing the amount of activity with no real benefit to the conservation of the polar bear.

The USFWS should determine their final ruling by fall 2010. For more information and to see AOGA's detailed analysis, please visit www.aoga.org.

Alaska Oil and Gas Association
Member Companies

- | | |
|----------------------------------|----------------------------------------|
| Alyeska Pipeline Service Company | Flint Hills Resources, Alaska |
| Anadarko Petroleum Corporation | Marathon Oil Company |
| BP Exploration (Alaska) Inc. | Petro Star Inc. |
| Chevron | Pioneer Natural Resources Alaska, Inc. |
| Eni Petroleum | Shell Exploration & Production Company |
| ExxonMobil Production Company | Statoil |
| | Tesoro Alaska Company |

AOGA's members are companies that represent the majority of oil and gas exploration, production, refining, transportation and marketing activities in Alaska. Our members are:



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121 W. Fireweed Lane, Suite 207, Anchorage, AK 99503-2035
 ph. 907.272.1481

AOGA Staff

Marilyn Crockett,
 Executive Director

Kara Moriarty,
 Deputy Director

Tamara Sheffield,
 Support Services

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