

Alaska Oil & Gas Association

Production Decline Signals Need for Change

Presentation to Employees of BP Alaska



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AOGA Member Companies



PIONEER
NATURAL RESOURCES



Statoil



petroleum



What is AOGA?

Alaska's oil and gas trade association since 1966

- Purpose

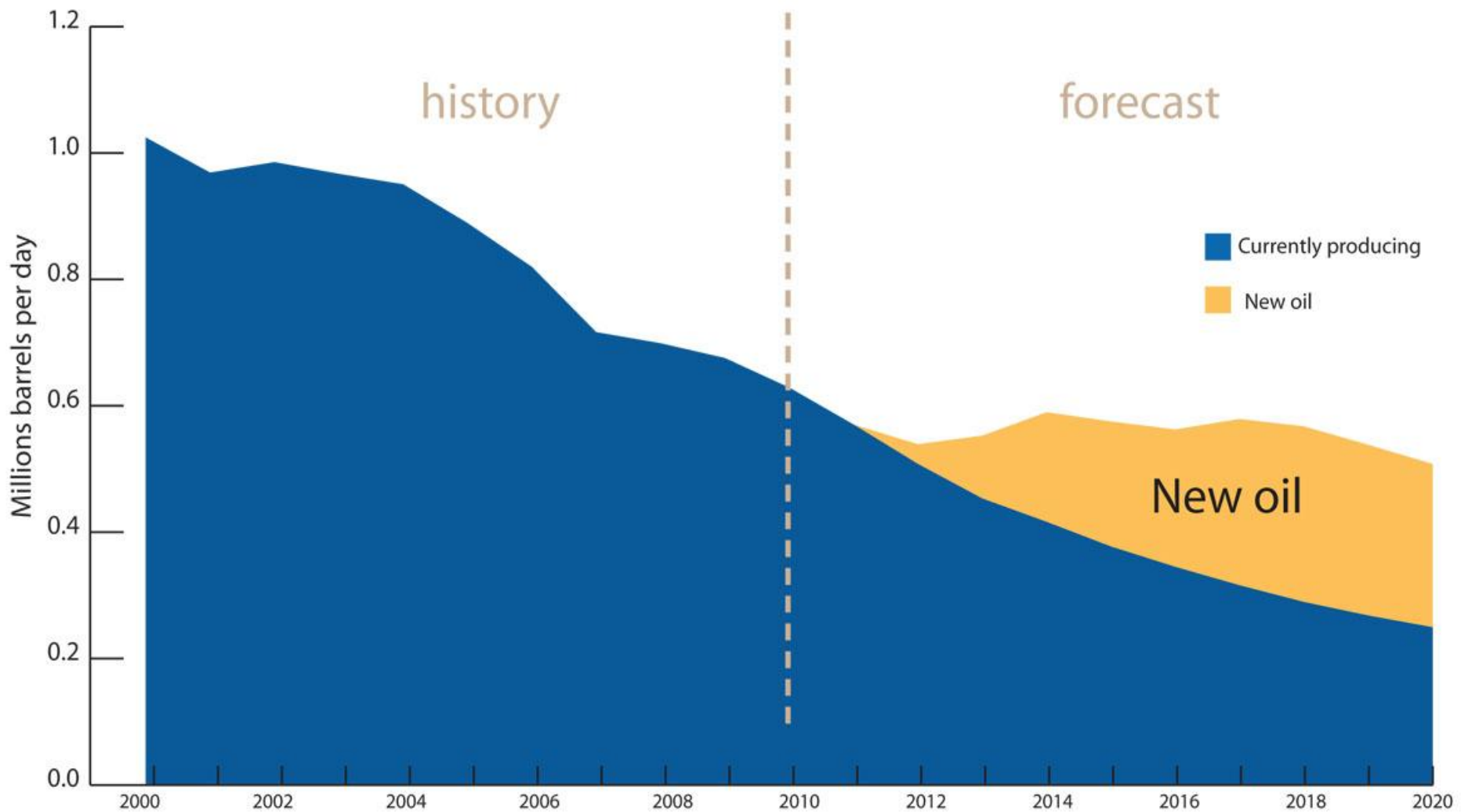
- 1) Serve as a single point of contact for Alaskans on the state's oil and gas industry
- 2) Provide a forum for discussion and a point of decision on issues that affect the industry

- Goal

A vital oil and gas industry that contributes to a vibrant economy for Alaska

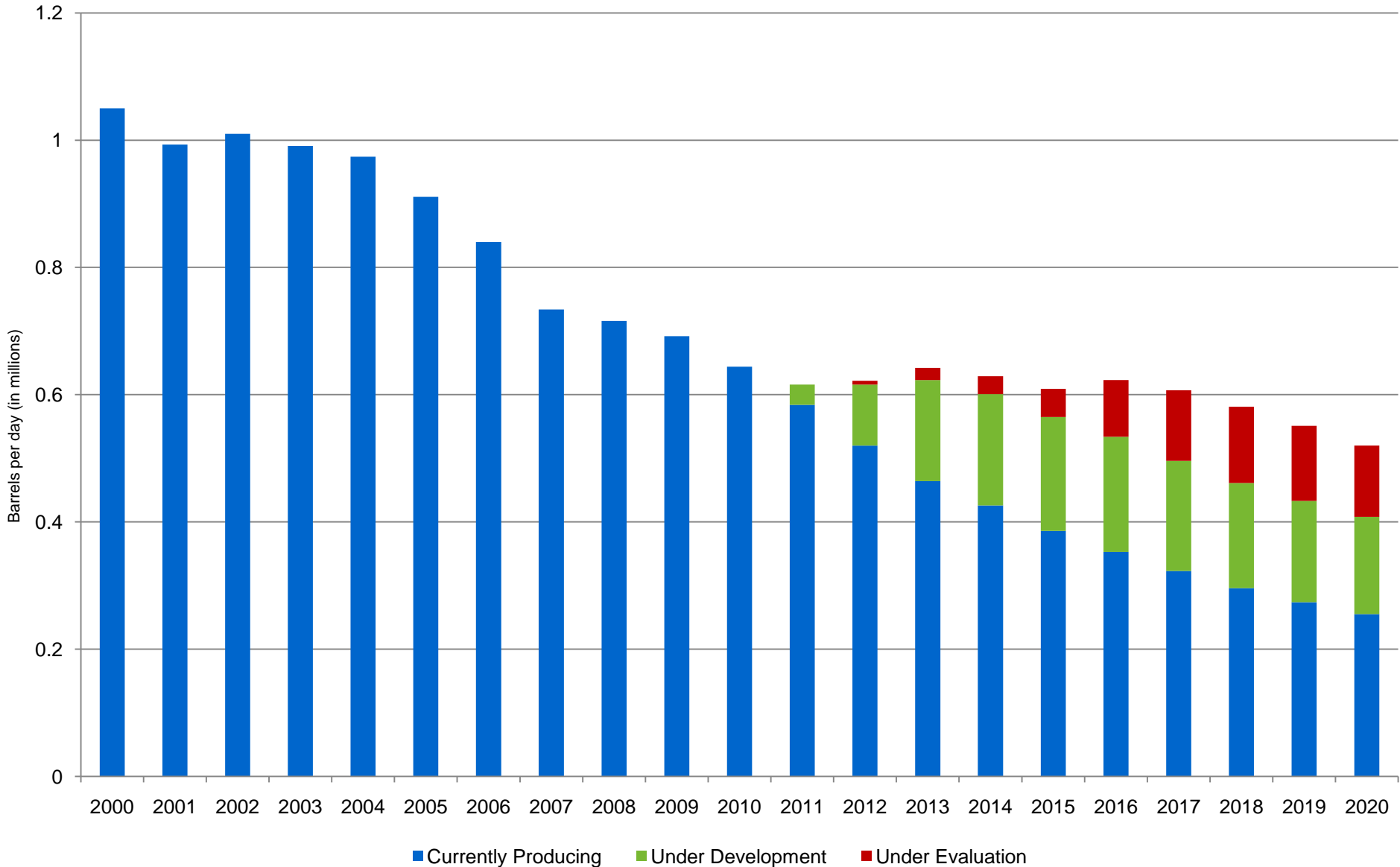
Alaska North Slope Production

FY 2000-2010 and Forecasted FY 2011-2020

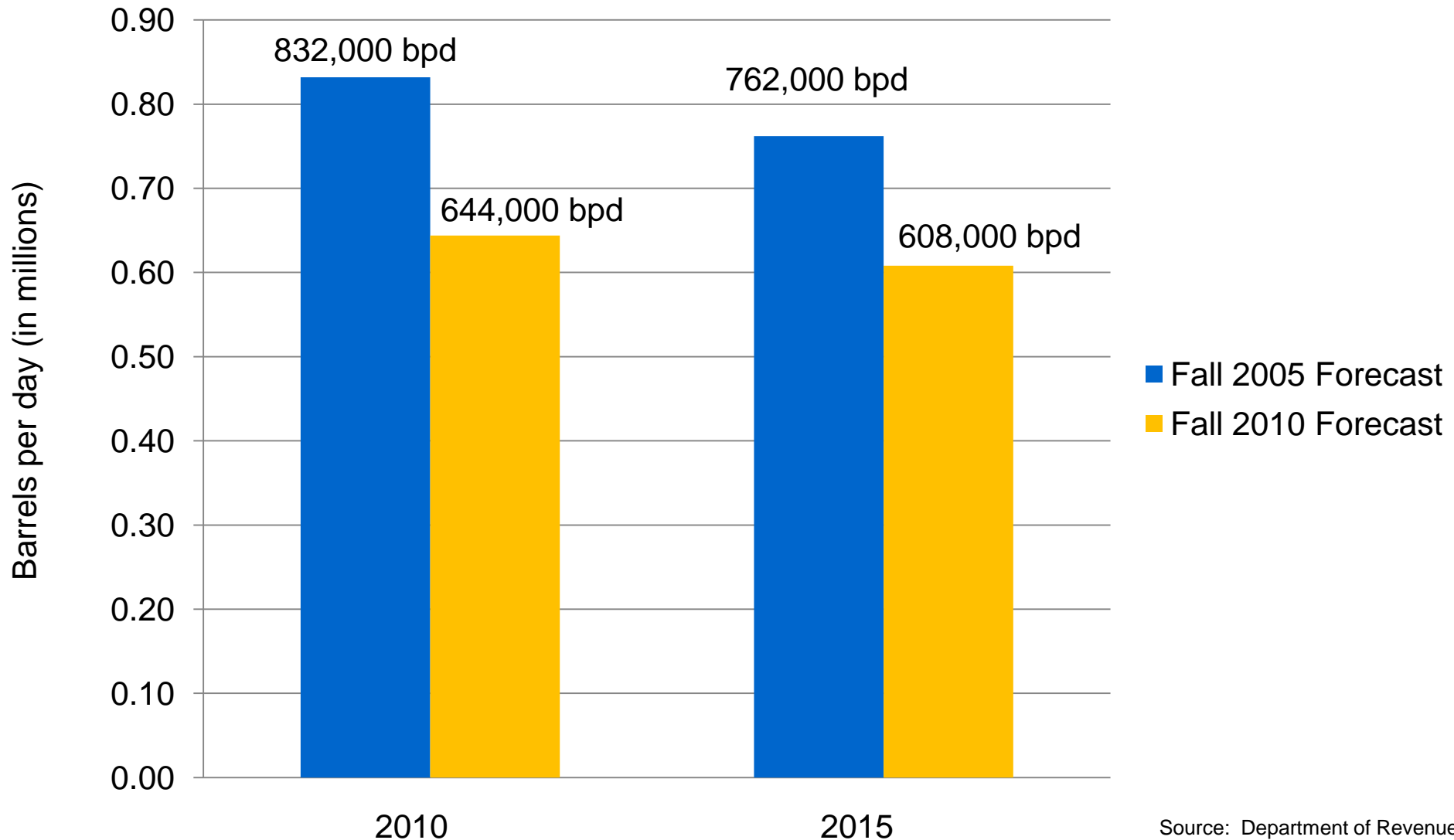


Source: Department of Revenue – Dec. 2010

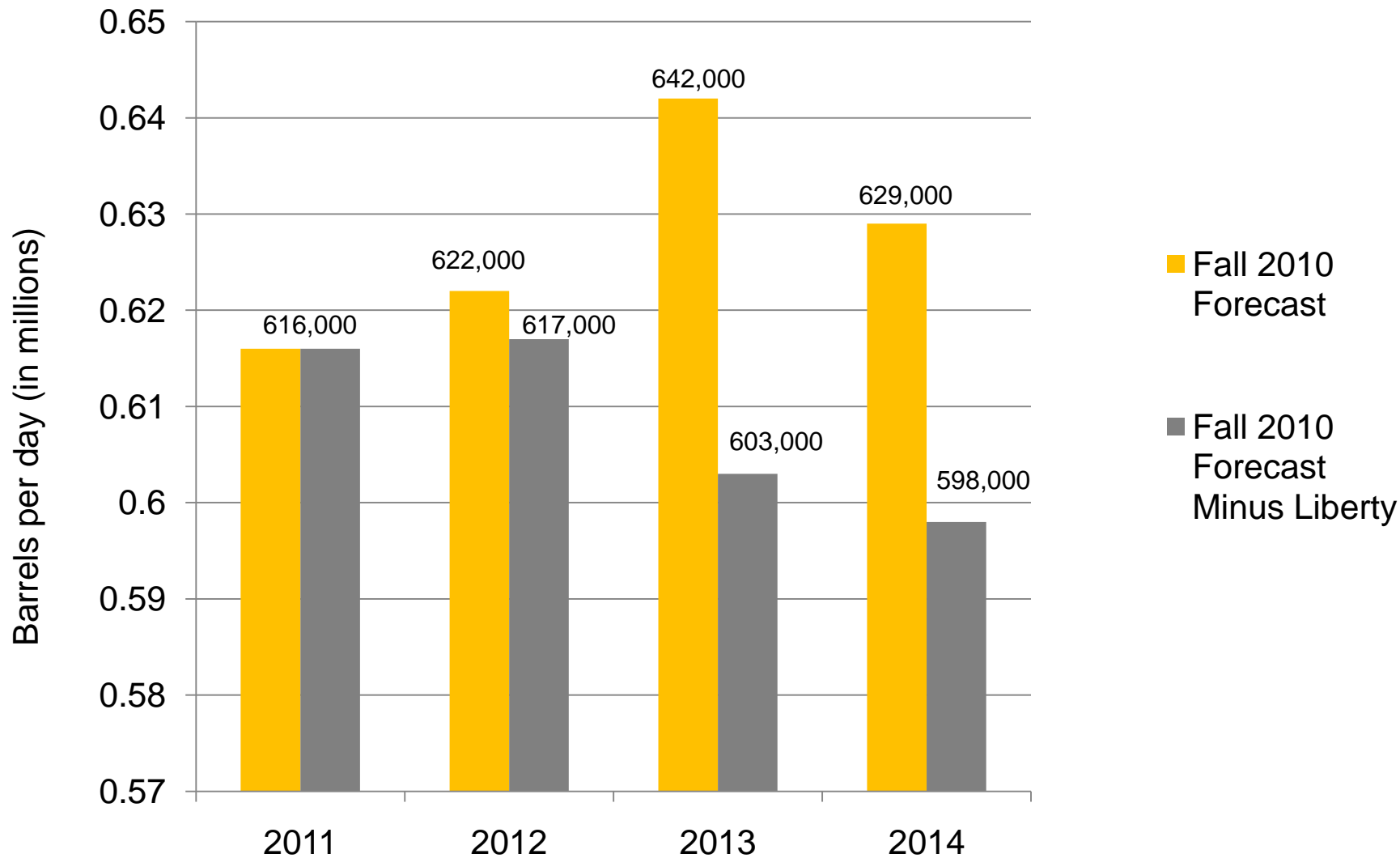
Investment is Crucial to Stem Decline



Forecast is down 20% from Five Years Ago



Current Forecast Will be Off



Source: Department of Revenue

Important Production Facts

- In 10 years, the State forecasts half of Alaska's production will be from "New Oil".
- Even with this new oil, the State is forecasting production will decline by 124,000 bpd in 10 years.
- 98% of the production in 2020 will be from oilfields located in current unit boundaries.
- Legacy fields continue to dominate production forecast as Prudhoe and Kuparuk will still provide 63% of production in 2020 – so new oil is forecasted to come from legacy fields too.

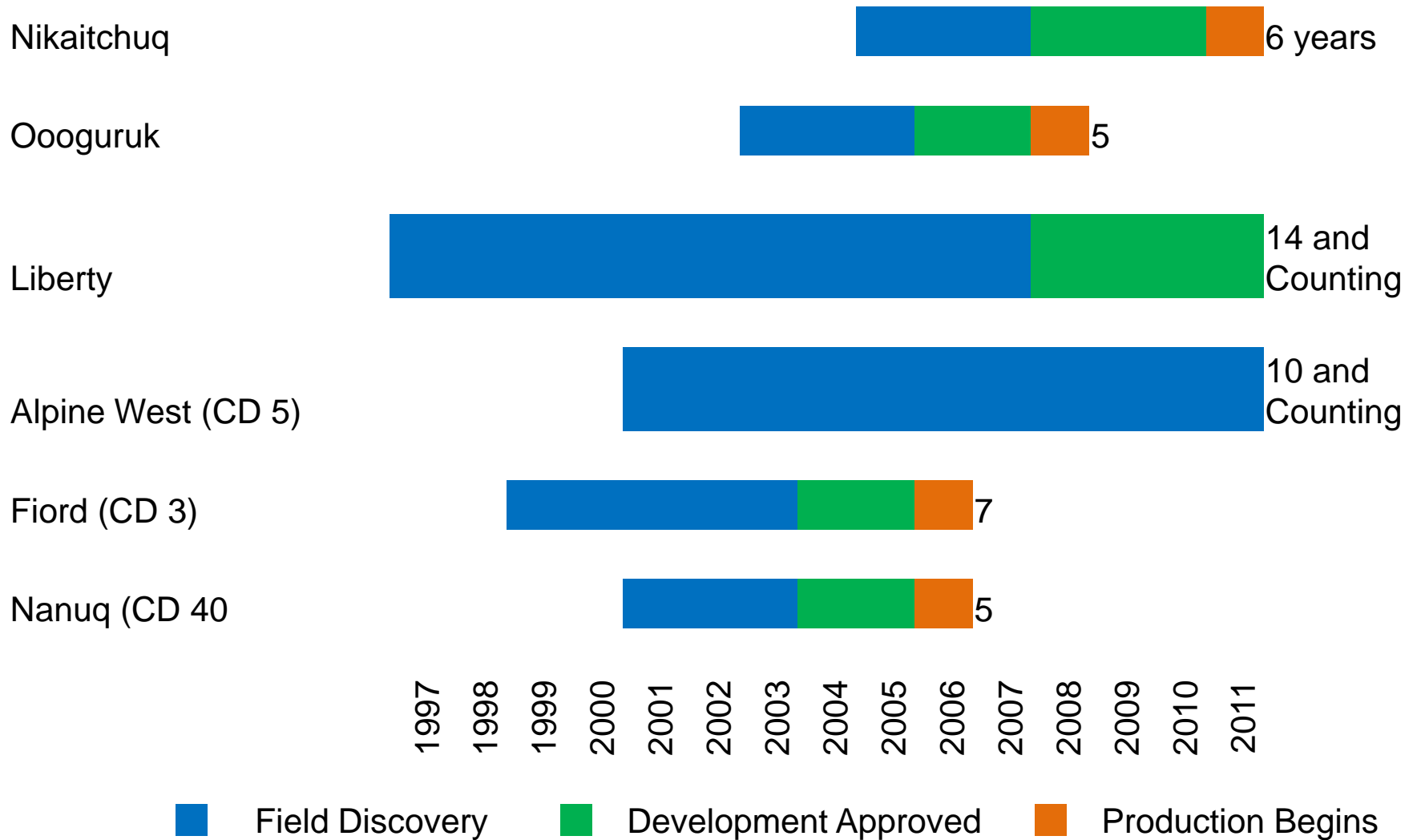
Where will the Oil come from?

North Slope “Reserves” Estimates – Developed or Delineated

	Oil Remaining MMBO
Colville River (Alpine)	420
Duck Island	102
Kuparuk River	990
Milne Point	210
Northstar	64
Prudhoe Bay	2,450
Oooguruk	73
Nikaitchuq	187
Liberty	114
Point Thomson	417
NPRA	140
Total North Slope	5,166

Source: Alaska Division of Oil & Gas, 2009 Alaska Oil & Gas Report

Development Takes Time



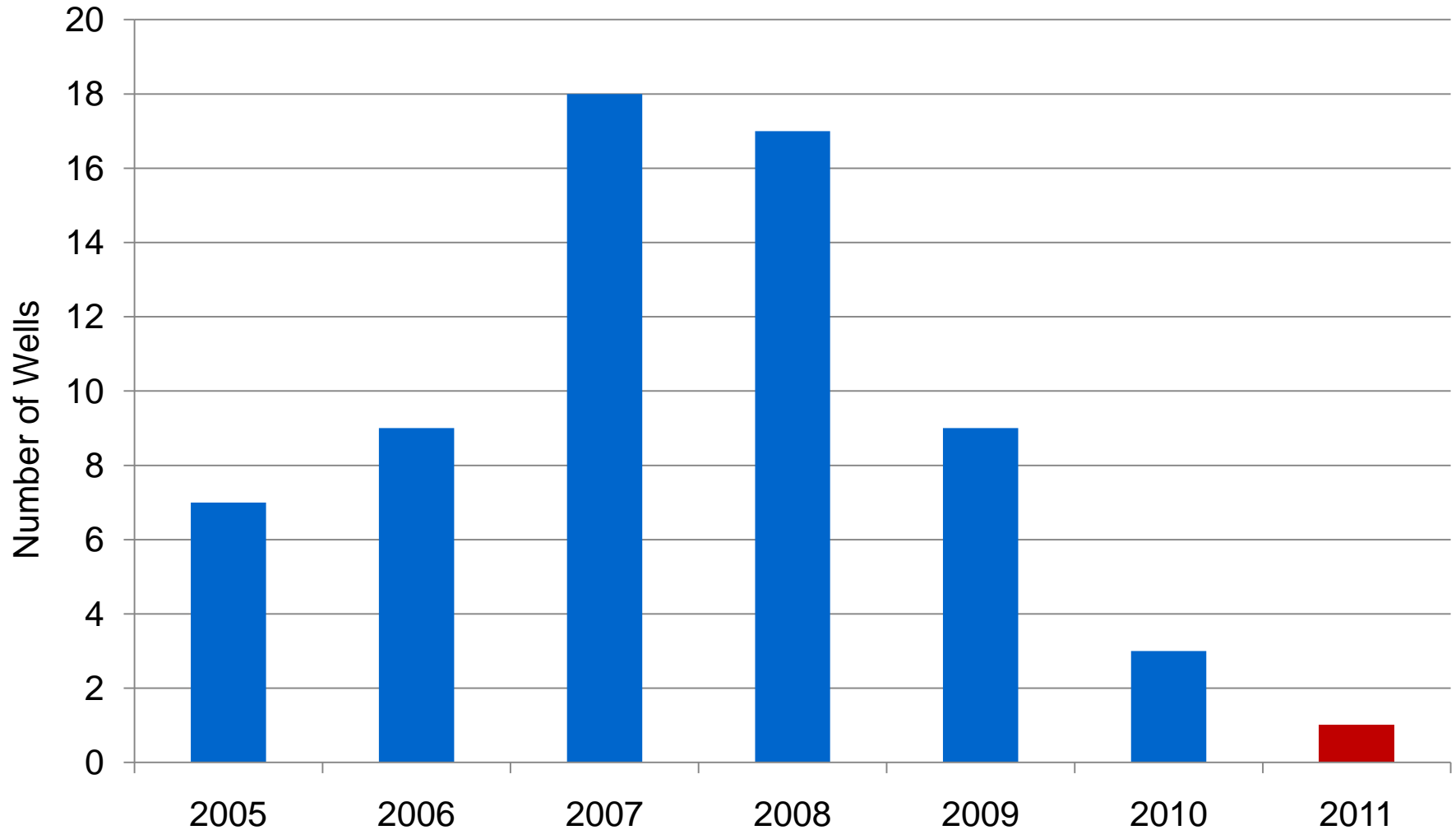
Alaska has Oil – Needs Investment

North Slope “Reserves” Estimates – Developed or Delineated

	Oil Remaining MMBO	Status
Colville River (Alpine)	420	Already Producing
Duck Island	102	Already Producing
Kuparuk	990	Already Producing
Milne Point	210	Already Producing
Northstar	64	Already Producing
Prudhoe Bay	2,450	Already Producing
Oooguruk	73	Already Producing
Nikaichuq	187	Already Producing
Liberty	114	Beyond 2013
Point Thomson	417	2014-2015
NPRA	140	??
Total North Slope	5,166	

Source: Alaska Division of Oil & Gas, 2009 Alaska Oil & Gas Report

Exploration Wells Drilled On North Slope

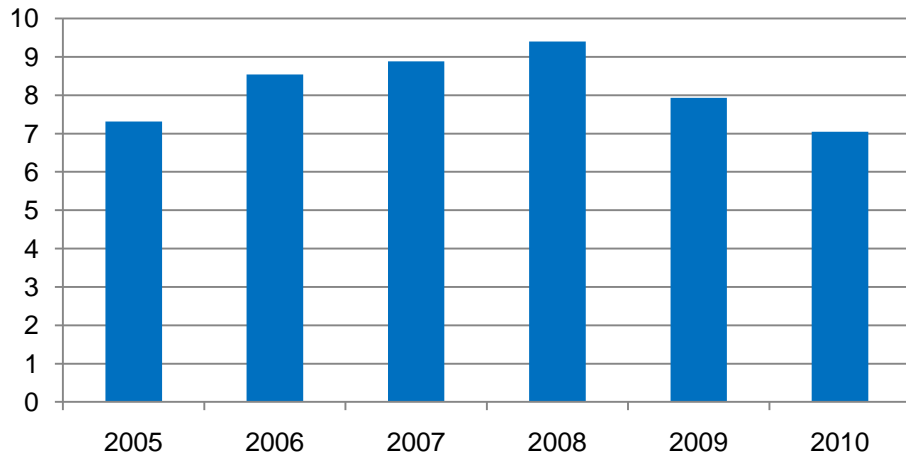


Source: Alaska Oil & Gas Conservation Commission & Department of Natural Resources

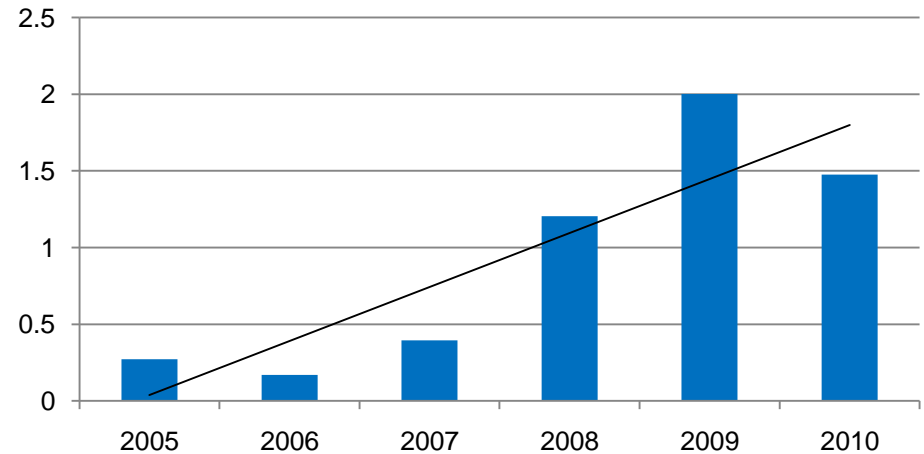
Arctic Lease Status

Source: Mapmakers Alaska - "GIS-Arctic Oil & Gas©" database

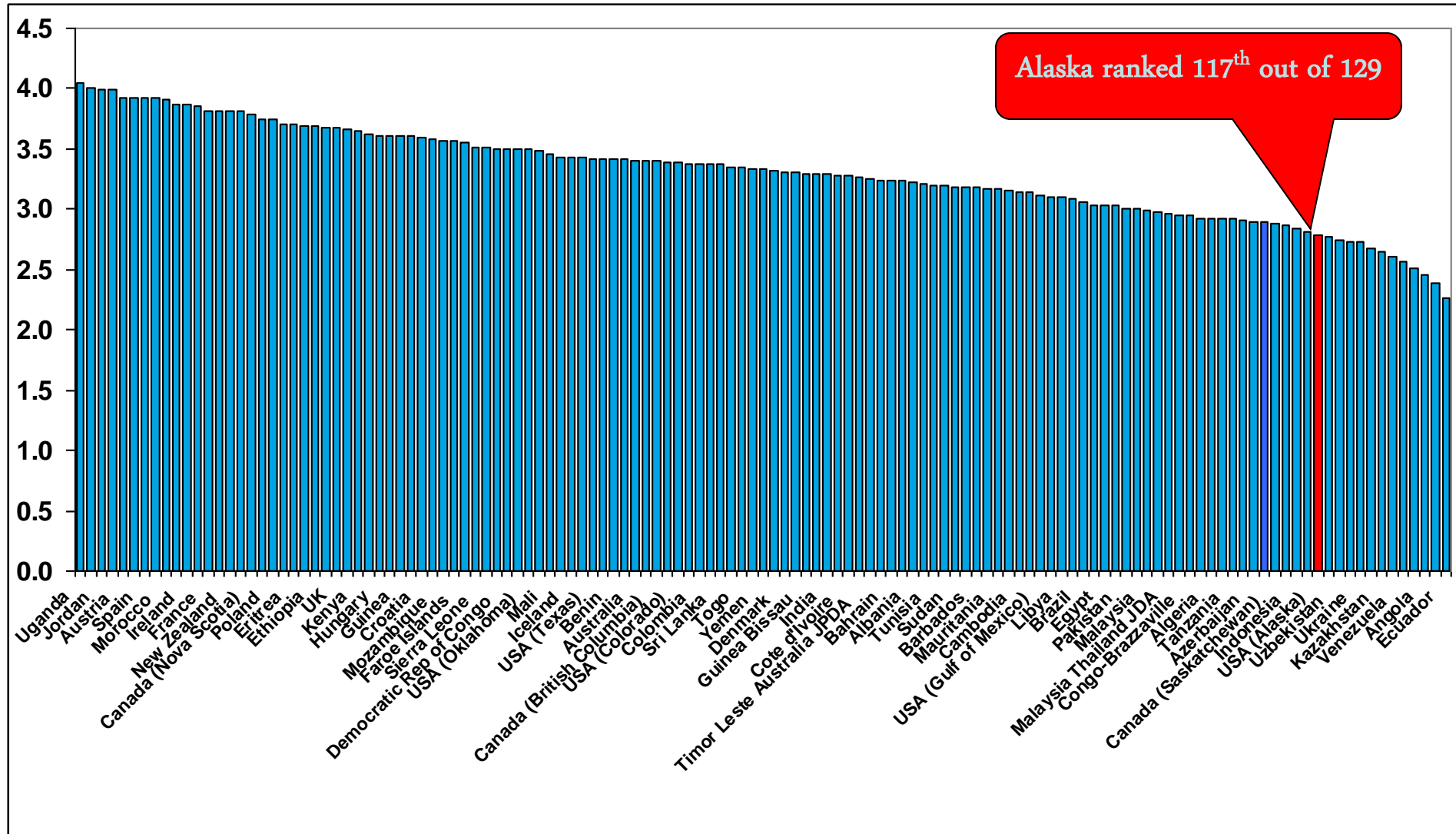
Total Acres Under Lease



Acres Relinquished



Global Fiscal terms ranking



HB 110 – New Policy for Alaska

AOGA Supports HB 110 & Governor Parnell's Goals of:

Making Alaska More Competitive

Creating More Jobs

Increasing Production

AOGA's Position on Elements of HB 110

<u>Element of HB 110</u>	<u>AOGA Position</u>
Progressivity Rates/Bracketing/ Tax Cap	Support
40% Tax Credit	Support
Yearly Tax Calculation	Support
Effective Dates	Concern
New Rate for New Fields	Support/Concern
Reducing Interest Rate; Statute of Limitations	Support
Minimum Tax	Concern

The Time is Now!

Things you can do

Thank the Governor

Contact Your Representative & Senator
www.prosperityalaska.org

Participate in Constituent Meetings

Participate in Anchorage Town Hall – March 26; 10 AM – 1 PM –
Anchorage Assembly Chambers – Loussac Library

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www.aoga.org