

Oil Business Key to Alaska, Chamber Told

Contributed by Shannon Haugland, Sentinel Staff Writer
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The oil industry in Alaska provides not only employment but the lion's share of revenue for the state, an oil industry spokeswoman told the Chamber of Commerce Wednesday.

Marilyn Crockett, executive director of the Alaska Oil and Gas Association, spoke to a small Chamber audience at the weekly luncheon, held this week at the Channel Club.

In her Power Point presentation, she updated the group on oil exploration projects in the works, talked about the benefits of the oil industry to the state, and warned about the dangers of putting up obstacles to development.

Other states in the Lower 48 are doing far more to encourage oil and gas development, Crockett said.

"North Dakota could surpass Alaska's production in three or four years," she said.

She said Alaska was ranked 117 out of 129 regions for global fiscal competitiveness, according to the Wood MacKenzie Petroleum Fiscal Systems Index.

"We are clearly not where we should be," Crockett said.

Crockett said she was disappointed that Gov. Parnell's plan to reduce oil taxes (HB 110) didn't clear the Senate and make it to the governor's desk. She said it would have capped the production tax on oil companies, and led to more oil exploration.

"That piece of legislation would do a lot to create incentives," Crockett said.

Besides the state's tax structure, other challenges to development in the Arctic and offshore include environmental regulations, the Endangered Species Act and the critical habitat designation, she said.

"Alaska has been a target for efforts to stop oil and gas development," she said. "That has impacted the way we do business."

A number of her slides highlighted the anticipated decline in revenues coming to the state from the North Slope, and the need to continue to explore to find new sources offshore and in the Arctic.

In the future, she said, most of Alaska's oil revenues will come from places other than current wells. She said the pipeline can carry 2.5 million barrels a day, but peaked at 2.1 million barrels and now runs at 600,000 to 700,000 barrels a day.

The expectation is a continued decline from the North Slope, and estimates now say that in 10 years half of Alaska's oil production will come from new fields.

"The point is, we need to bring projects on line just to stay afloat," Crockett said. "Investment is crucial to stem the decline."

In explaining the benefits of the oil industry to the state, she said natural resources are responsible for bringing in \$157 billion to the state (or 98 percent of all revenues) since 1959.

About \$70 billion has been spent on capital projects, \$50 billion has been spent to stave off taxes to individuals and businesses, and about \$37 billion has been put into savings to create the Alaska Permanent Fund.

A family of four has received a total of \$128,000 in Permanent Fund Dividends since 1982, Crockett said.

She said the industry creates jobs through direct employment, and also spinoff jobs that result from the state's oil wealth.

Chamber President Cory Baggen said the Chamber golf tournament will be held June 26. She also asked for volunteers to bake cookies for the reception that the Chamber will host following the June 7 Sitka Summer Music Festival concert, at Centennial Hall. Those who want to volunteer may call the Chamber office 747-8604.