

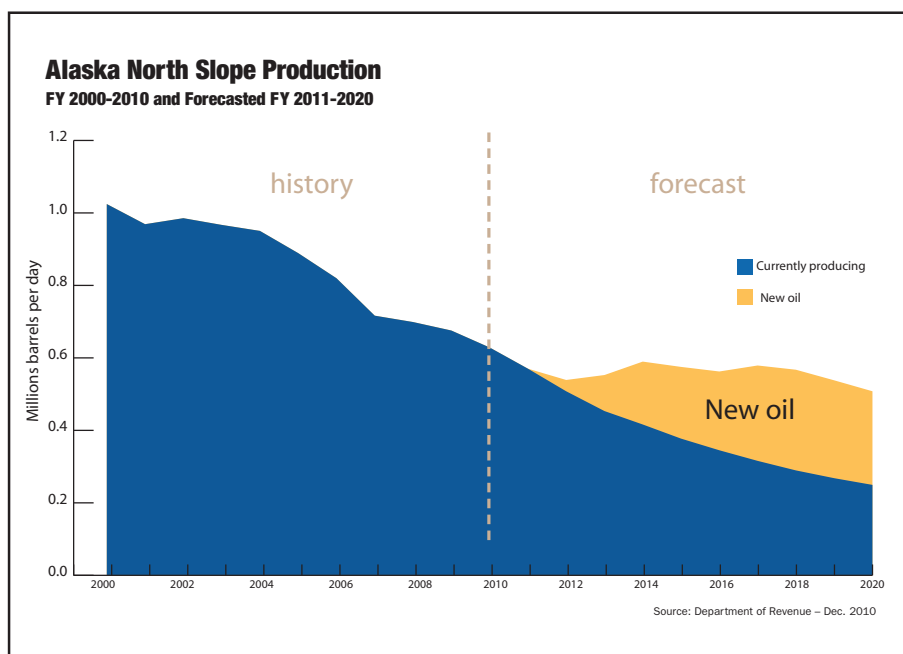


Oil and Gas Provides Jobs and Revenue in Alaska

- The petroleum industry supports one-third of all Alaska jobs, generating 110,000 jobs throughout the state.
- For future generations, a portion of the state's oil revenues was set aside in 1976. Now the Alaska Permanent Fund distributes an annual dividend to every eligible Alaskan.
- Since the annual dividend started being distributed in 1982, a family of four has received a total of \$128,765.
- As of August 2011, the Alaska Permanent Fund was worth approximately \$38 billion.
- A family of four received an estimated \$22,000 in value from the oil industry in 2010.
- The State of Alaska has collected \$157 billion (in today's dollars) from oil since 1959.
- Oil and gas revenues continue to dominate the state's unrestricted revenue stream, accounting for 89 percent, or more than \$6 billion in fiscal year (FY) 2010.
- Even with falling production, the state estimates 90 percent of its revenue will continue to come from the oil and gas industry.

Alaska has Oil – but Higher Taxes Leads to Less Production

- Prudhoe Bay remains the largest oil field in North America, with four of the top 10 producing oil fields existing on the North Slope.
- Alaska's waters are believed to contain more than 30 percent of the nation's known recoverable offshore resources.
- Alaska's oil and gas industry has produced more than 17 billion barrels of oil and 13 billion cubic feet of natural gas.
- The Trans-Alaska Pipeline System (TAPS) is operating at only one-third of its capacity, and there has been a 39 percent decline in the past 10 years.
- Furthermore, production has dropped 68 percent since hitting a peak of 2 million barrels per day in 1988. It currently produces about 600,000 barrels per day. However, only one exploration well was drilled in 2011.



Alaska is NOT Competitive

- Alaska's production only accounts for about 10 percent of the nation's domestic production, a sharp decline from prior years. Between 1980-2000, Alaska accounted for 20 percent of the production.
- North Dakota oil production could surpass Alaska's production in three to four years.
- In 10 years, the State of Alaska forecasts that 50 percent of Alaska's oil will be from "new oil" – oil not currently in production.
- In January 2010, Wood Mackenzie, a leading world energy industry research firm, ranked Alaska 117 out of 129 in terms of its global fiscal competitiveness.
- To create jobs, more production and more investment, Alaska needs to change its production tax structure.



Federal Issues Facing Alaska's Oil and Gas Industry

Endangered Species Act (ESA) & Critical Habitat Listings

Currently, there are 14 different endangered species in Alaska and seven are listed as threatened. Six more are under consideration. Additionally, Alaska is literally surrounded by potential critical habitat areas.

Environmental Protection Agency (EPA) permitting

Delays by the EPA in issuing air permits have stalled Shell's exploration program in the Beaufort and Chukchi Seas until at least the 2012 exploratory season. Shell has worked on its permits for more than five years. Air permits for offshore oil and gas activities are issued by the Department of Interior in the Gulf of Mexico, but in the Arctic, they are issued by the EPA. Efforts are ongoing in Congress to address the delays in Arctic air permitting.

Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) is developing a new draft Supplemental Environmental Impact Statement (SEIS) for offshore development

BOEMRE is currently updating the spill risk assessment to include an analysis of a "very large spill" from an exploration well blowout as part of the SEIS process. It has issued its final EIS, with public comments due Sept. 26. A final rule will be made by Oct. 3, 2011.

Bureau of Land Management's (BLM) development of a new Integrated Activity Plan (IAP) and Environmental Impact Statement (EIS) for the National Petroleum Reserve-Alaska (NPR-A)

BLM began a new planning effort for NPR-A in late July 2010, which replaces all existing plans with a single plan that covers all land within the reserve. A draft IAP/EIS is not expected to be released until early 2012, and AOGA is engaged to ensure oil and gas development is preserved as an activity for the petroleum reserve.

Threats to Arctic National Wildlife Refuge (ANWR)

On Aug. 12, the U.S. Fish & Wildlife Service issued a Draft Comprehensive Conservation Plan and a Draft Environmental Impact Statement for ANWR. Public comments will be accepted through Nov. 15, 2011. The draft plan contains six alternatives for management of the refuge.

National Ocean Council

Created by an executive order by President Barack Obama, the National Ocean Council is charged with developing strategic action plans for oceans surrounding the United States, including plans dealing with coastal and marine spatial planning. AOGA is involved with a coalition of diverse interests to ensure that the implementation of any new National Ocean Policy is helpful vs. harmful, especially for those interested in commercial and recreational uses of the oceans.

Alaska Oil and Gas Association

The Alaska Oil & Gas Association (AOGA) is a nonprofit trade association that represents the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

Our mission is to foster the long-term viability of the oil and gas industry in Alaska.

Learn more about the issues facing the largest economic driver in the Alaska economy at www.aoga.org. Sign up for our newsletters, and follow us on Facebook and Twitter for the latest information facing the oil and gas industry in Alaska.

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