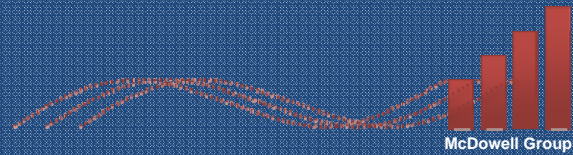


The Role of the Oil and Gas Industry in Alaska's Economy

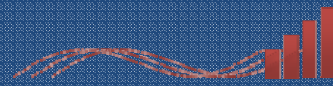
Prepared for:
Alaska Oil and Gas Association (AOGA)

Prepared by:
McDowell Group, Inc.
Juneau · Anchorage
October 27, 2011

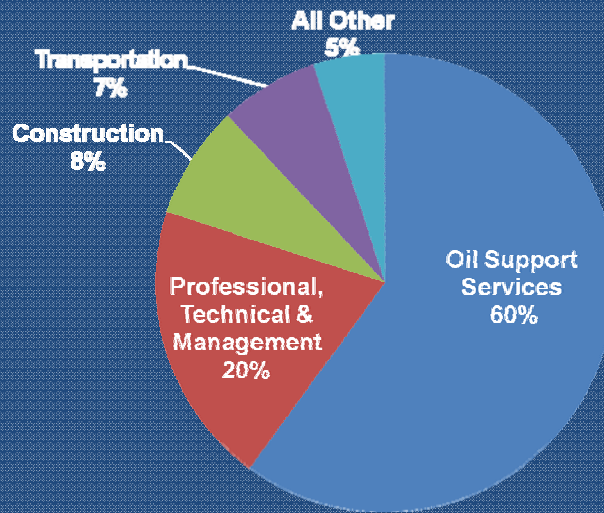


Why do we need this research?

- ◆ Published data paints an incomplete picture
- ◆ No other measures of the full effect
- ◆ This study includes analysis of proprietary spending data
- ◆ Different than other research currently underway

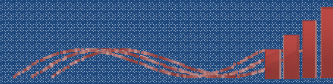


Forty percent of spending is outside "oil support services" sector



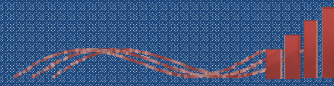
Many ways to show the oil and gas industry's importance to Alaska

- ◆ 89% of State unrestricted revenue (\$4.9 billion out of \$5.5 billion in FY2010)
- ◆ Total of \$157 billion in oil revenues to Alaska (2010\$) from 1959 to 2010 – 98% of all state revenue from natural resources
- ◆ One quarter of Alaska Gross State Product (GSP)



McDowell Group's assignment....

- ◆ Track "Primary Company" spending through the Alaska economy
 - ◆ Primary Companies include production and exploration companies, refineries, and Alyeska
- ◆ Measure direct, indirect and induced jobs and income created as a result of that spending



Key statewide findings

- ◆ *The Primary Companies*

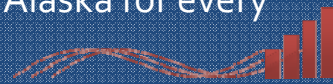
- ◆ 4,000 resident jobs and \$600 million payroll for AK Residents

- ◆ *Indirect and Induced effects*

- ◆ 7,700 oil & gas support services jobs
- ◆ 7,100 other support services jobs
- ◆ All other indirect and induced: 26,000 jobs

- ◆ *Grand total all jobs and income*

- ◆ 44,800 jobs and \$2.65 billion in annual payroll
- ◆ 9 oil industry-related jobs in Alaska for every Primary Company job



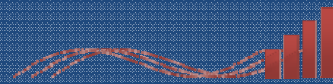
Local area employment and payroll

Anchorage

- ◆ 25,400 jobs and \$1.56 billion in wages
- ◆ 13% of employment and 16% of payroll

Kenai Peninsula Borough

- ◆ 4,700 jobs and \$320 million in wages
- ◆ 15% of employment and 24% of payroll



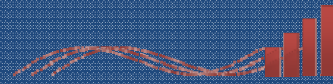
Local area employment and payroll

Fairbanks North Star Borough

- ◆ 3,000 jobs and \$168 million in wages
- ◆ 5% of FNSB employment

Mat-Su Borough

- ◆ 2,566 oil and gas industry jobs held by Mat-Su residents, \$228 million in payroll
- ◆ 3,600 jobs and \$268 million in wages
- ◆ One-in-ten jobs



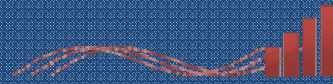
Local area employment and payroll

Valdez

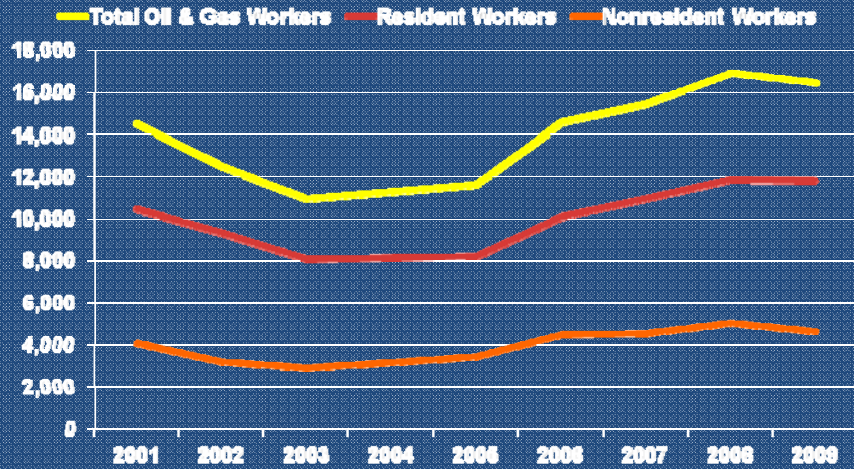
- ◆ 700 jobs and \$57 million in wages
- ◆ \$43 million in property tax revenues, 90% of total revenues

North Slope Borough

- ◆ 1,500 jobs and \$100 million in wages for NSB residents
- ◆ \$271 million in property tax revenues, 98% of total revenues

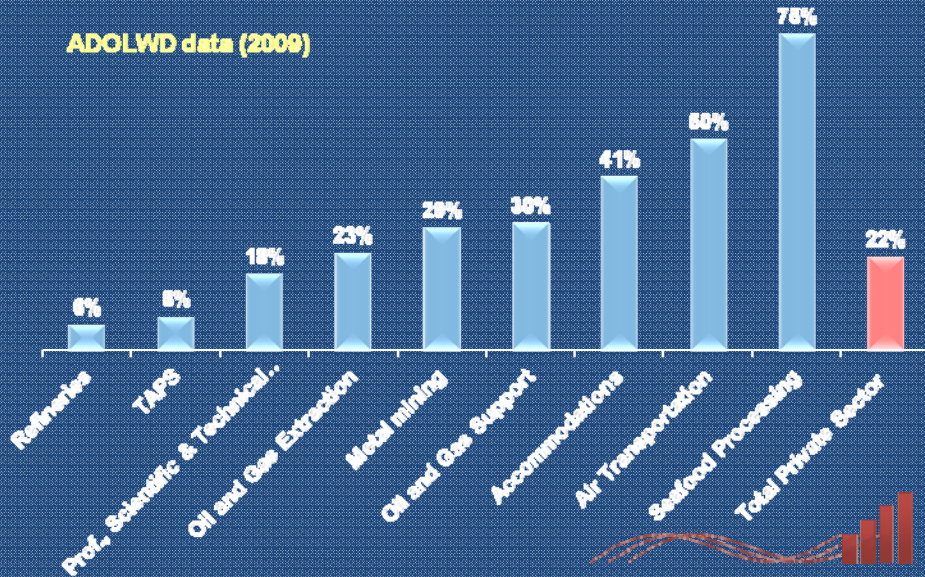


Resident and nonresident employment



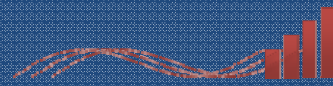
Nonresident employment is part of Alaska's economy

ADOLWD data (2009)



Summary...the big picture

- ◆ This study measured 44,800 oil and gas industry-related jobs, \$2.65 billion in annual payroll
- ◆ 13% of all private sector jobs, 18% of payroll
- ◆ Other research has linked 60,000 jobs with taxes and royalties paid by the oil industry
- ◆ Over 100,000 jobs total linked to oil and gas production in Alaska



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