

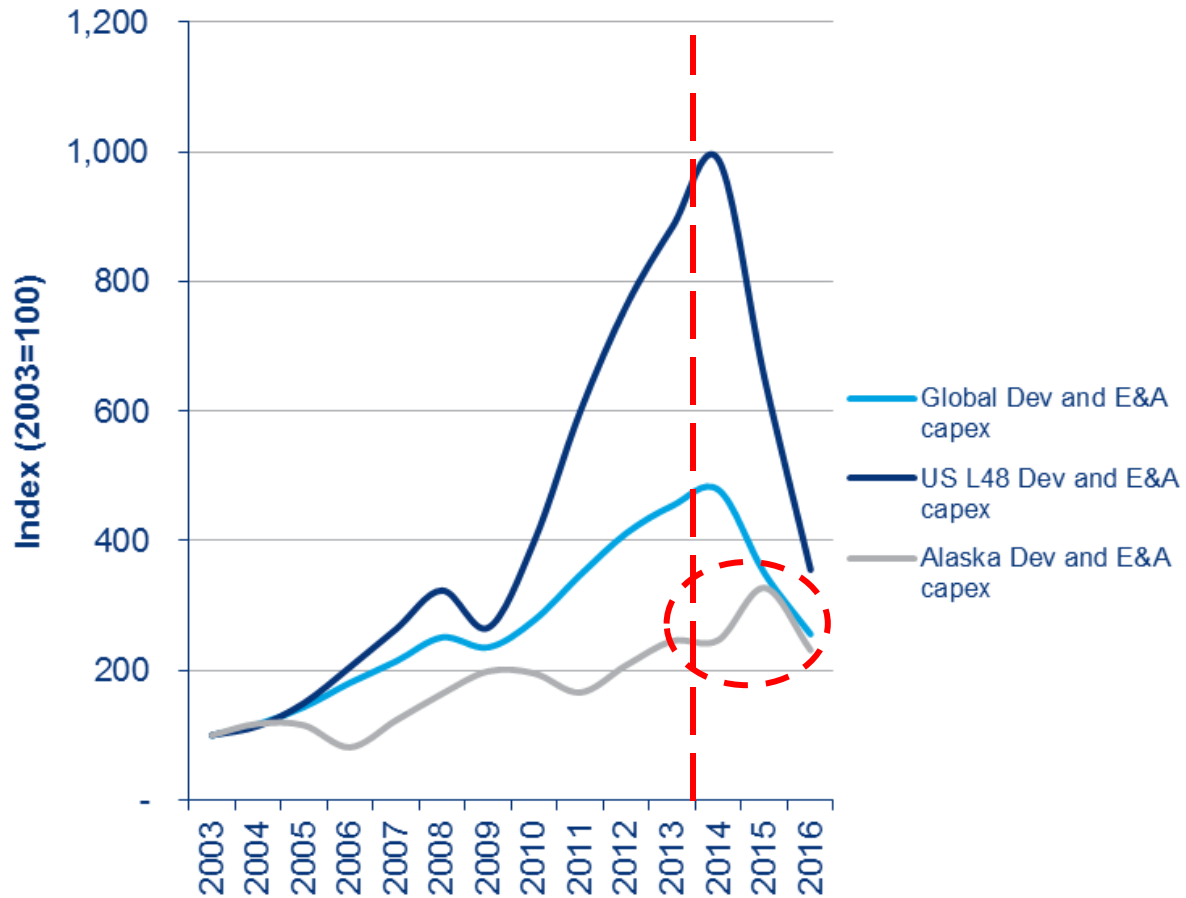
BP testimony: March 22, 2017  
HB 111(N)  
House Finance Committee





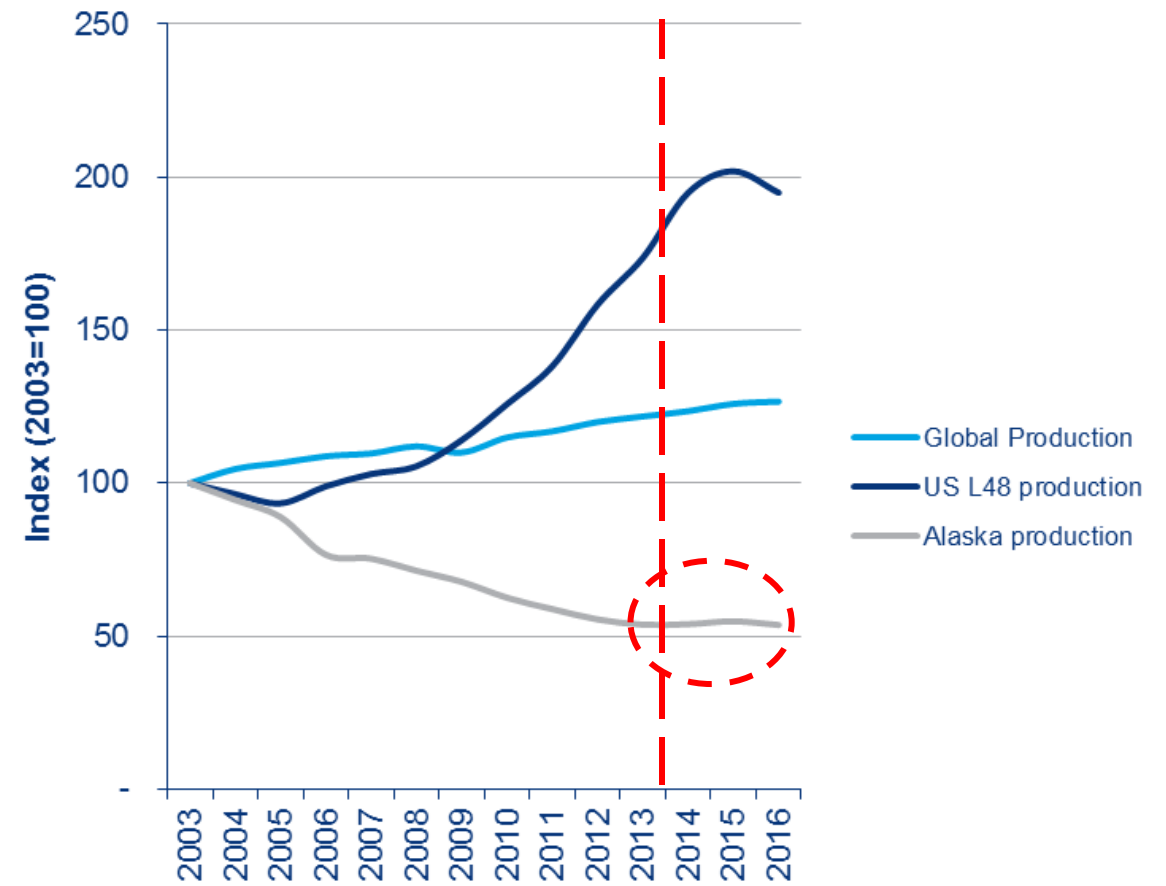
# Relative Investment & Production Trends

## Investment trends by region



Source: Wood Mackenzie

## Production trends by region

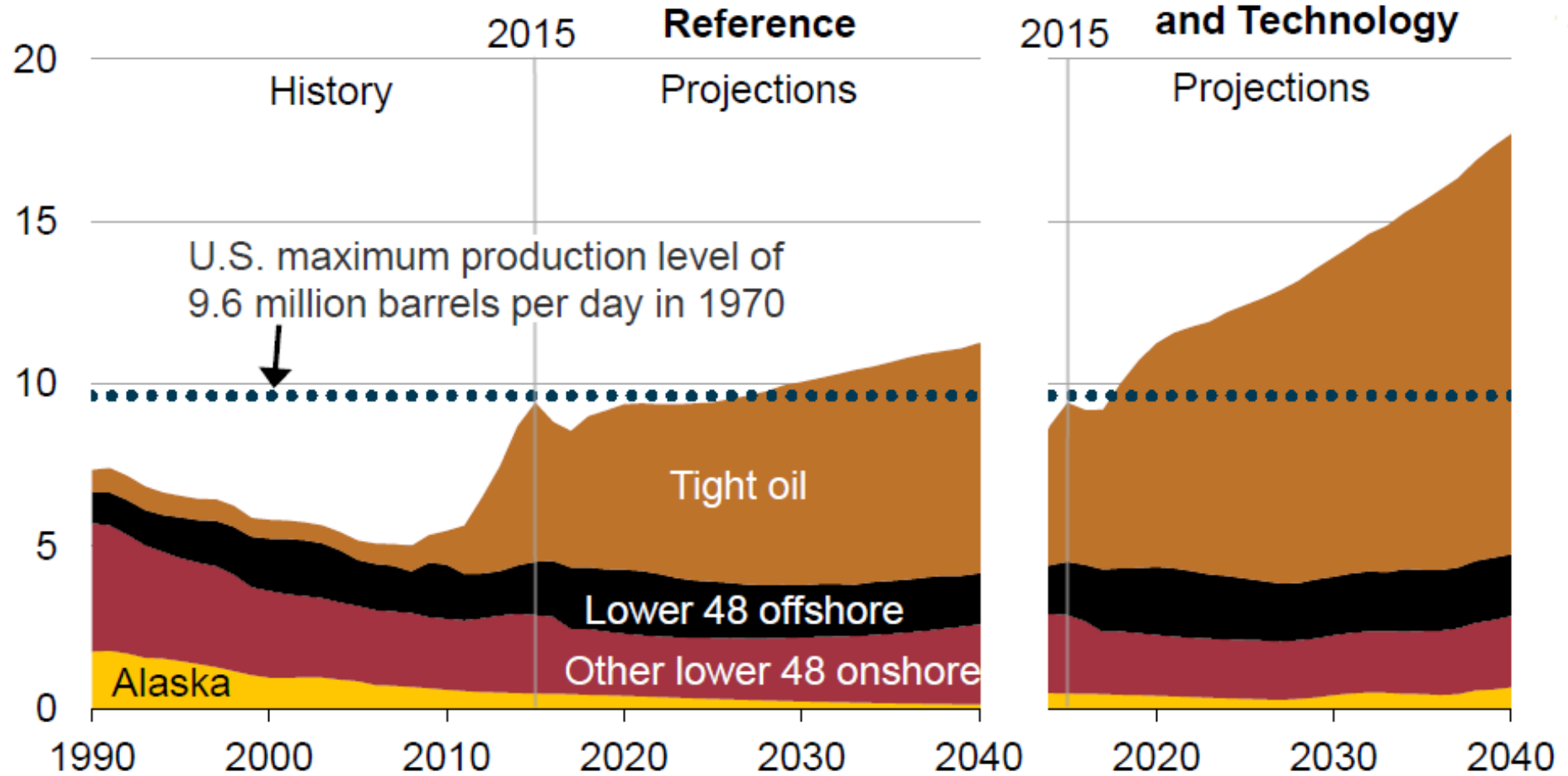


Source: Wood Mackenzie

# Alaska – How do we Stack up?



U.S. crude oil production  
million barrels per day

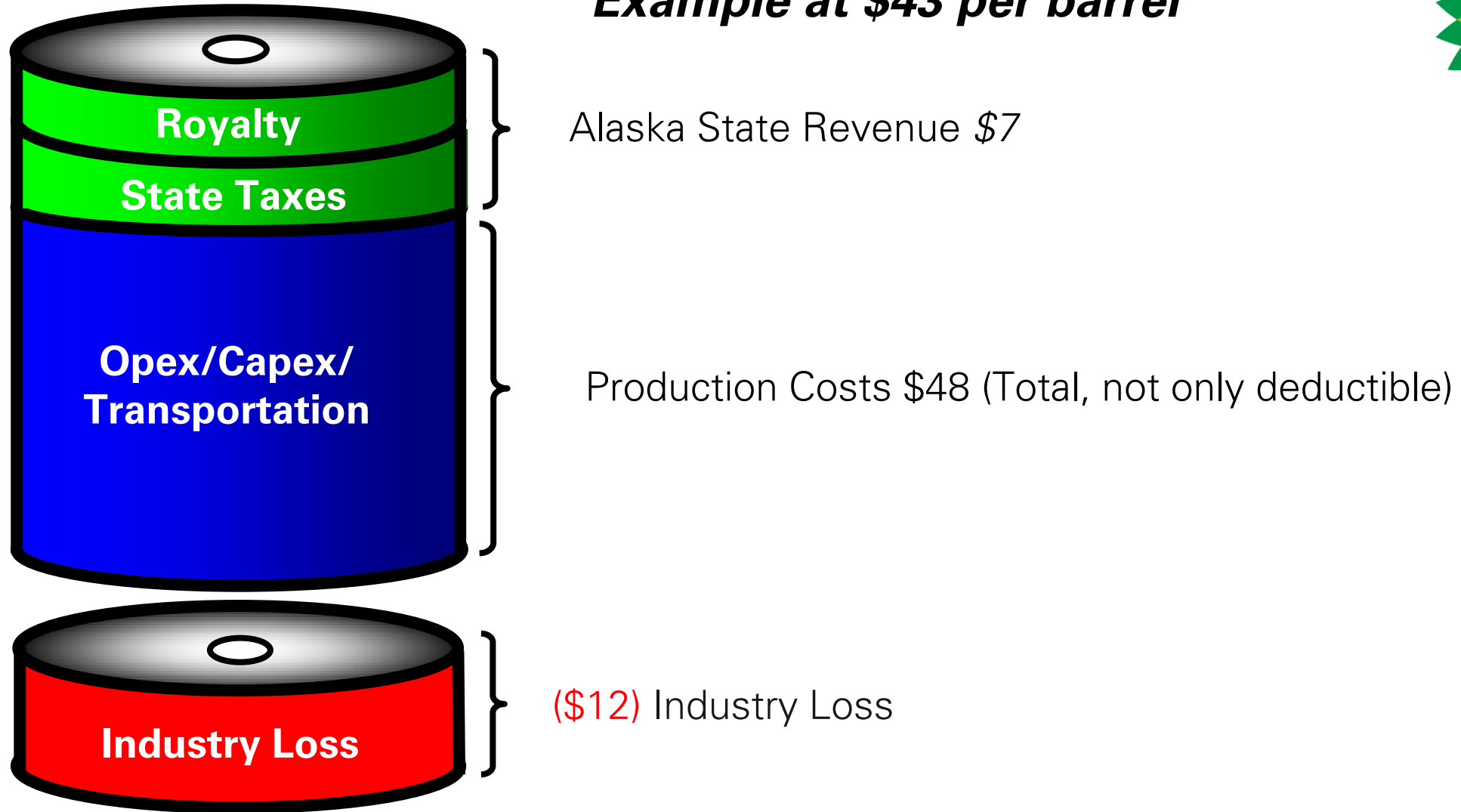


Source: EIA, Annual Energy Outlook 2016

# Distribution one barrel in Alaska



## *Example at \$43 per barrel*



# Suggested Principles for Alaska Policy



- **Encourage more oil down TAPS**

**HB 111N**



- **Extend the life of backbone fields - Prudhoe Bay & Kuparuk**

**HB 111N**



- **Encourage more independents looking for oil and gas**

**HB 111N**



- **Don't pick winners and losers**

**HB 111N**



# Examples of BP concerns with HB 111N



- **Section 14 – The Per Barrel Credit - The “New Drillsite killer”**
  - Reduces incentive for production, which offset SB 21 tax increase to 35%
  - A signal that legislature wants policy that discourages new production
- **Section 26 – New DNR process - The “investment decelerator”**
  - New DNR process will require companies to submit all spend for review and approval
  - Will companies be kept whole if regulatory process results in project delay and value impact to companies?
  - Unclear what DNR view is on Section 26

Questions?



*Pioneering the Past, Fueling Alaska's Future*