Which honored guest graduated from Service High School in 1990?

- Attorney General Craig Richards
- House Majority Leader Charisse Millett
- Senator Lesil McGuire
- Department of the Interior Chief of Staff Tommy Beaudreau

ANSWER: DOI Chief of Staff Tommy Beaudreau
Department of the Interior Chief of Staff Tommy Beaudreau
Industry Update 2015

KARA MORIARTY
ALASKA OIL AND GAS ASSOCIATION
MAY 28, 2015

#AOGA2015
AOGA Member Companies
What has happened in the past 12 months?
What has happened in the past 12 months?
### Major State Variances

<table>
<thead>
<tr>
<th>State</th>
<th>This Week</th>
<th>+/-</th>
<th>Last Week</th>
<th>+/-</th>
<th>Year Ago</th>
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Up to 185,000 jobs could be lost in the oil and gas industry this year, study says

CALGARY - Shrinking budgets in the oil and gas industry could lead to as many as 185,000 direct and indirect job losses in Canada this year, according to a new study by an industry group. The report, released Tuesday by the labour market division of Enform, says the potential losses would represent a 25 per cent drop in the number of jobs the sector supports and are the result of major budget cuts in the oilpatch.

On to Plan B as Oil Work Stalls in Texas

By CLIFFORD KRAUSS

The New York Times

MIDLAND, Tex. — With oil prices plummeting by more than 50 percent since June, the gleeful mood of recent years has turned glum here in West Texas as the frenzy of shale oil drilling has come to a screeching halt.
How much has Cook Inlet oil production increased since the Cook Inlet Recovery Act passed?

- 25 percent
- 50 percent
- 70 percent
- 80 percent

ANSWER: Cook Inlet oil production has increased 80% since the Cook Inlet Recovery Act passed.

Source: http://dor.alaska.gov/Portals/5/Docs/PressReleases/RSB%20Fall%202014%20highres%20page.pdf
Oil production in Cook Inlet up by 80%

Cook Inlet production 2005-2014

- Production (thousand bbls/day)
- Source: DOR, Fall 2014 RSB
“Refundable credits were implemented as an investment in the future.”

“There is no systemic problem with the credits themselves. They were put in the place for certain purposes”

- DOR Commissioner Hoffbeck
  January 2015
Where are we & where are we headed?

TAPS Throughput (MBD)

Forecast figures: State of Alaska DOR, Spring 2015 Revenue Sources Book
Actual figures are calendar year; forecast figures are State of Alaska fiscal year

#AOGA2015
Where are we & where are we headed?
How many wells have been drilled in Alaska's Arctic offshore since the 1970s?

- 2
- 4
- 24
- 42

ANSWER: There have been 42 wells drilled in Alaska’s Arctic offshore since the 1970s.

Source: [http://www.boem.gov/About-BOEM/BOEM-Regions/Alaska-Region/Historical-Data/Index.aspx](http://www.boem.gov/About-BOEM/BOEM-Regions/Alaska-Region/Historical-Data/Index.aspx)
The next generation of oil & gas development
Permitting & Regulations

- BOEM Offshore leasing programs
- BOEM/BSEE Arctic Specific Regulations
- Air Quality Regulations
- Hydraulic fracturing
- Small remote incinerators
- Wetlands Mitigation
- Off Permit Notice Change
- ADEC Anti-degradation Rulemaking
- Hazardous spill and response
- Beluga whale and other endangered species
- And others...
Why should I care?

More than \( \frac{1}{3} \) of Alaska’s jobs are tied to the oil and gas industry.

AOGA
Alaska Oil and Gas Association
Why should I care?

Oil and gas unrestricted general fund revenue 88%

All other revenue sources 12%

Source: Department of Revenue, 2014
True or false: The state is collecting more in tax revenues under SB 21 than it would have under the former tax system at current oil prices.

ANSWER: True. According to analysts, Alaska will collect over $850 million dollars more over the next two years at current prices than the state would have under the former tax system.

Source:  http://www.legis.state.ak.us/basis/get_documents.asp?session=29&docid=1271
State’s other revenue sources

- Excise tax: 31%
- Investment revenue: 24%
- Fisheries business: 6%
- Other non-petroleum taxes: 6%
- Charges for services: 5%
- Fines & Forfeitures: 2%
- Licenses & Permits: 8%
- Rents & Royalties: 6%
- Miscellaneous revenues and transfers: 12%

Source: DOR, 2014
Work together. Win together.
How many bills in Senator Murkowski's energy package deal directly with Alaska energy issues?

- 2
- 3
- 4
- 5

**ANSWER:** Five.

**Source:** [http://www.energy.senate.gov/public/index.cfm/republican-news?ID=e925c1cc-f74c-4b4b-935d-57de4d474bf0%29](http://www.energy.senate.gov/public/index.cfm/republican-news?ID=e925c1cc-f74c-4b4b-935d-57de4d474bf0%29)
Lower oil prices and the energy outlook

For
Alaska Oil & Gas Association Conference
May 2015 | Anchorage, AK

By
Adam Sieminski
U.S. Energy Information Administration
Short-term considerations
For oil prices, the market-implied confidence band is very wide

Historical Spot Price
STEIO Forecast
NYMEX Futures Price
Current 95% NYMEX futures price confidence interval
May 2014 95% NYMEX futures price confidence interval

Source: EIA, Short-Term Energy Outlook, May 2015
Production growth in top crude producing regions (Permian, Bakken, Niobrara, and Eagle Ford) reverses in early 2015

monthly percent change
three month rolling average

Source: EIA, DPR, May 2015
North American oil production growth slows with lower oil prices but remains the main driver of global production growth.

**Source:** EIA, Short-Term Energy Outlook, May 2015
World liquid fuels consumption picks up

million barrels per day (MMbbl/d)

Forecast

Source: EIA, Short-Term Energy Outlook, May 2015

* Countries belonging to the Organization for Economic Cooperation and Development
Surprises in liquid fuel demand to the upside are rare

World liquid fuels consumption
million barrels per day (MMbbl/d)

Source: EIA, Short-Term Energy Outlook, May 2015
Oil supply and demand rebalance by late 2016

Source: EIA, Short-Term Energy Outlook, May 2015
OECD commercial crude oil stocks remain high

days of supply

Forecast

Source: EIA, Short-Term Energy Outlook, May 2015
OPEC surplus crude oil production capacity remains moderate to low

Source: EIA, Short-Term Energy Outlook, May 2015

Note: Shaded area represents 2004-2014 average (2.2 MMbbl/d)
Long-term considerations
World crude oil price projection is lower in the AEO2015 Reference case than in AEO2014, particularly in the near term

Brent crude oil spot price
2013 dollars per barrel

All of the growth in liquid fuels consumption occurs in the emerging non-OECD (million barrels per day)

Most significant contributors to non-OPEC crude and lease condensate production: Canada, Brazil, U.S., Kazakhstan, Russia

non-OPEC crude and lease condensate production, Reference case
million barrels per day

Reductions in energy intensity largely offset impact of GDP growth, leading to slow projected growth in energy use.
In the transportation sector, motor gasoline use declines; diesel fuel, jet fuel, and natural gas use all grow.

Transportation energy consumption by fuel quadrillion Btu

Source: EIA, Annual Energy Outlook 2015 Reference case

Projections

History

2013

2030

2040

Motor gasoline

Jet fuel

Diesel

CNG/LNG

Ethanol

Other*

Lower oil prices and the energy outlook
May 2015

*Includes aviation gasoline, propane, residual fuel oil, lubricants, electricity, and liquid hydrogen
U.S. crude oil production rises above previous historical highs before 2020 in all AEO2015 cases, with a range of longer-term outcomes.

U.S. crude oil production
million barrels per day

History
2013

Reference

High Oil and Gas Resource

Low Oil Price

U.S. maximum production level of 9.6 million barrels per day in 1970

Source: EIA, Annual Energy Outlook 2015
Projected U.S. natural gas exports reflect the spread between domestic natural gas prices and world energy prices.

U.S. natural gas imports and exports
trillion cubic feet

Source: EIA, Annual Energy Outlook 2015
U.S. crude oil supply and disposition change, 2025 v. 2013

Source: U.S. Energy Information Administration, based on Turner, Mason and Company

Lower oil prices and the energy outlook
May 2015
EIA is publishing a series of reports on U.S. crude exports

<table>
<thead>
<tr>
<th>Report</th>
<th>Publish date</th>
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<tr>
<td>U.S. crude oil production forecast—analysis of crude types</td>
<td>May 2014</td>
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<tr>
<td><a href="www.eia.gov/analysis/petroleum/crudeotypes/">www.eia.gov/analysis/petroleum/crudeotypes/</a></td>
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<td>What drives U.S. gasoline prices</td>
<td>October 2014</td>
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<td>U.S crude oil import tracking tool</td>
<td>November 2014</td>
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<td>Technical options for processing additional light tight oil</td>
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<td>volumes within the United States</td>
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<td><a href="www.eia.gov/analysis/studies/petroleum/lto/">www.eia.gov/analysis/studies/petroleum/lto/</a></td>
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<td>Implications of increasing light tight oil production for U.S. refining (Turner Mason)</td>
<td>April 2015</td>
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<td><a href="www.eia.gov/analysis/studies/petroleum/morelto/">www.eia.gov/analysis/studies/petroleum/morelto/</a></td>
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<td>U.S. crude oil production to 2025: Updated projection of crude types</td>
<td>May 2015</td>
</tr>
<tr>
<td>Effects of relaxing U.S. crude export restrictions</td>
<td>June 2015</td>
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For more information


Annual Energy Outlook | www.eia.gov/aeo

Short-Term Energy Outlook | www.eia.gov/steo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer

Today in Energy | www.eia.gov/todayinenergy

State Energy Profiles | www.eia.gov/state

Drilling Productivity Report | www.eia.gov/petroleum/drilling/

International Energy Portal | www.eia.gov/beta/international/?src=home-b1
Test your oil and gas IQ and become a brain-i-AK. Enter your email address to receive more information on Alaska’s oil and gas industry

www.brain-i-ak.com
THANK YOU!

#AOGA2015