AOGA Membership
Employed 5,033 workers in Alaska
  • 4,275 AK residents earning $749 million in wages

Spent $4.6 billion with ~1,000 Alaska vendors
  • $1 million in spending for each Primary Company job

Generated multiplier effect resulting in 41,300 jobs and $2.4 billion in wages

Total: 45,575 jobs & $3.1 billion in wages
2016 State & Local Government Impacts

- State agency operations: 19,500 jobs
- State programs: 19,600 jobs
- Capital spending: 10,400 jobs
- PFD Distribution: 4,200 jobs
- Local govt. operations & projects: 4,600 jobs

Total: 58,300 jobs & $2.9 billion in wages
2016 Industry & Government Impacts

• 103,875 total jobs
  • 32% of all jobs in Alaska
• $6.0 billion in wages
  • 35% of all Alaska wages
• Compared to...
  • Seafood → 60,000 jobs/$2.1 billion in wages
  • Visitor Industry → 40,000 jobs/$1.4 billion in wages
  • Mining → 9,000 jobs/$700 million in wages
Oil Dominates State Revenues

FY18 Unrestricted General Fund (UGF) Revenues
values in millions

- Petroleum: $1,800.9 (77%)
- Non-Petroleum: $495.5 (21%)
- Investment: $40.9 (2%)

FY17 local property taxes
$443 million

FY18 restricted revenue
$413 million

FY18 Predicted State & Local Oil Revenues
$2.7 BILLION

Source: Spring 2018 Revenue Sources Book, Department of Revenue

Source: BP Statistical Review of World Energy 2018
© BP p.l.c. 2018
Oil production/consumption by region
Million barrels daily

Production by region
Consumption by region

Source: BP Statistical Review of World Energy 2018
© BP p.l.c. 2018
Oil consumption per capita 2017
Tonnes

Source: BP Statistical Review of World Energy 2018
© BP p.l.c. 2018
World energy consumption rises 28% between 2015 and 2040 in EIA Reference Case.

World energy consumption
quadrillion Btu

Source: U.S. Energy Information Administration
#IEO2017 – www.eia.gov/ieo
Forecast for energy consumption to increase for all fuels other than coal

**World energy consumption by energy source**

- quadrillion Btu

**Source:** U.S. Energy Information Administration

#IEO2017 – www.eia.gov/ieo
# Alaska’s Mega Resources

## RESOURCE POTENTIAL

<table>
<thead>
<tr>
<th>STATE LAND</th>
<th>FEDERAL LAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cook Inlet</strong></td>
<td><strong>Offshore Arctic</strong></td>
</tr>
<tr>
<td>599 mbo and 19 tcf gas</td>
<td>27 bbo and 132 tcf gas</td>
</tr>
<tr>
<td><strong>Onshore North Slope</strong></td>
<td></td>
</tr>
<tr>
<td>Conventional</td>
<td><strong>NPR-A</strong></td>
</tr>
<tr>
<td>5 bbo and 35 tcf gas</td>
<td>8.8 bbo and 39.2 tcf gas</td>
</tr>
<tr>
<td>Heavy/Viscous</td>
<td><strong>ANWR</strong></td>
</tr>
<tr>
<td>24-33 bbo</td>
<td>10 bbo and 3.5 tcf gas</td>
</tr>
<tr>
<td>Unconventional</td>
<td></td>
</tr>
<tr>
<td>2 bbo and 12 tcf gas</td>
<td></td>
</tr>
</tbody>
</table>

mbo - million barrels of oil  bbo - billion barrels of oil  tcf - trillion cubic feet

Source: USGS
Cook Inlet Activity Map – May 2018
Hilcorp’s Liberty Project
Est. ~60,000 barrels per day at peak

Caelus’ Nuna Project
Est. ~20-25,000 barrels per day at peak

Glacier Oil & Gas
Future plans at Badami
...And Alaska is Just Getting Started

Pikka Project by Armstrong, Repsol, & Oil Search
Est. ~120,000 barrels per day at peak

eni
Four exploration wells approved for 2017-2019
‘A historic moment’: How ANWR drilling was passed by Congress after decades of effort
Alaska is Falling Behind

Alaska now ranks 5th among U.S. oil producing States

Source: U.S. Energy Information Agency – April 2018 Oil Production

Texas
4.2 million

New Mexico
649,000

North Dakota
1.2 million

Oklahoma
533,000

Alaska
497,000

Figures in barrels of oil per day
Alaska production is only 5% of total U.S. Production

Source: Testimony in U.S. Senate Energy & Natural Resources Committee, Nov. 1, 2017
Today, Alaska is only capturing 1.7% of total U.S. investment, or ~$1.9 billion in capital.

Recent history shows Alaska needs at least $3.6 billion of investment capital to grow production.

How does Alaska compete for the investment capital necessary to grow production beyond 2018?

Source: U.S. Energy Admin, Spears & Associates; Alaska Revenue Sources Book
How much do producers earn?

$60
Barrel of Oil

Less Costs & State Taxes

West Texas
$31

North Slope
$12

New AK Field
$1.50

Where would you invest?

Source: Alaska Legislature’s Oil Consultant. Oil & Gas 102. Jan. 31, 2018
Objective: Strengthen existing resource extraction industries, including the Oil and Gas and the Mining Sectors


**Objective Resources:** Alaska’s congressional delegation, Alaska’s abundant natural resources, AIDEA’s infrastructure funding.

**Action Items:**

- Promote a consistent business environment that includes a stable tax regime, a development and exploration mentality at regulatory agencies, and encouragement of responsible oil, gas, and mining exploration and production.

## Unstable Tax Policy

<table>
<thead>
<tr>
<th>Dates</th>
<th>Tax Policy Change</th>
<th>Increase/Decrease?</th>
<th>AOGA Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2006 - July 2007</td>
<td>Petroleum Production Tax (PPT)</td>
<td>Tax Increase</td>
<td>Opposed Final Version</td>
</tr>
<tr>
<td>July 2007 - 2013</td>
<td>Alaska's Clear and Equitable Share (ACES)</td>
<td>Tax Increase</td>
<td>Opposed</td>
</tr>
<tr>
<td>2010</td>
<td>Cook Inlet Recovery Act</td>
<td>Incentives for Industry</td>
<td>Supported</td>
</tr>
<tr>
<td>2014</td>
<td>SB 21</td>
<td>Both</td>
<td>Supported, with concerns</td>
</tr>
<tr>
<td>2016</td>
<td>HB 247 - Gov. Walker's oil tax reform</td>
<td>Tax Increase</td>
<td>Opposed</td>
</tr>
<tr>
<td>2017</td>
<td>HB 111</td>
<td>Tax Increase</td>
<td>Opposed</td>
</tr>
<tr>
<td>2018</td>
<td>Several Tax Increases Proposed but not passed</td>
<td>Tax Increase</td>
<td>Opposed</td>
</tr>
</tbody>
</table>

7 changes in 13 years
• Consequences of the ballot measure cannot be underestimated

• Incredibly difficult, it not impossible, to permit large projects:
  o Parks, Seward, or Denali Highways
  o Prudhoe Bay
  o Chena River Flood Control Project
  o Trans-Alaska Pipeline System
  o Red Dog Mine
  o Potential LNG Pipeline

• Projects that interfere with anadromous fish habitat cannot be permitted – including state & local government projects
The Alaska LNG project “would be virtually impossible to permit.”

- AGDC President Keith Meyer
“If the fish habitat initiative were to become law, it would be all but impossible for TAPS to renew several permits and authorizations that are crucial to its continues function. The operational viability of TAPS would be placed at risk.”

- Tom Barrett, President, Alyeska Pipeline Service Company
Alaska’s Emissions haveDecreased


Alaska’s Emissions Less than 1%

Alaska’s portion of total United States GHG Emissions: 0.63%

Alaska’s portion of total Global GHG Emissions: 0.09%

Portions of July 27, 2018 Draft Climate Action Plan:

• Maximize carbon neutral growth in Alaska through a rapid transition to renewable energy, electrification and energy efficiency.
  • Reduce oil, gas and mining industry greenhouse gas emissions in Alaska by 30% (over 2005 levels) by 2030, with the target increased over time to accommodate advances in technology and/or economic impacts.
  • Increase building efficiency in both residential and non-residential sectors by 30% (over 2010 levels) by 2030.
  • Increase the percentage of all electricity generated from renewable resources to 50% (over 2010 levels) by 2030 and improve the energy efficiency of electric generation through economic dispatch.
• Develop pathways for carbon revenue generation and a carbon pricing mechanism.