



121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Contact: Kara Moriarty, (907) 272-1481 or
moriarty@aoga.org

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AOGA Statement: Fall 2019 Revenue Sources Book predicts more oil
than was forecast under old tax system

“The Fall Revenue Sources Book shows that while Alaska will continue to struggle with budget challenges, our current tax structure continues to deliver. In contrast to the severe production declines being forecast just six years ago, it’s encouraging to see production is well above where we were expected to be under the old tax structure,” said Alaska Oil and Gas Association (AOGA) President and CEO Kara Moriarty.

The State of Alaska reports oil production in FY 2019 averaged 82,700 barrels per day above what was forecast for this same year under our last tax structure.

As Department of Revenue Acting Commissioner Michael Barnhill said in his report, “The forecast assumes that production will decline modestly to 492,100 barrels per day in FY 2020 and 490,500 barrels per day in FY 2021. New fields offer tremendous potential to increase production later in the 2020’s but these developments are still contingent on final investment decisions and commitment of billions of dollars of new investments on the part of oil and gas producers.”

Including both new exploration developments and investments in the core fields, North Slope investors are planning over \$24 billion in capital investments through 2029.

“Experts said our current tax law would lead to more investment and more production, and they were right,” said Moriarty. “It delivered as predicted, stabilizing oil production even during a period of extremely low oil prices. Last year, the State’s Department of Natural Resources reported the busiest drilling season in 20 years. Alaskans have much to be optimistic about when it comes to potential for more oil flowing through the pipeline.”

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. More information about the organization can be found at www.aoga.org, on Facebook (AlaskaOilAndGas), twitter (@AOGA), and Instagram (@alaskaoilgasassociation).

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