The amount of oil produced from Alaska’s North Slope climbed to an average of 529,000 barrels per day in the fiscal year ending June 30, according to data provided by the State of Alaska. This marks the first time in more than a decade that Alaska has seen an increase in oil production compared with the year prior.

AOGA President and CEO Kara Moriarty welcomed the news. “The statistic that matters most to Alaskans is actual production, not forecasts or projections,” she said. “The news that we have ‘stopped the drop’ in our oil production for the first time in more than 10 years is no surprise to those of us who believe creating a competitive investment climate will bring more rigs, more jobs and more oil to the state. Proof of this concept is now out for everyone to see: oil tax reform is working. More production resulting from this change also means more royalties going into the Permanent Fund.”

For years, Alaskans have been watching anxiously as the amount of oil moving through the trans-Alaska pipeline declined all the way down to a quarter of its capacity. Concern stemmed from the knowledge that Alaska is massively dependent on oil production for funding of critical public services, as well as the jobs and economic growth that go along with a healthy oil industry.

“We now have solid, measurable proof that oil tax reform is working,” said Moriarty. ‘In order to keep momentum moving in the right direction and protect the incredible progress we’ve made under the new tax structure, we must Vote NO on Ballot Measure 1 on August 19.”

North Slope Oil Production Decline Year Over Year

<table>
<thead>
<tr>
<th>FY</th>
<th>Avg production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>713,467</td>
</tr>
<tr>
<td>2009</td>
<td>691,715</td>
</tr>
<tr>
<td>2010</td>
<td>641,058</td>
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<tr>
<td>2011</td>
<td>598,500</td>
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<tr>
<td>2012</td>
<td>579,246</td>
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<tr>
<td>2013</td>
<td>531,296</td>
</tr>
<tr>
<td>2014</td>
<td>520,726</td>
</tr>
</tbody>
</table>

SMALL BUSINESS SPOTLIGHT:
Far removed from the North Slope, spa owner says oil tax reform matters to her business

Amber Brophy Mock likes to dream big and live big. It’s something she credits her home state for fostering. “Alaskans support each other,” said Brophy Mock. “I’ve been an esthetician for about 15 years and I own a spa in Anchorage called Cor Wax, Lash and Cosmetics.”

The lifelong Alaskan had always imagined owning her own spa, but a dream to start a cosmetic line set her on an even bigger path to success. “Alaskans get Alaskans and this is an Alaska company and Alaska make-up line,” Brophy Mock said. “So that is actually one of the reasons people buy my cosmetics. It means something here that it doesn’t mean in other places.”

Support and great products only go so far. For entrepreneurs like Amber, a sound economy is essential. Brophy Mock says Alaska’s oil and gas industry is the driving force behind her success. “If there are a lot of good-paying jobs in the oil industry, we are going to succeed. We’ve seen the impact on this business.”

Brophy Mock is now urging her clients, friends and fellow Alaskans to Vote No on 1. She says oil tax reform will not only produce more oil, it will mean more customers in her spa. She has seen firsthand how the previous tax structure, ACES, affected oil flow and her business.

“Oil tax reform is important to my business because it brings me business. I can then hire more employees. I provide jobs, and so it goes hand-in-hand. If we don’t have oil here, we would have nothing. I would have no business.”

You can see Brophy Mock’s testimony online at www.votenoonone.com/real_alaskans_real_jobs.

In an historic moment, the 17 billionth barrel of Alaska North Slope crude started down the Trans Alaska Pipeline System (TAPS) on Saturday, July 19, 2014.

“TAPS is our economic lifeline and a source of great pride for Alaskans,” said Alaska Oil and Gas Association President/CEO Kara Moriarty. “It’s hard for many of us to imagine life without the pipeline, but it’s worth emphasizing the enormous economic contribution the oil industry makes in Alaska. We know this proud legacy will continue as additional investments are made on the Slope as a result of a favorable tax climate. Alaska has already ‘stopped the drop’ in oil production this last fiscal year, and we are confident voters will Vote No on 1 this August to keep the state moving in the right direction.”

In 37 years of oil production through TAPS, the State of Alaska has received roughly $183 billion in revenue, and the oil and gas industry accounts for roughly 92 percent of the State’s discretionary funds.

“Billions of barrels of oil remain on Alaska’s North Slope,” said Moriarty. “Alaska’s economic future is under our feet and, with the right investment climate, we will bring that oil to market, create new jobs and finally pave the way for Alaska LNG, too. I commend Alyeska [Pipeline Service Co.]’s team for its impeccable safety record as it manages the challenges associated with operating the pipeline 365 days a year.”

SMALL BUSINESS SPOTLIGHT:
Far removed from the North Slope, spa owner says oil tax reform matters to her business

Amber Brophy Mock attributes the trickledown effect of the oil and gas industry with providing her a livelihood in the healthcare and beauty industry.

You can see Brophy Mock’s testimony online at www.votenoonone.com/real_alaskans_real_jobs.

Trans Alaska Pipeline System moves its 17 billionth barrel of Alaska’s oil

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American Petroleum Institute (API) President and CEO Jack Gerard recently visited Alaska to tour the state’s oil-producing regions and talk with policymakers about the importance of a balanced approach to resource development. Gerard was the keynote speaker at AOGA’s annual luncheon in May, an event attended by more than 1,000 people. An excerpt of his speech appears below. A recorded copy of his entire speech is viewable at www.aoga.org.

“To those who think that policy doesn’t matter when it comes to energy development, I’d suggest that they look at the consequences of that attitude in Alaska,” Gerard said.

*Alaska’s oil and natural gas deposits account for almost 30 percent of the nation’s energy reserves, and, yet, today the state’s energy production accounts for approximately 7 percent of U.S. production, down from a high of 25 percent in 1989.

In recent decades, Alaska has been the highest- or second-highest-producing state of crude oil.

Today Alaska ranks fourth ... slipping behind North Dakota and California.

When you look across the U.S. today at this great energy renaissance, every oil-and-gas-producing state except Alaska has increased production.

**North Dakota: up 58%**
**Texas: up 36%**
**Colorado: up 25%**
**Alaska’s North Slope: down 6.6%**

When viewed through the lens of Alaska’s long, rich history of energy leadership, it is a cautionary tale, a reminder to all of us that policy matters and that you cannot take for granted our industry’s ability to supply the energy we need and to create well-paying jobs.

Just like any other industry, we require public policies that promote growth and protect our investments in communities.

The recent changes to tax policy is a prime example. Thanks to Governor Parnell and many leaders in this room for recognizing the adverse impacts of tax policy and leading to correct it. We need to work together.

I’d also remind our elected leaders that energy production and environmental protection is not a zero-sum game; both can be accomplished, as you demonstrate every day.

The decision before us is whether we pursue an American future of energy abundance, self-sufficiency and global leadership or take a step back to the era of American energy scarcity, dependence and economic uncertainty.

It is that simple.

Our industry’s answer is equally simple: We will continue to work hard to cement our nation’s place as a global energy superpower and Alaska’s place as a regional power to press our elected leaders for policies that promote energy development, job creation and energy security.”
Broad coalition of Vote No on 1 volunteers show their support for Alaska’s future

Support for the “Vote No on 1” message can be seen throughout the state, including this view from above Seward during the Mount Marathon race on July 4.

The Vote No on 1 campaign enjoyed a huge show of support during the Bear Paw Festival in Eagle River.

Your vote counts now more than ever before.
VOTE early – It’s easy!

Did you know you can vote right from your home or office? It’s convenient, safe and easy. Here’s how:

✅ Voting by Electronic Transmission starting August 4
Request a ballot through the Division of Election’s secure online ballot system or have a ballot faxed to you.

✅ Voting by Absentee (Mail)
Fill out an absentee ballot application and mail, fax or email the finished application to the Division of Elections. The application must be received by August 9 and the completed ballot must be postmarked by August 19! To get an application, go to the Division of Elections office or http://www.elections.alaska.gov/ot.php

✅ Voting early
Early voting in person starts August 4. Voters may vote:

- Early at a Regional Elections Office, located in Juneau, Anchorage, Wasilla, Fairbanks and Nome; or
- In-person absentee at any Regional Elections Office or absentee voting location

Election dates and hours at a glance

- Early and in-person absentee, special needs and by-electronic transmission voting begins Monday, August 4
- Absentee by-mail application deadline is Saturday, August 9
- Absentee by electronic transmission application deadline is Monday, August 18
- Election Day is Tuesday, August 19.
Polls are open from 7 a.m. to 8 p.m.

Your vote counts

1867: The Alaska purchase is ratified by one vote, clearing the way for the sale of Alaska from Russia to the U.S.

1973: Vice President Spiro Agnew casts the tiebreaking vote in the U.S. Senate, allowing the Trans Alaska pipeline project to proceed.

2006: A coin toss determines the winner of the Edgmon-Moses legislative race in Southwest Alaska after each candidate receives 767 votes.
EXCERPT FROM AOGA’S LATEST ANNUAL REPORT:
New tax legislation is putting Alaskans to work

By far, the banner headline for the past year is the progress the industry has made in responding to the positive change in the state’s oil tax structure. Just this spring, the Department of Revenue revised its Fall 2013 Revenue Forecast to account for 13,600 additional barrels of oil flowing down the trans-Alaska pipeline. The list of new projects companies have announced since tax reform passed is impressive and encouraging, and gives us reason to be optimistic about the future of the industry in the state, especially when we know companies are evaluating even more opportunities.

-Kara Moriarty, President/CEO

Read the rest of AOGA’s latest annual report online at www.aoga.org

IT’S WORKING:
North Slope projects in the works

- Prudhoe Bay drilling – two rigs planned in 2015 and 2016, bringing the total to nine, $1 billion investment

- Evaluate the construction of a new drilling pad at Prudhoe, drill 110 more wells

- Nuna Project, $2 billion investment

ConocoPhillips

- Greater Moose’s Tooth 1, Kuparuk drill site and Kuparuk River site

- CD-5, $1 billion investment

RPSOL

- Three exploration drilling rigs for the 2014/2015 season

- 300 square-mile, 3D seismic project
The Alaska Oil and Gas Association (AOGA) is a business trade association that represents the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

Our mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans.

Learn more about the issues facing the largest economic driver in the Alaska economy at www.aoga.org. Sign up for our newsletters and follow us on Facebook and Twitter for the latest information on the oil and gas industry in Alaska.

Contact information: 907-272-1481 or info@aoga.org
Facebook: AlaskaOilAndGas  Twitter: @AOGA