With temperatures hovering at -25 F, a team of dedicated workers spent six days moving this giant rig 58 miles to Deadhorse. Battling fierce winds and at times poor visibility, the Nabors 27 rig was moved three modules at a time. That means this goliath move took three round trips. Some loads were as heavy as 1,600,000 pounds, with structures standing 180 feet tall. Travel speed averaged six miles per hour.

Alyeska Pipeline wins prestigious ethics award two years in a row

For the second year in a row, the Ethisphere Institute has recognized Alyeska Pipeline Service Company with a 2013 World’s Most Ethical (WME) Company award.

“We have earned this award two years in a row. This shows Alyeska employees and contractors live the values embedded in our policies and in our code of conduct every day,” said Tom Barrett, Alyeska Pipeline Service Company president. “Ethics begins with our people. Without their ongoing commitment to integrity, the best policies and procedures in the world wouldn’t hold up.”

Alyeska received the award for demonstrating the following:

- Strong and consistent safety and environmental record.
- Excellent code of conduct and an open work environment that encourages employees to raise concerns and identify company improvements.
- Sustainability initiatives designed to extend the life of the pipeline and protect the environment.
- Established policies and procedures that foster ethical behavior.
- Direct lines of communication between the workforce and leadership.
- Corporate citizenship programs, including the annual United Way campaign, school partnerships and matching employee philanthropy contributions.

The Ethisphere Institute is an international organization dedicated to the creation, advancement and sharing of best practices in business ethics, corporate social responsibility, anti-corruption and sustainability. Read about Ethisphere’s selection criteria and view the complete list of 2013 World’s Most Ethical Companies at http://ethisphere.com/wme.

In This Issue:

- Alyeska Pipeline wins prestigious ethics award two years in a row
- Leading the way: Engagement key for Shell Alaska on social media
- Follow the leaders: Going social
- Employee spotlight: Helping Pioneer keep up with production
- Industry update: Hilcorp completes takeover of Marathon’s Cook Inlet assets
- Focus on jobs: Alaska oil and gas industry hires Alaskans
- Regulatory news: Department of Interior’s development plan for the NPR-A is a setback for development
- AOGA executive director message: Industry continues its push for Alaska’s competitiveness
- Member profile: XTO Energy
LEADING THE WAY:
Engagement key for Shell Alaska on social media

Communicating with Alaskans is a priority for Shell Alaska. That’s why the communications team decided to launch four social media platforms in 2012: Twitter, Facebook, Flickr and YouTube.

“We realized social media is where many people are getting their information,” said Peter Scott, communications manager at Shell Alaska. Scott also says research supported what the team was seeing anecdotally – that Alaskans and North Slope residents stayed connected via social media. “We joined Twitter to better engage with Alaskans and people around the world.”

Twitter has allowed Shell to quickly provide updates, share news articles and answer questions. A few months after signing on with Twitter, Shell launched its global Facebook page, which has garnered more than 3.4 million fans to date. The Shell Alaska Venture is able to post content and leverage that audience, as well as target the Alaska Facebook audience.

Shell also provided operational updates on social media this past summer, including a YouTube video of the Noble Discoverer spudding its first well in the Chukchi Sea. “That was a very powerful visual,” said Scott. “For six years, we talked to countless Alaskans about drilling again in the offshore. To share with them the sights and sounds of a drill bit turning in the Chukchi Sea for the first time in 20 years was extremely gratifying.”

Shell’s social media team played a vital role during Shell’s recent crisis communications efforts. As soon as Unified Command was formed, Shell started sharing news and updates, including live tweeting press conferences via their Twitter channel. When the situation escalated, Unified Command created separate Twitter, YouTube and Flickr channels for the Kulluk response.

Throughout the Kulluk incident, the team was often in the lead – preparing and releasing real-time updates and details important to Alaskans.

“Since we joined the social media space, we’ve answered tough questions posed by our critics and even our supporters, but we welcome all engagement so people can learn more about what Shell is doing in Alaska,” said Scott.

FOLLOW THE LEADERS

Going Social
For the latest news and updates from AOGA members, follow them on Facebook or Twitter.

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EMPLOYEE SPOTLIGHT:
Helping Pioneer keep up with production

Maximizing oil production is a constant challenge for any producer – especially when operating under the extreme conditions of Alaska’s North Slope. As an engineering technician, Melonnie Amundson is a key member of Pioneer Alaska’s production team – helping to keep oil flowing from the company’s North Slope projects into the Trans Alaska Pipeline System.

Born and raised in Alaska, Melonnie earned a Bachelor of Business Administration degree from the University of Alaska Anchorage with a focus in management and economics. Growing up in Alaska helped her to appreciate the importance of resource development to Alaska’s economy. After graduating from college, she decided to pursue a career in the oil and gas industry.

Melonnie’s first industry job was with Halliburton and lasted almost 11 years, the last two of which were spent on assignment with Pioneer in support of the Oooguruk project. “I completed my project tasks and went back to Halliburton, but I really missed the people at Pioneer and working on such an interesting project,” said Melonnie. A couple of months after completing the Oooguruk assignment, she accepted an opportunity to work for Pioneer as an engineering tech.

“What I find interesting about working with production operations,” Melonnie says, “is that oil production itself is unique. There are many factors that can affect rate of flow on a producing well, such as the reservoir rock, underground pressures, oil and gas ratio and viscosity of the oil. And you have to realize that those factors are not always constant, so conditions and performance are different for each well.”

Melonnie supports engineering and production operations by collecting well data and tracking engineering activities. Her reports show the results of decisions that engineers and managers have implemented to solve technical challenges and other variables so production goals are achieved. Being based in Anchorage allows her to be at home with her husband of 11 years and their eight-year-old daughter, but she still gets to visit North Slope operations a few times each year.

Off the job, Melonnie continues to stay on-the-go with her family, training each winter with her husband to compete in summer duathlons and other events. It’s a fun way for this lifelong Alaskan to continue challenging herself while enjoying some of the other natural resources Alaska has to offer.

INDUSTRY UPDATE:
Hilcorp completes takeover of Marathon’s Cook Inlet assets

Hilcorp Alaska recently announced its takeover of Marathon Oil Co.’s Cook Inlet oil and gas assets.

Completed on Jan. 31, the assets Hilcorp recently purchased include 10 fields in the Cook Inlet basin, three gas storage facilities, two pipelines and the remaining interests in two other gas pipeline systems.

In April of 2012, Hilcorp announced its intent to purchase Marathon’s Cook Inlet assets, but the transaction was delayed due to an informal investigation of competitive concerns by the Federal Trade Commission (FTC). The State interceded with a consent decree that led the FTC to close the investigation and, upon approval, allowed the purchase of the Marathon assets to proceed.

Hilcorp is an aggressive new player in Cook Inlet with big plans for developing oil and gas in the historically hydrocarbon-rich basin.

“Providing a reliable energy source for Southcentral is a priority for Hilcorp,” said John Barnes, Hilcorp Alaska’s senior vice president of exploration and production. “We’re committed to a long-term capital investment plan that aims at slowing decline and increasing production from Cook Inlet’s existing, aging fields.”

Hilcorp spent $230 million in 2012 and plans to exceed $300 million in spending this year to further develop resources in the Cook Inlet basin.
Oil companies collectively account for a big part of the state’s employment rate. A recent report on the subject states nearly 45,000 jobs and just under $2.65 billion in annual payroll to Alaska residents in one year. These job numbers do not include jobs generated by state funding, 93 percent of which comes from the oil and gas industry. If those jobs are included, almost one-third of all Alaska jobs can be attributed to the oil and gas industry.

But how many of these jobs are held by Alaska residents? Statewide, about 78 percent of all Alaska private sector, jobs are held by residents. For the oil and gas sector, the statewide average has been consistent for the past decade at about 72 percent. Other industries of note include: accommodations at 60 percent, scenic and sightseeing transportation at 50 percent, and seafood processing at 25 percent.

The numbers are in for 2012, and they show another year of solid commitment by Alaska oil and gas companies to hiring Alaskans whenever possible. In its annual report on the subject, BP Alaska reported that 80 percent of its 2,300 employees statewide are Alaskans, and that its contractors also employed a healthy majority (between 63 and 87 percent) of Alaska residents.

Other Alaska hire standouts include the Flint Hills Resources refinery in North Pole, which boasts a 100 percent Alaska hire rate. Flint Hills works with the University of Alaska in identifying potential employees, through both the university’s process technology and professional degree programs. This partnership allows Flint Hills to fill its ranks with local residents when positions become available.

Apache Corporation, one of Cook Inlet’s newest and most aggressive oil and gas players, keeps tabs on its monthly Alaska hire numbers, with its most recent data showing 78 percent of its employees are Alaska residents.

Alyeska Pipeline, the company responsible for safely shipping Alaska’s oil from the North Slope to Valdez, also employs a high percentage of Alaskans — 95 percent. In addition, the company and its contractors repeatedly meet or exceed its goal of 20 percent Alaska Native hire.

The Alaska Oil and Gas Association is disappointed in the U.S. Department of the Interior’s (DOI) recent, final decision on a development plan for the National Petroleum Reserve-Alaska (NPR-A). In AOGA’s opinion, the plan is a setback for oil and gas development in the state.

“This decision locks up valuable resources in an area that was specifically set aside to function as a petroleum reserve and disregards what the people of Alaska asked for,” said Kara Moriarty, executive director for the Alaska Oil and Gas Association. “While the decision does accommodate for a potential pipeline corridor, it is almost a moot point when the most promising areas of the reserve are off limits to development.”

The NPR-A was designated in 1976 by Congress, and control of the area was transferred to the Bureau of Land Management. At 23.5 million acres, it is the largest land management unit owned by the federal government. The reserve is thought to hold 900 million barrels of technically recoverable oil and 53 trillion cubic feet of natural gas, according to 2010 USGS estimates.

Numerous representatives from the oil and gas industry in Alaska, as well as members of the governor’s administration and the Alaska congressional delegation, asked the U.S. Department of the Interior to amend or alter its draft plan for the NPR-A.

“The NPR-A holds immense promise for oil and gas development, which is welcome news for a state that continues to grapple with the challenges associated with accelerated oil production decline,” said Moriarty. “The DOI’s decision, however, makes future development of the NPR-A’s resources less likely, and that’s a lose-lose for both the state of Alaska and the people who call it home.”
MEMBER PROFILE:

**Q:** What year did XTO arrive in Alaska?

**A:** XTO acquired its interest in Alaska in 1998 from Shell. XTO acquired non-operating interests in the North Slope from Hunt in 2008.

**Q:** Where does XTO operate in Alaska?

**A:** XTO operates platforms in the Cook Inlet. Our offices are in Kenai.

**Q:** Where else does XTO do business?

**A:** XTO operates in Texas, Oklahoma, Kansas, Louisiana, Colorado, Wyoming, Utah, North Dakota, New Mexico, Arkansas, West Virginia and Pennsylvania. XTO is the largest holder of natural gas reserves in the United States.

**Q:** How many employees does XTO in Alaska?

**A:** XTO employs 34 people in Alaska.

**Q:** What types of exploratory/new development plans does XTO have in Alaska?

**A:** XTO has developed and will continue to develop its holdings in Alaska. XTO is evaluating other opportunities as well.

XTO merged with ExxonMobil in 2010 and is a wholly-owned subsidiary of ExxonMobil. This agreement brings together two highly complementary organizations whose combined strengths will deliver strong shareholder value and open new opportunities for the production of clean-burning natural gas. It will support our nation’s economic recovery, strengthen our energy security and help meet our environmental goals.

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**AOGA EXECUTIVE DIRECTOR MESSAGE:**

**Industry continues its push for Alaska’s competitiveness**

It may seem that the Alaska oil and gas community has talked about little else besides production decline and the impact of oil taxes on the state’s economy for the last few years. That is likely true, and there is very good reason for it. The sobering truth is that without substantive changes, the State’s burdensome oil tax regime will continue to serve as the single-largest barrier to developing state resources to produce long-term economic prosperity. In our collective mind, few other issues play as large a role in what the state will look like in 10 to 20 years.

As we have testified to members of the Alaska State Legislature, corrections to the current tax regime will remove impediments to development and exploration and assist the industry in investing in projects that could both extend the life of the pipeline and open up new resources to long-term development.

When we look to the future, Alaskans see a robust industry on the North Slope growing like it is in the rest of the United States. We want the jobs here – not in the Lower 48. We want to create developments that will last for decades more, creating jobs for our children and opportunities for our communities to flourish. Alaskans want to see the industry continue to support the education and skills training that are needed to qualify for many of those jobs. A healthy oil and gas industry is one that sees the economic benefits of continuing to invest in projects in Alaska and keeping its employees here, where they volunteer their time, talent and treasure to make Alaska a better place to live for us all.

These are the goals that drive us. Until that realization is fully achieved, we will continue the hard work outlined in AOGA’s mission statement: fostering the long-term viability of the oil and gas industry for the benefit of all Alaskans.

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**How does Alaska’s oil rig count compare?**

*(as of Feb. 22, 2013)*

*While direct comparisons about drilling activity between Alaska and other oil-producing regions cannot be made based solely on the number of working drill rigs, it is still insightful to see the unprecedented increase in the number of oil rigs moving into booming areas like Texas and North Dakota.*

- **Texas 843**
- **North Dakota 173**
- **Alaska 8**
- **Oklahoma 185**

The Alaska Oil & 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.**

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.

**Our member companies:** Alyeska Pipeline Service Company; Apache Corporation; BP Exploration (Alaska) Inc.; Chevron; eni petroleum; ExxonMobil Production Company; Flint Hills Resources, Alaska; Hilcorp Alaska, LLC; Petro Star Inc.; Pioneer Natural Resources Alaska, Inc.; Repsol; Shell Exploration & Production Company; Statoil; Tesoro Alaska Company; and XTO Energy, Inc.