PFD donations spur record year for charities

Alaskans are donating record amounts through their permanent fund dividends. To date, more than 26,000 people have pledged $2.4 million from their 2013 checks. Officials tell Straight Talk that amount is the highest on record and could significantly increase.

“The filing period for the PFD has closed, but changes can still be made online to the Pick. Click. Give. portion of their application until we prepare for the annual payout in the fall,” said Sara Race, PFD operations manager.

This is the fifth year for the Pick. Click. Give. program. Online pledges are currently up 10 percent from last year. Race says that so far they estimate nearly 5 percent of online applicants have donated.

Charities receiving the most of that pledged money to date include:

1. Bean’s Café ($119,750)
2. Alaska Public Radio Network ($112,150)
3. Food Bank of Alaska ($72,425)
4. Abused Women’s Aid in Crisis, AWAIC ($66,125)
5. Alaska Dog and Puppy Rescue ($61,850)
6. Catholic Social Services, Brother Francis, Clare House ($58,325)
7. Planned Parenthood of the Great Northwest ($57,075)
8. Friends of Pets ($48,450)
9. Covenant House Alaska ($44,500)
10. American Red Cross ($42,100)

Alaska voters approved a constitutional amendment in 1976 establishing the permanent fund dividend. The initial deposit came from State revenues from the oil and gas industry. Today, 25 percent of all oil and gas royalties are still deposited into the fund.
INDUSTRY UPDATE:
Production at Prudhoe Bay surpasses expectations

Prudhoe Bay celebrates a milestone: more than 12 billion barrels of oil have been recovered at the field since 1977, when the pipeline first started operating. That number is nearly 3 billion more than experts first predicted.

In cumulative production, the Prudhoe Bay field is now ranked number one in the U.S. and 20th in the world. Fifty-three percent of the estimated 22.6 billion barrels in place are attributed to Prudhoe Bay. BP officials say they predict another 2 billion barrels can still be recovered.

During the last three decades, Prudhoe Bay has been a proving ground for oil field technology that has helped BP Alaska and other companies go beyond what was thought possible in maximizing production from the super-giant field, says Scott Digert, BP Alaska’s reservoir management team lead.

“Advances in enhanced oil recovery (EOR) techniques boosted our overall oil recovery by about three billion barrels,” says Digert.

Digert adds that the company is also working with other working interest owners, contractors, suppliers and with the State to sustain the financial health of BP Alaska’s base oil business. ♦

FAST FACTS: PRUDHOE BAY

- Accounted for about 15-20 percent of America’s oil production for almost three decades, but is less than 10 percent today
- Because of Prudhoe Bay, there are now 24 separate oil fields producing on the North Slope
- Mostly because of Prudhoe Bay, Alaska’s permanent fund savings account balance is more than $42 billion
- According to the University of Alaska’s Institute for Social and Economic Research (ISER), Alaska’s petroleum wealth (money in the bank and petroleum in the ground) is valued at $160 billion
- Has accounted for about 126,000 jobs
- The North Slope continues to provide about 85-90 percent of the state’s annual revenues

DEVELOPMENT OUTLOOK:
Hilcorp plans to increase production in Cook Inlet

New rigs, new energy and a new sense of purpose: Hilcorp Energy Co. announces plans to bring more equipment to Cook Inlet to drill for oil and gas. The company says two large land drill rigs and two smaller workover rigs are expected to arrive in Alaska this summer.

The news comes on the heels of Hilcorp having great success at Swanson River. When the company acquired it from Chevron, the Kenai Peninsula field was producing 450 barrels of oil per day. Today it is producing about 2,800 barrels per day.

The new rigs arriving this summer in the Cook Inlet region are designed to do major maintenance on wells and help rehabilitate aging well platforms.

Hilcorp spokesperson Lori Nelson says the company is aggressively pursuing new production from its assets here in Alaska.

“At Swanson River, we drilled two wells and three ‘sidetrack’ wells (wells drilled underground off old wells) and brought 11 shut-in wells back to production,” Nelson said. “In 2013, we plan seven to 10 new wells at Swanson River and plan ‘workovers’ (major maintenance) on another eight to 12 wells, with a focus of returning production and injection wells to service.”

Hilcorp has also recently completed a three-dimensional seismic survey of its Deep Creek unit on the Kenai Peninsula, Nelson said. The company hopes to identify several new targets for natural gas.

Hilcorp spent $238 million in Cook Inlet in 2012; Nelson says they will increase investment to between $300 million and $350 million in 2013. ♦
EMPLOYEE SPOTLIGHT:
Andrew Bricker, ExxonMobil Logistics Manager of Point Thomson project

In a very exciting development for Alaska, ExxonMobil began construction last December of facilities at Point Thomson, the first-ever development of the North Slope’s eastern region. The Point Thomson project represents billions of dollars in investments and up to 700 new jobs. It also represents the first major new development on the Slope in years.

The project is a huge undertaking in an area with extreme weather and no existing infrastructure. Everything must be brought in: massive compressor plants from South Korea, modules from the Lower 48 and personnel from all over.

The man entrusted to coordinate this impressive effort is ExxonMobil Logistics Manager Andrew Bricker.

“My grandfather was a boilermaker and machinist for the railroad,” Andrew says, “so I guess logistics runs in my blood. I’ve always liked big stuff: big trucks, big trains, ships. It was a natural fit for me. It’s exciting moving all that stuff down the road.”

A native of Reading, Pennsylvania, Andrew went into the U.S. Army right out of high school. Assigned to military intelligence, he was a Soviet strategic analyst for the National Security Agency (NSA).

“It was an incredible experience,” he says. “I was at NSA during the Gulf War, so there was a lot going on. I was privy to stuff the public never saw. I think the Army was the best decision for my professional career. It made me who I am. At the time, I was not ready to go to college. But when I did, I came out with zero debt thanks to the military.”

After his tour in the Army, Andrew earned a bachelor’s degree in Business Logistics from The Pennsylvania State University, then went into the logistics field with a job as an intermodal equipment manager at Maersk, the world’s largest container-ship operator. Maersk moved Andrew to New Jersey, then Houston.

Several years ago, ExxonMobil Development Company put a renewed emphasis on logistics planning, so they recruited people with experience in the field. Andrew joined the company and, considering his outstanding background, was tapped to oversee Point Thomson.

“Logistics has a certain complexity to it that people often don’t realize. On top of that, I think logistics is the last frontier where companies can save money. Because of that, I can make a real impact. And I think having a job where you have an impact makes a huge difference in your job satisfaction.”

Point Thomson is one of the most logistically challenging projects ExxonMobil has ever developed due to the remoteness of the site and being surrounded by open tundra. Andrew must coordinate with transportation companies around the world and all the various departments throughout the corporation, all bringing equipment to a place without roads.

“We’re building ice roads,” Andrew tells us, “so our logistics capability is dictated by the season. From January until April, we have a heavy-haul road. But when the ice road melts, we have what we call the ‘shoulder season.’ Over the summer, we have to barge things in. In the fall, the ice comes back in and we’re in another shoulder season. During those shoulder seasons, our only option is flying equipment and materials.

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Alaska is back in contention for investment dollars thanks to the passage of Senate Bill 21, the oil tax reform bill introduced by Governor Parnell and passed by the Alaska Legislature on April 14. The governor and Legislature recognized that ACES is broken and made the right choice in devising a new tax structure to make Alaska attractive for increased investment at a time of record-high oil prices.

While I stop short of saying this new tax structure is the ideal solution, I do think it is a step in the right direction. The most important component of the new legislation is the elimination of the high ACES progressivity. The bill creates a new framework that will allow Alaska projects to be more competitive on the global stage.

The words of many legislators will no doubt be remembered because they turned analysis into action, and history will look favorably on their drive to protect Alaska’s future.

VOTING FOR CHANGE

Senator Anna Fairclough, EAGLE RIVER
“This is the time to change taxes for the next generation. The sky is not falling – we have healthy savings accounts. It’s to prepare the next generation for a changing time, when we don’t have as much revenue. It’s not disputable: the pipeline decline is real.”

Representative Eric Feige, CHICKALOON
“We voted tonight for the future – our kids’ and grandkids’. We voted tonight to give them the opportunity to have a state and economy that will be prosperous. Alaskans want action and we gave them a tax package that strikes a balance and makes us more attractive to industry.”

Senator Pete Kelly, FAIRBANKS
“Well, the party is over. Investors around the world see what Alaska is doing and they’ve stopped investing in Alaska. In boardrooms across the planet, talented accountants and economists are making presentations to boards of directors and they are recommending that shareholder dollars are better spent in places like Texas, North Dakota, Canada and Australia. Even a lot of Third World countries look better. They are not punishing us. They are not playing chicken with us. They are simply doing their jobs and acting in the best interests of their shareholders.”

Representative Lance Pruitt, ANCHORAGE
“The cost of inaction far outweighs any potential costs of action. Our objective is to protect the treasury and promote our resource. We do that with SB 21. It’s fair to say we’ll see a benefit at high oil prices and protect ourselves at low oil prices.”
“We have to precisely schedule all of our moves - whether it’s food, machines or modules – all of those things have to get moved when we have accessibility. So it takes a huge amount of logistics planning to make sure we move the right stuff, prioritize the right stuff and we get it out there in those seasons. On top of that, it cascades backwards because every other department has to plan accordingly.”

The project is going very well, which is great news for Alaska. Point Thomson holds an estimated 8 trillion cubic feet of natural gas and 200 million barrels of liquid condensate, which ExxonMobil will be putting into the trans-Alaska pipeline.

Things are going well for Andrew and his family, too. After 16 years in balmy Houston, the transition to chilly Alaska was surprisingly easy. His wife, Michelle, was able to keep her job with Accenture Management Consulting. And their young son and daughter, who had rarely seen snow, learned to ski.

“Alaska is incredible,” Andrew says. “It’s an adventure. We sold the boat in Houston and bought a couple of snow machines. We found a great house in Eagle River right above the river. It’s worked out really well. And I’m glad we’re playing a part in developing an important resource for Alaska. At the end of the day, Point Thomson is good for everybody. And it’s good jobs for Alaskans. I feel like I’m contributing to the energy needs of the country.”

MEMBER PROFILE:

TESORO

Q: What year did Tesoro arrive in Alaska?
A: Tesoro began operating its first refinery here in Alaska in 1969.

Q: Where does Tesoro operate in Alaska?
A: Our refinery is located in Nikiski. We operate 31 company-owned 2Go Tesoro retail stores throughout Alaska and we have branding agreements with 47 independently-owned Tesoro Alaska stations.

The Kenai refinery can process up to 72,000 barrels per day (bpd). The refinery produces ultra-low-sulfur gasoline, jet fuel, ultra-low-sulfur diesel (USLD), heating oil, heavy fuel oils, propane and asphalt.

Q: Where else does Tesoro do business?
A: We have a total of seven refineries located in Alaska, Washington, California, Hawaii, Utah and North Dakota. We have Tesoro retail stores in Hawaii, Washington, Idaho and Oregon.

Q: How many employees does Tesoro have in Alaska?
A: Approximately 550 full-time employees in Alaska.

CHALLENGING WORK CONDITIONS

Much is said about the challenging work conditions on Alaska’s North Slope. This photo shows what winter weather will do to the interior of a truck that’s parked outside when a serious storm moves through the area.

Note: the doors and windows of this vehicle were completely sealed; the snow entered though the truck’s open air vents.

Photo: Pioneer Natural Resources, January 2013.
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.

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