Marilyn Crockett
Alaska Oil & Gas Association
Presentation to
Commonwealth North

January 18, 2011
Anchorage, AK
AOGA Member Companies
What is AOGA?

- Alaska’s oil and gas trade association since 1966
- Purpose
  1) Serve as a single point of contact for Alaskans on the state’s oil and gas industry
  2) Provide a forum for discussion and a point of decision on issues that affect the industry
- Goal
  - A vital oil and gas industry that contributes to a vibrant economy for Alaska
AOGA Structure

• Board of Directors

Standing & Special Committees & Task Groups:

• Environmental
  Air
  Water
  Habitat/Wildlife

• Health & Safety

• Lands, Exploration & Operations

• Offshore

• Permit Streamlining

• State Legislative

• Tax
North Slope Oil and Gas Activity 2009-2010

**ConocoPhillips**
- Alpine West (CD-5) satellite development delayed. Waiting on Corp of Engineers 404 permit. Work requires 2 winter seasons to complete. Initiation of work delayed to at least 2011-2012 season.
- Bear Tooth Unit formed, obligation includes 1 well and re-entry of Scout 1 well by 2012.

**BP**
- Completing heavy oil test facility on S-Pad to produce oil out of the shallow Ugnu Formation employing a CHOP (Cold Heavy Oil Production) technology.

**Brooks Range Petroleum Corp.**
- Tested Kuparuk C-1 sandstones in Sak River 1-A. Recovered water and a minor amount of oil. Plan to drill the North Shores No.3 well. Primary objective is the Sag River/Kirshak formations.

**Shell**
- Plans to submit scaled down exploration plan for 2010 in response to stakeholders concerns about too rapid a pace of development. Plan includes 2 wells on Smiling prospect (formerly Hammerhead).

**UltraStar**
- Plans to begin drilling at Liberty in 2010. First oil in 2011.

**ExxonMobil**
- Completed PT 15 and is currently drilling PT 16.

**Savant Alaska, LLC**
- Completed B1-38 (Red Wolf) Kekiktuk exploration well. Encountered no hydrocarbons in a seismic zone and in the Kekiktuk formation. Drilling B1-10A horizontal sidetrack redevelopment well in the Badami sands. Plan to test Kekiktuk sands from B1-38 and the Badami sands from O-16 into the Badami facility.
- BP to restart Badami facility in 2010.

**State of Alaska**
- Department of Transportation study evaluating routes for proposed transportation corridor to Nuiqsut area.

**Developed Wells Drilled 2010**
- Development Wells Drilled 2009
- Development Wells Drilled 2008
- Wells Permitted/Henned 2009-2010

[Map of North Slope Oil and Gas Activity 2009-2010]
Chukchi Sea
52 Years of Petroleum Revenue

TOTAL: $108 Billion (Restricted & Unrestricted)

Royalties: $46 billion (43%)
Production Tax: $39 billion (36%)
Other: $23 billion (21%)

Petroleum Revenue has constituted 83% of the state’s unrestricted revenue since statehood.
### FY 10 Petroleum Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty</td>
<td>$2,176.2MM</td>
</tr>
<tr>
<td>Production Tax</td>
<td>$2,860.7MM</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$497.5MM</td>
</tr>
<tr>
<td>Corporate Income Tax</td>
<td>$447.9MM</td>
</tr>
<tr>
<td>Other</td>
<td>$592.3MM</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,574.6MM</strong></td>
</tr>
</tbody>
</table>

Royalty includes Permanent Fund contribution ($696.1MM) and School Fund contribution ($11.1MM).
Property tax figure (also known as ad valorem) includes local government shares ($378.7MM).
Other includes restricted revenues from NPR-A and tax settlements.
Total (minus Permanent Fund, School Fund, local property tax, and other) represents 89% of unrestricted revenue.
“Oil revenues continue to dominate the unrestricted revenue picture – and is projected to provide more than 87% of General Purpose Unrestricted Revenue through FY 2018.”

Department of Revenue Sources Book – Dec. 2010
**Production Forecast**

- In 10 years, the state forecasts 51% of total production will be new oil.
- Even with this new oil, the state is forecasting a 19% reduction in total production in 10 years.
### Alaska North Slope Production
#### FY 2010 and Forecasted FY 2011-2020

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Currently Producing</th>
<th>Under Development</th>
<th>Under Evaluation</th>
<th>Total ANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.644</td>
<td>0.000</td>
<td>0.000</td>
<td>0.644</td>
</tr>
<tr>
<td>2011</td>
<td>0.584</td>
<td>0.032</td>
<td>0.000</td>
<td>0.616</td>
</tr>
<tr>
<td>2012</td>
<td>0.520</td>
<td>0.096</td>
<td>0.006</td>
<td>0.622</td>
</tr>
<tr>
<td>2013</td>
<td>0.464</td>
<td>0.159</td>
<td>0.019</td>
<td>0.642</td>
</tr>
<tr>
<td>2014</td>
<td>0.426</td>
<td>0.175</td>
<td>0.028</td>
<td>0.629</td>
</tr>
<tr>
<td>2015</td>
<td>0.386</td>
<td>0.179</td>
<td>0.044</td>
<td>0.608</td>
</tr>
<tr>
<td>2016</td>
<td>0.353</td>
<td>0.181</td>
<td>0.089</td>
<td>0.623</td>
</tr>
<tr>
<td>2017</td>
<td>0.323</td>
<td>0.173</td>
<td>0.111</td>
<td>0.607</td>
</tr>
<tr>
<td>2018</td>
<td>0.296</td>
<td>0.165</td>
<td>0.120</td>
<td>0.582</td>
</tr>
<tr>
<td>2019</td>
<td>0.274</td>
<td>0.159</td>
<td>0.118</td>
<td>0.551</td>
</tr>
<tr>
<td>2020</td>
<td>0.255</td>
<td>0.153</td>
<td>0.112</td>
<td>0.520</td>
</tr>
</tbody>
</table>

Source: Department of Revenue
### New Oil as a Percentage of Total Oil

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total New Oil</th>
<th>ANS Total</th>
<th>Percent New Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.032</td>
<td>0.616</td>
<td>5.2%</td>
</tr>
<tr>
<td>2012</td>
<td>0.102</td>
<td>0.622</td>
<td>16.4%</td>
</tr>
<tr>
<td>2013</td>
<td>0.178</td>
<td>0.642</td>
<td>27.7%</td>
</tr>
<tr>
<td>2014</td>
<td>0.203</td>
<td>0.629</td>
<td>32.3%</td>
</tr>
<tr>
<td>2015</td>
<td>0.222</td>
<td>0.608</td>
<td>36.5%</td>
</tr>
<tr>
<td>2016</td>
<td>0.270</td>
<td>0.623</td>
<td>43.3%</td>
</tr>
<tr>
<td>2017</td>
<td>0.284</td>
<td>0.607</td>
<td>46.8%</td>
</tr>
<tr>
<td>2018</td>
<td>0.286</td>
<td>0.582</td>
<td>49.1%</td>
</tr>
<tr>
<td>2019</td>
<td>0.277</td>
<td>0.551</td>
<td>50.3%</td>
</tr>
<tr>
<td>2020</td>
<td>0.265</td>
<td>0.520</td>
<td>51.0%</td>
</tr>
</tbody>
</table>

Source: Department of Revenue
North Slope Oil Production With OCS

Barrels per Day (in millions)

Year

2007 2012 2017 2022 2027 2032 2037 2042 2047 2052 2057

Baseline

OCS Increment

Looking Ahead
State Arctic Lease Status

**Total Acres**

- 2005: 8
- 2006: 9
- 2007: 9
- 2008: 10
- 2009: 8
- 2010: 7

**Acres Closed**

- 2005: 0.1
- 2006: 0.1
- 2007: 0.4
- 2008: 1.3
- 2009: 2.4
- 2010: 2.4

Looking Ahead
Worldwide Fiscal Stability Rankings
Alaska 99 out of 104

Global Fiscal terms ranking

Alaska ranked 117th out of 129

Source: Wood Mackenzie Petroleum Fiscal systems January 2010
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