Marilyn Crockett

“Production Decline Signals Need for Change”

Resource Development Council

February 3, 2011
Anchorage, AK
AOGA Member Companies

Pioneer Natural Resources
Anadarko Petroleum Corporation
XTO Energy
Marathon
Apache
Statoil
ExxonMobil
Tesoro
Petro Star Inc.
bp
Alyeska Pipeline Service Company
Eni
Eni Petroleum
Chevron
Flint Hills Resources Alaska
Shell
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
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>Category</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.
**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.

Source: Department of Revenue
Production Volumes By Year – Currently Producing
Production with Fields Under Dvlp & Evaluation

Source: Department of Revenue
North Slope Oil Production With OCS

- Baseline
- OCS Increment

Looking Ahead
## Development Takes Time

<table>
<thead>
<tr>
<th>Fields</th>
<th>Discovery</th>
<th>Sanction</th>
<th>First Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nikaitchuq</td>
<td>2004</td>
<td>2008</td>
<td>2011</td>
</tr>
<tr>
<td>Oooguruk</td>
<td>2003</td>
<td>2006</td>
<td>2008</td>
</tr>
<tr>
<td>Liberty</td>
<td>1997</td>
<td>2008</td>
<td>2013</td>
</tr>
<tr>
<td>Alpine West (CD 5)</td>
<td>2001</td>
<td>???</td>
<td>???</td>
</tr>
<tr>
<td>Fiord</td>
<td>1999</td>
<td>2004</td>
<td>2006</td>
</tr>
<tr>
<td>Nanuq</td>
<td>2001</td>
<td>2004</td>
<td>2006</td>
</tr>
</tbody>
</table>
Exploration Wells Drilled in Alaska

- 2007: 22 wells
- 2008: 18 wells
- 2009: 15 wells
- 2010: 9 wells
State Arctic Lease Status

Total Acres

Acres Closed
Alaska Vs. North Dakota

Tax Rate/Oil Price

Alaska: $90/barrel = 38% Production Tax Rate  
North Dakota: $90/barrel = 11.5% Total State Tax (minus Royalty)

Rigs Operating

Alaska: As of Jan. 21, 2011: 12  
North Dakota: As of Jan. 7, 2011: 164

Production

Alaska Forecast 2015: 386,000 bpd – 608,000 bpd  
North Dakota Forecast 2015: 430,000 bpd – 700,000 bpd

Alaska Forecast 2020: 255,000 bpd – 520,000 bpd  
North Dakota Forecast 2020: 430,000 bpd – 700,000 bpd
Global Fiscal terms ranking

Alaska ranked 117th out of 129

Source: Wood Mackenzie Petroleum Fiscal systems January 2010
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