Alaska Oil & Gas Association
Testimony to the House Resources Committee on House Bill 110

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AOGA Executive Director
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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
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.
Forecast is down 20% from Five Years Ago

Barrels per day (in millions)

- 2010:
  - Fall 2005 Forecast: 832,000 bpd
  - Fall 2010 Forecast: 644,000 bpd

- 2015:
  - Fall 2005 Forecast: 762,000 bpd
  - Fall 2010 Forecast: 608,000 bpd

Source: Department of Revenue
Current Forecast Will be Off

Barrels per day (in millions)

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<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Fall 2010 Forecast</td>
<td>616,000</td>
<td>622,000</td>
<td>642,000</td>
<td>629,000</td>
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<tr>
<td>Fall 2010 Forecast Minus Liberty</td>
<td>617,000</td>
<td>603,000</td>
<td>598,000</td>
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Source: Department of Revenue
Important Production Facts

• In 10 years, the State forecasts half of Alaska’s production will be from “New Oil”.

• Even with this new oil, the State is forecasting production will decline by 124,000 bpd in 10 years.

• 98% of the production in 2020 will be from oilfields located in current unit boundaries.

• Legacy fields continue to dominate production forecast as Prudhoe and Kuparuk will still provide 63% of production in 2020 – so new oil is forecasted to come from legacy fields too.
North Slope Oil Production With OCS

Source: Northern Economics – Baseline Production based on 2007 DOR Forecast

Looking Ahead
Development Takes Time

Nikaitchuq ~25,000
- 7 years

Oooguruk ~10,000
- 5

Liberty ~40,000
- 14 and Counting

Alpine West (CD 5)
- 10 and Counting

Fiord (CD 3) ~24,000
- 7

Nanuq (CD 4) ~10,000
- 5

Years:

Colors:
- Blue: Field Discovery
- Green: Development Approved
- Orange: Production Begins
Exploration Wells Drilled On North Slope

Source: Alaska Oil & Gas Conservation Commission & Department of Natural Resources
Arctic Lease Status
Source: Mapmakers Alaska - “GIS-Arctic Oil & Gas©” database

Total Acres Under Lease

Acres Relinquished
HB 110 – New Policy for Alaska

AOGA Supports HB 110 & Governor Parnell’s Goals of:

Making Alaska More Competitive

Creating More Jobs

Increasing Production
### AOGA’s Position on Elements of HB 110

<table>
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<th>Element of HB 110</th>
<th>AOGA Position</th>
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<td>Support</td>
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<td>40% Tax Credit</td>
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<td>Yearly Tax Calculation</td>
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