Oil & Gas Tax Status Report

Presentation to the Senate Resources Committee
April 1, 2011
Alaska Department of Revenue
ACES Status Report

• Overview of the Publication

• What We Know

➢ Required report to the legislature under AS 43.55.180

➢ Released January 18, 2011
Overview of ACES Status Report

1. Revenue Generation / Tax Rate
2. Industry Investment
3. Impact on Exploration, Development, Production
4. Industry Employment and New Entrants
5. Use and Expansion of Tax Credits
6. Tax Administration and Compliance
7. Conclusions and Recommendations
What We Know: State Revenue Has Increased

Chart 1: Comparison of Estimated Production Tax Revenue From ACES, PPT and ELF for FY 2007 - FY 2010

- ACES
- PPT
- ELF

Source: Oil & Gas Tax Status Report 2011
What We Know:
Companies are spending more

Source: Oil & Gas Tax Status Report 2011
What We Know: Production Is Declining

Annual North Slope Production and Contribution of Fields

HISTORY

FORECAST

Source: Oil & Gas Tax Status Report 2011, and Fall 2010 Revenue Sources Book
What We Know: Exploration is Declining

Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources
Conclusion

• Cannot conclusively identify the ACES impact compared to all the other factors in recent years

• We know we have more revenue in the short term

• We know oil production keeps declining

• We know there is little exploration taking place