

MEMORANDUM

TO: Rep. Geran Tarr Rep. Andy Josephson
Co-Chair House Resources Co-Chair House Resources

FROM: Mr. Rich Ruggiero

DATE: February 27, 2017

RE: Responses to House Resources Committee Questions in follow up
to 2.20.17 presentation in House Resources

Thank you for the opportunity to present to the House Resources Committee. My responses to the questions submitted are below.

Question: *On slides 11 and 12 you model Government Action Reflecting Commodity Prices for 2001 to 2011. Is it possible to provide this data for 2012 through 2016?*

The updated slide was presented by AOGA in their testimony to the committee on February 22, 2017.

Question: *Can you provide a copy or link to the 2007 report prepared by Gaffney and Cline in 2007 showing where companies were spending money?*

All the Gaffney Cline documents presented during the ACES special session can be found via the link below.

<http://dor.alaska.gov/Archived-Press-Releases-and-Publications/ACES-Documents-Archive.aspx>

Question: *In reference to Slide 13, are Russia and Norway represented in the Europe portion of the pie charts? Is the reason many of the continents on the pie chart have a larger portion of the share a result of warmer climates (in comparison to Alaska) and more relaxed oversight? Since Alaska can be a difficult and expensive place to operate, should we consider doing everything we can to incentivize production?*

In the charts, when they were put together Norway data was included in Europe and Russia would have been in AsiaPacific.

The pie charts were put together to show how investment capital generally moves from one hot area to the next. Hot areas can be created by countries opening to foreign investment when previously they had been closed; a new discovery of substantial size being made that pulls other activity; or a significant change in the petroleum fiscal system (either tax or contract).

Alaska will always be a relatively more expensive location to do business. As such, Alaska should consider encouraging or incentivizing new production in line with long term strategic goals.

We are available all week to answer any other questions the committee may have.
