

# **Oil & Gas Tax Status Report, and DOR Production Forecast**

*Presentation to the  
House Resources Committee  
February 11, 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



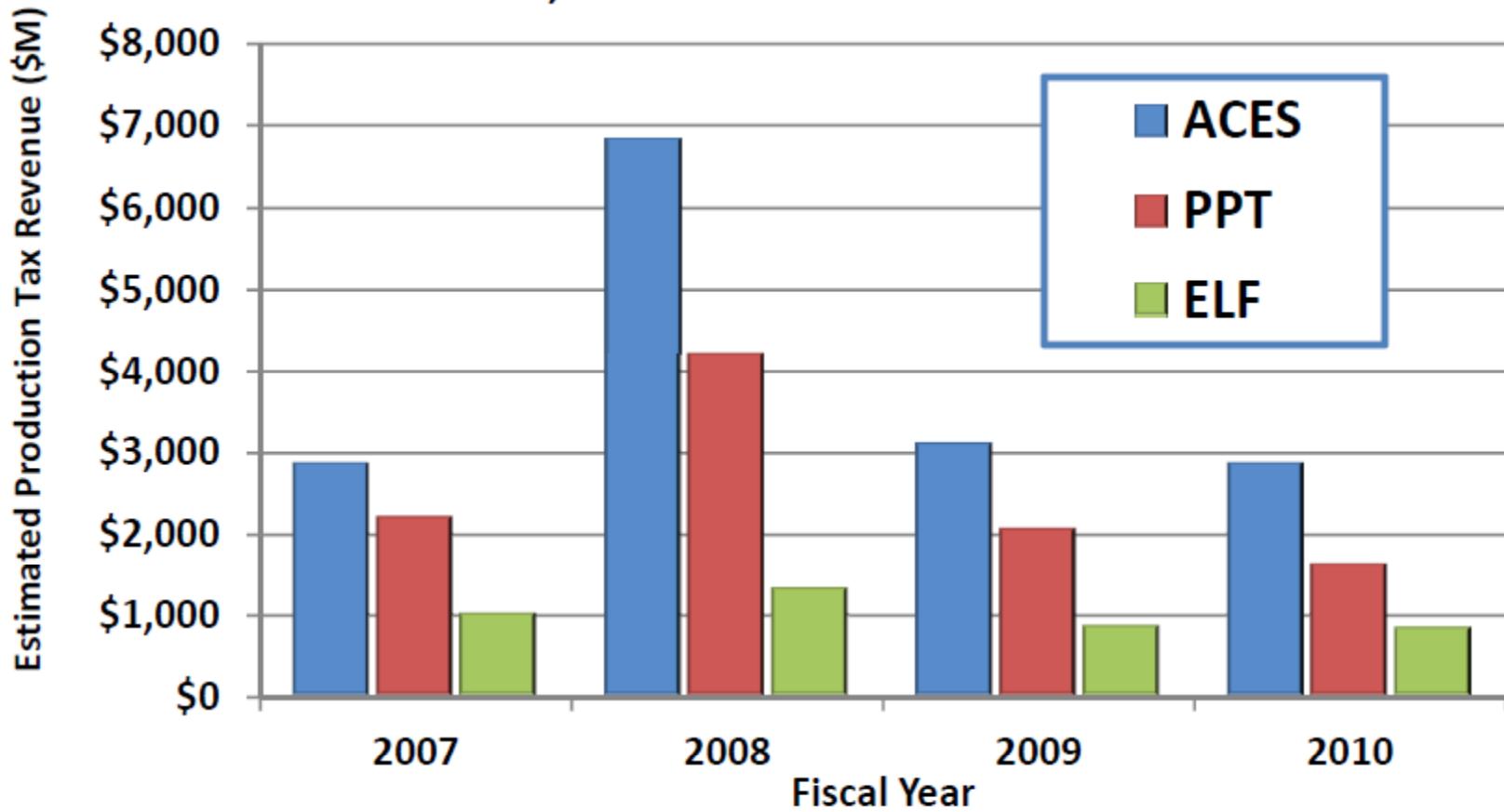
- 1. Revenue Generation / Tax Rate**
- 2. Industry Investment**
- 3. Impact on Exploration, Development, Production**
- 4. Industry Employment and New Entrants**
- 5. Use and Expansion of Tax Credits**
- 6. Tax Administration and Compliance**
- 7. Conclusions and Recommendations**



# What We Know: State Revenue Has Increased

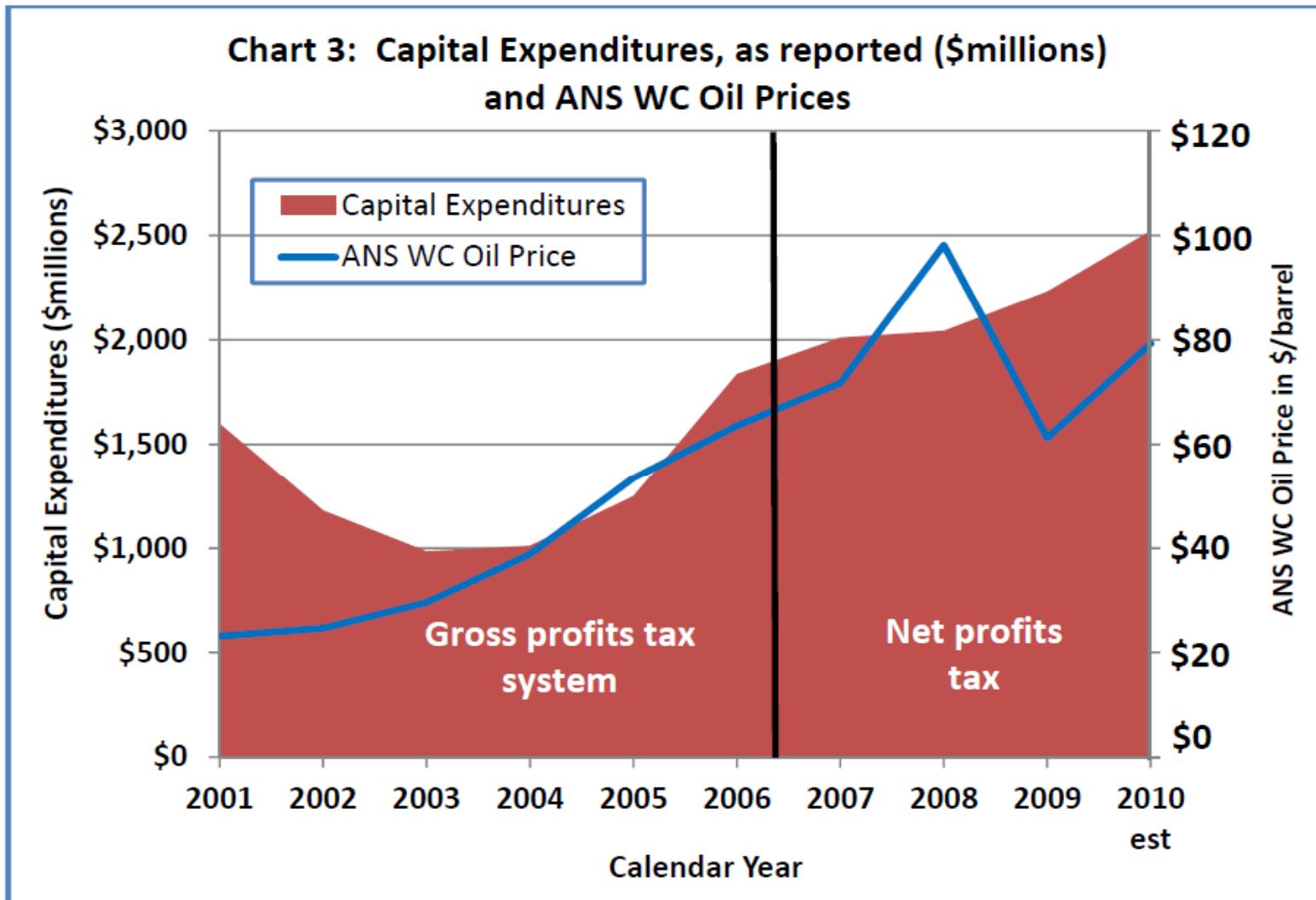


**Chart 1: Comparison of Estimated Production Tax Revenue  
From ACES, PPT and ELF for FY 2007 - FY 2010**





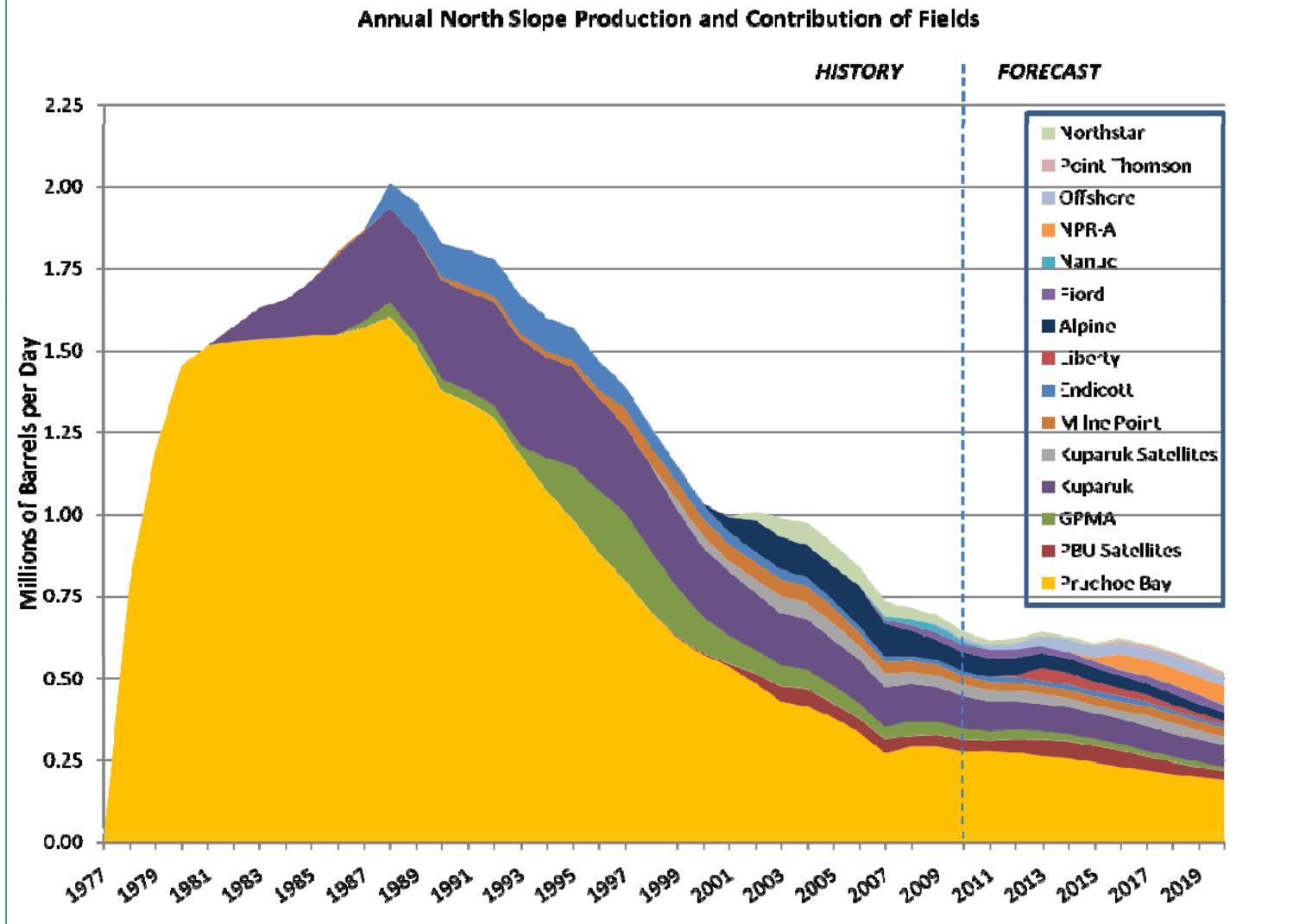
# What We Know: Companies are spending more



Source: Oil & Gas Tax Status Report 2011



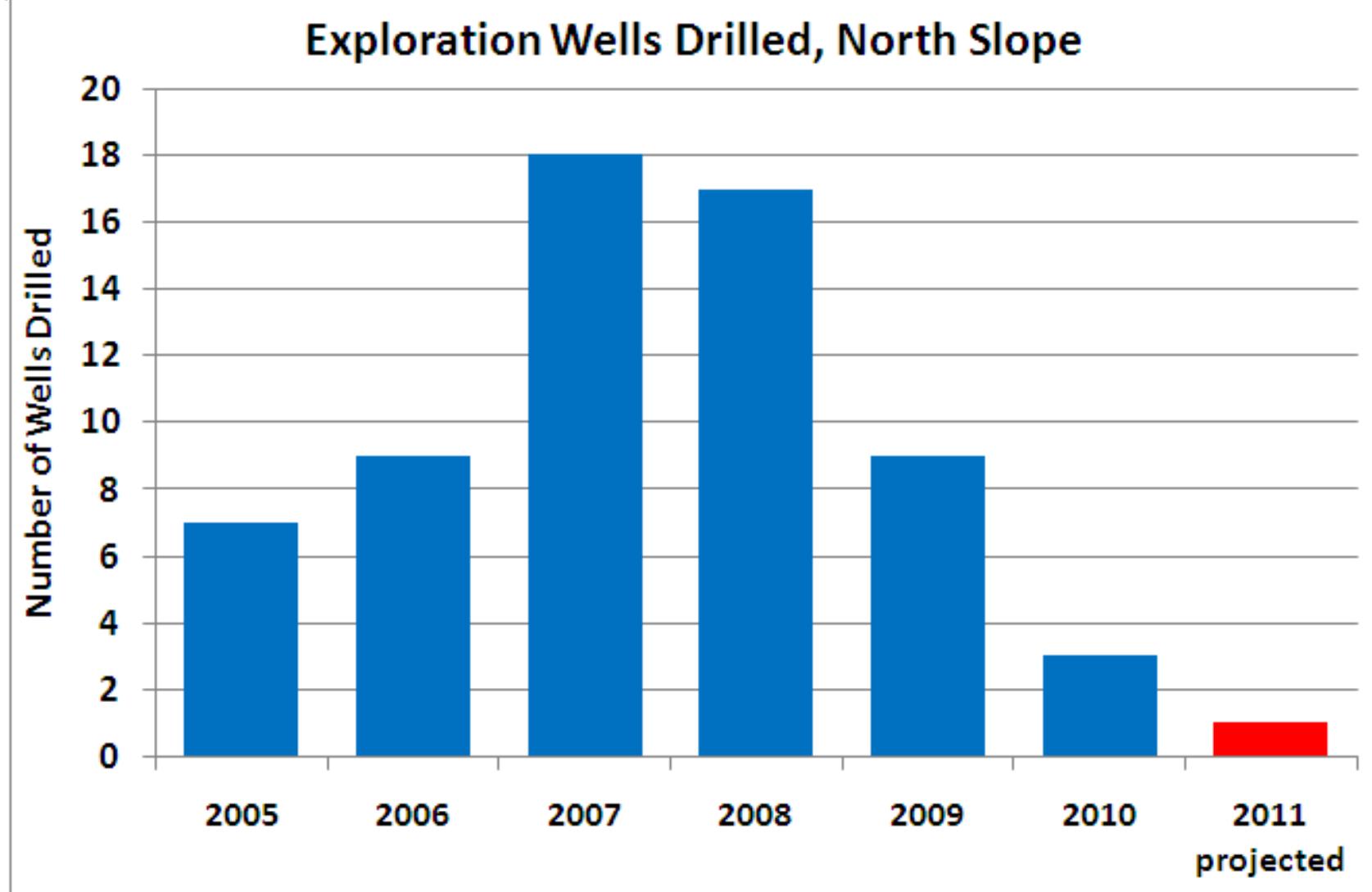
# What We Know: Production Is Declining



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**



# Fall 2010

# Oil Production

# Forecast



# North Slope Production Decline



**FY 1988: production peak → 2.01 million barrels per day (bpd).**

**FY 2010: production → 644,000 bpd, a 68% decline since peak.**

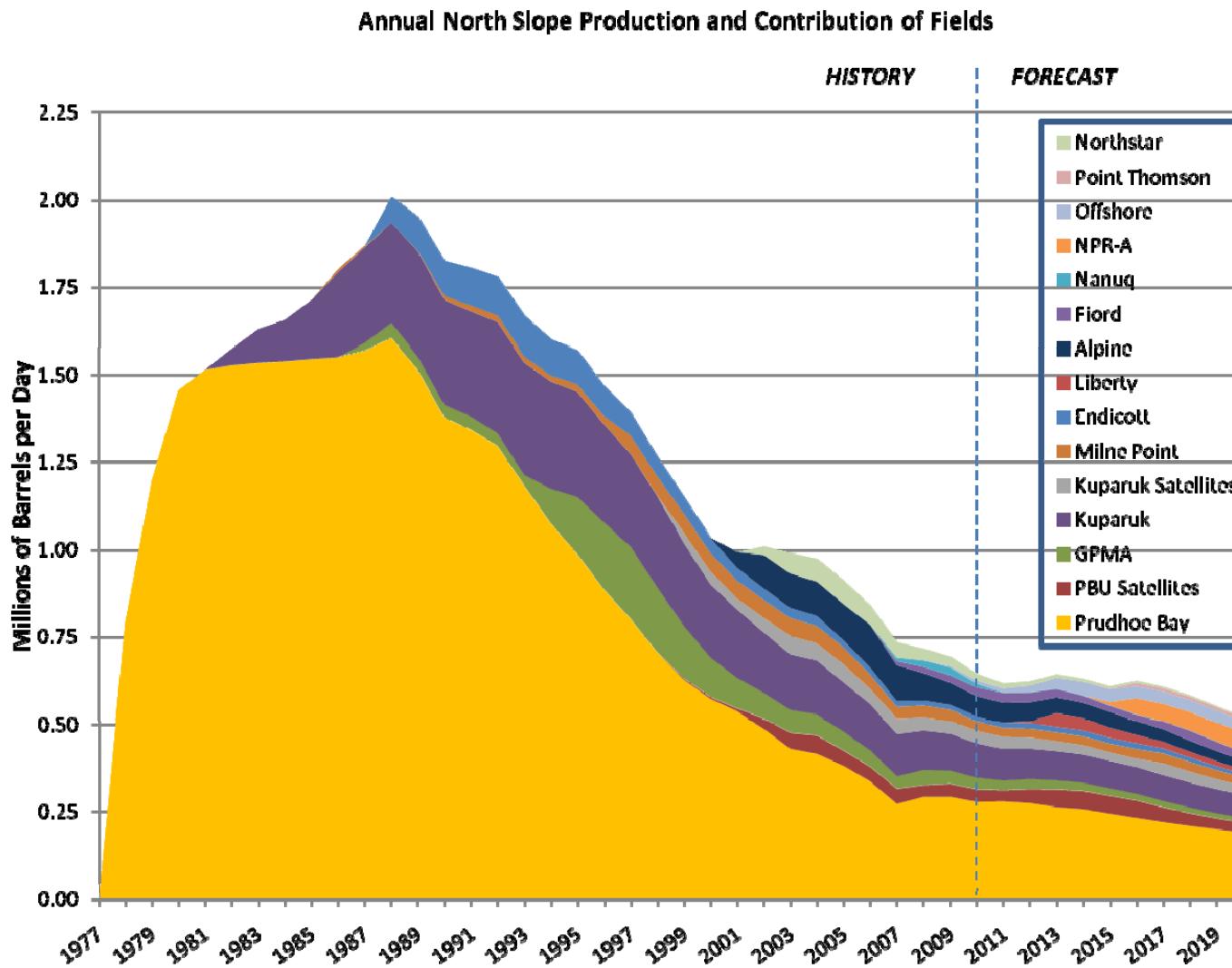
**FY 1988 to date: production decline rate ~ 5% per year, on average.**

**Over the last 10 years, production decline rate ~ 4.2% per year, on average.**

**We expect the decline rate to flatten out to 3.2% per year, on average, through FY 2030.**



# ANS Production History & Forecast





# Forecasted ANS Production

## FY 2010 - 2020

