



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***



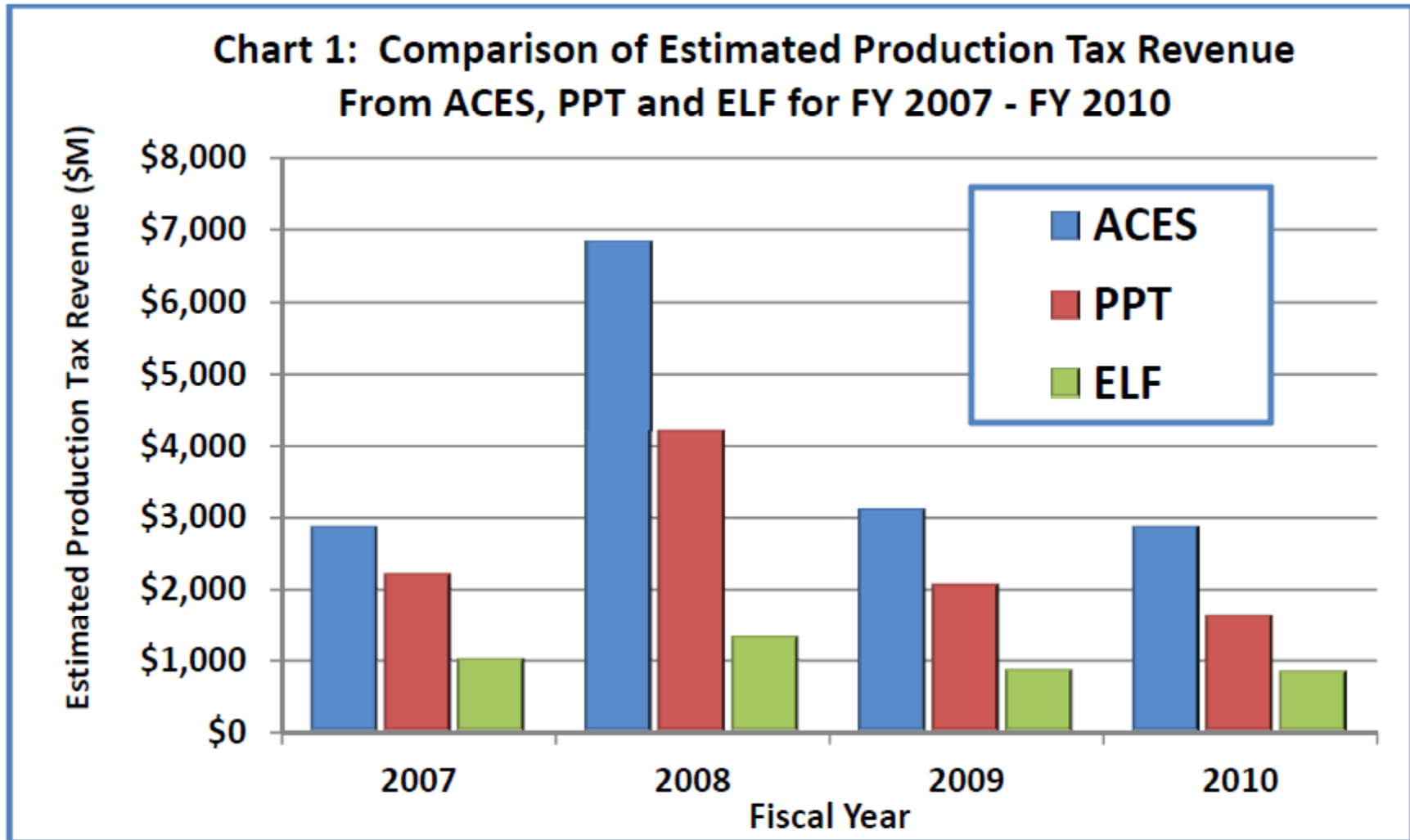
Overview of ACES Status Report



- 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**



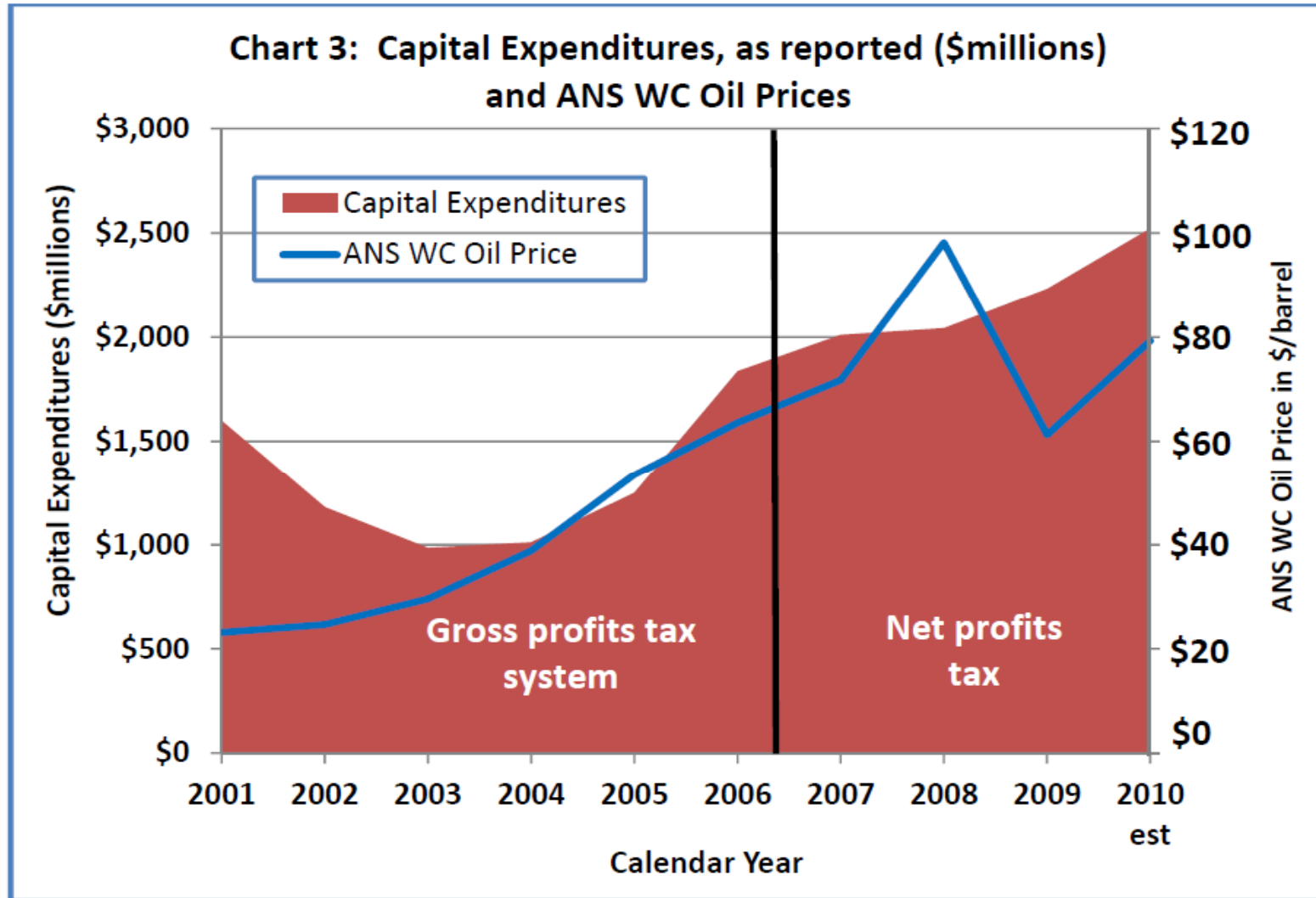
What We Know: State Revenue Has Increased



Source: Oil & Gas Tax Status Report 2011



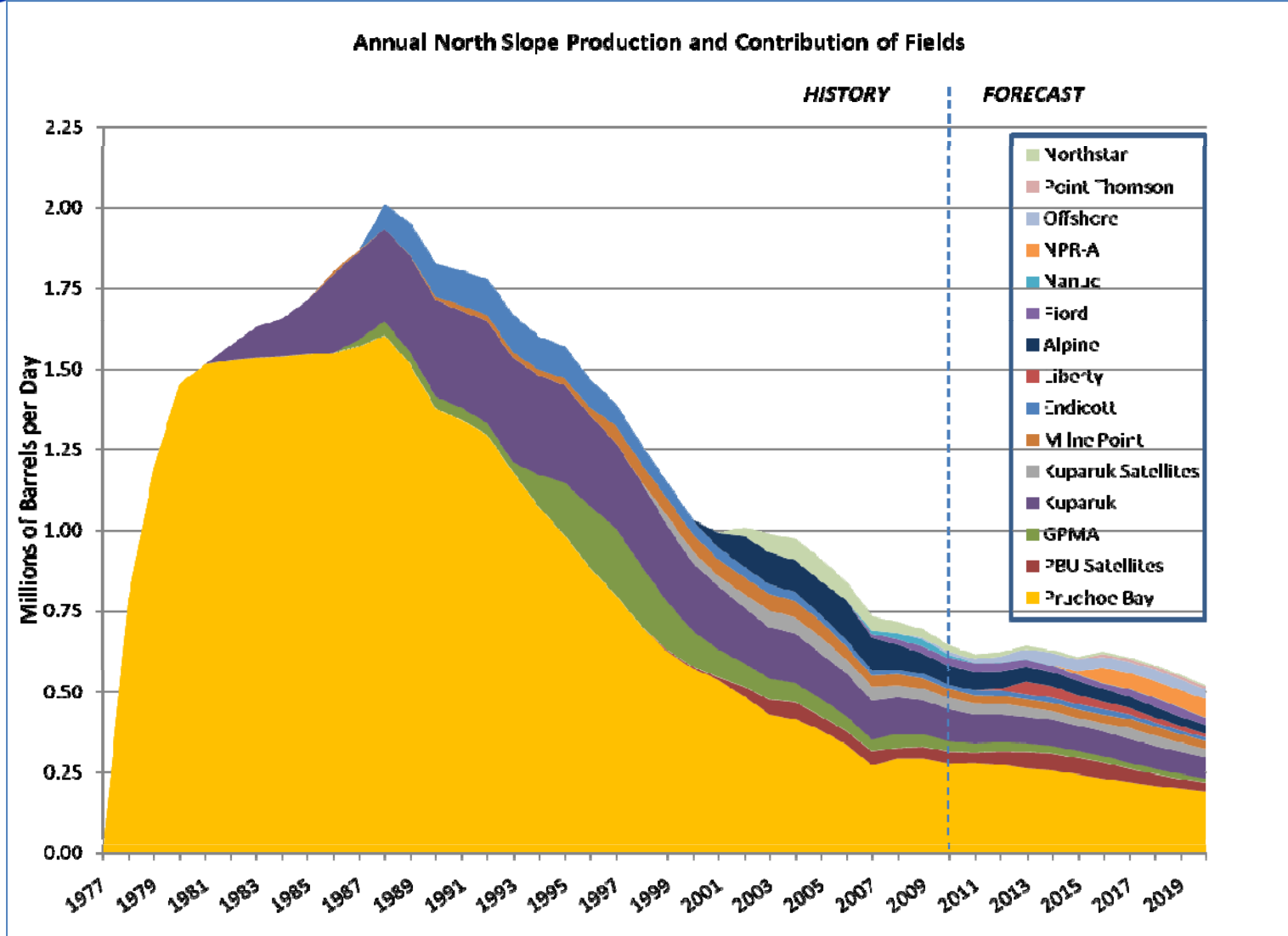
What We Know: Companies are spending more



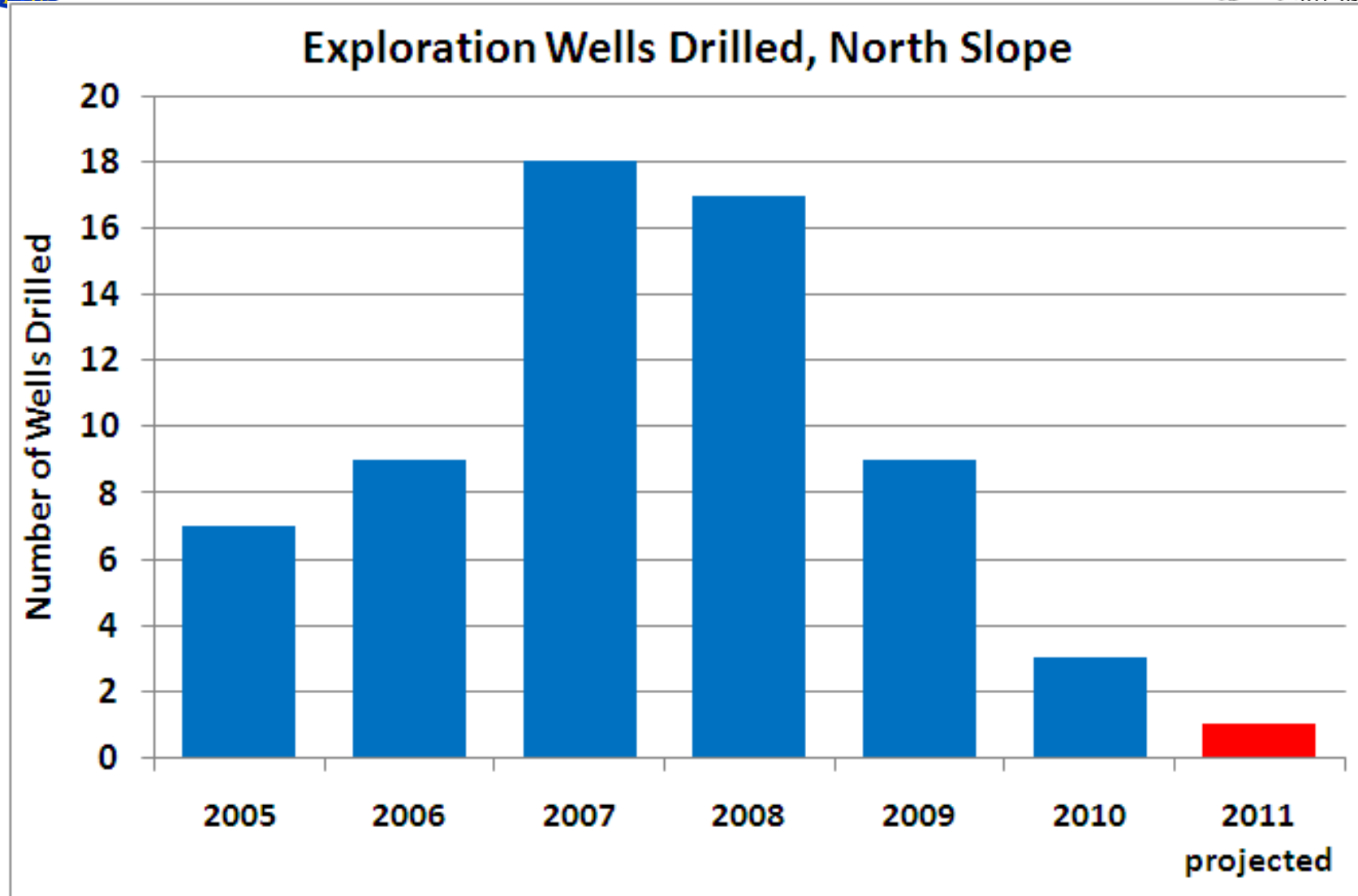
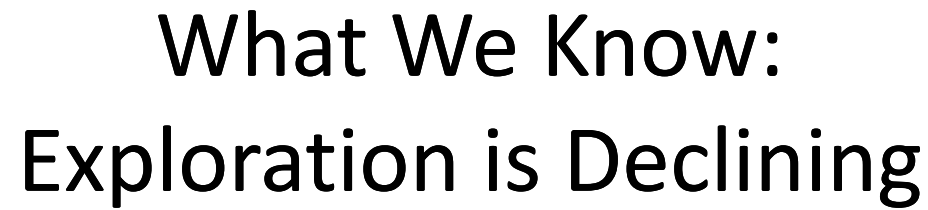
Source: Oil & Gas Tax Status Report 2011



What We Know: Production Is Declining



Source: Oil & Gas Tax Status Report 2011, and Fall 2010 Revenue Sources Book



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.

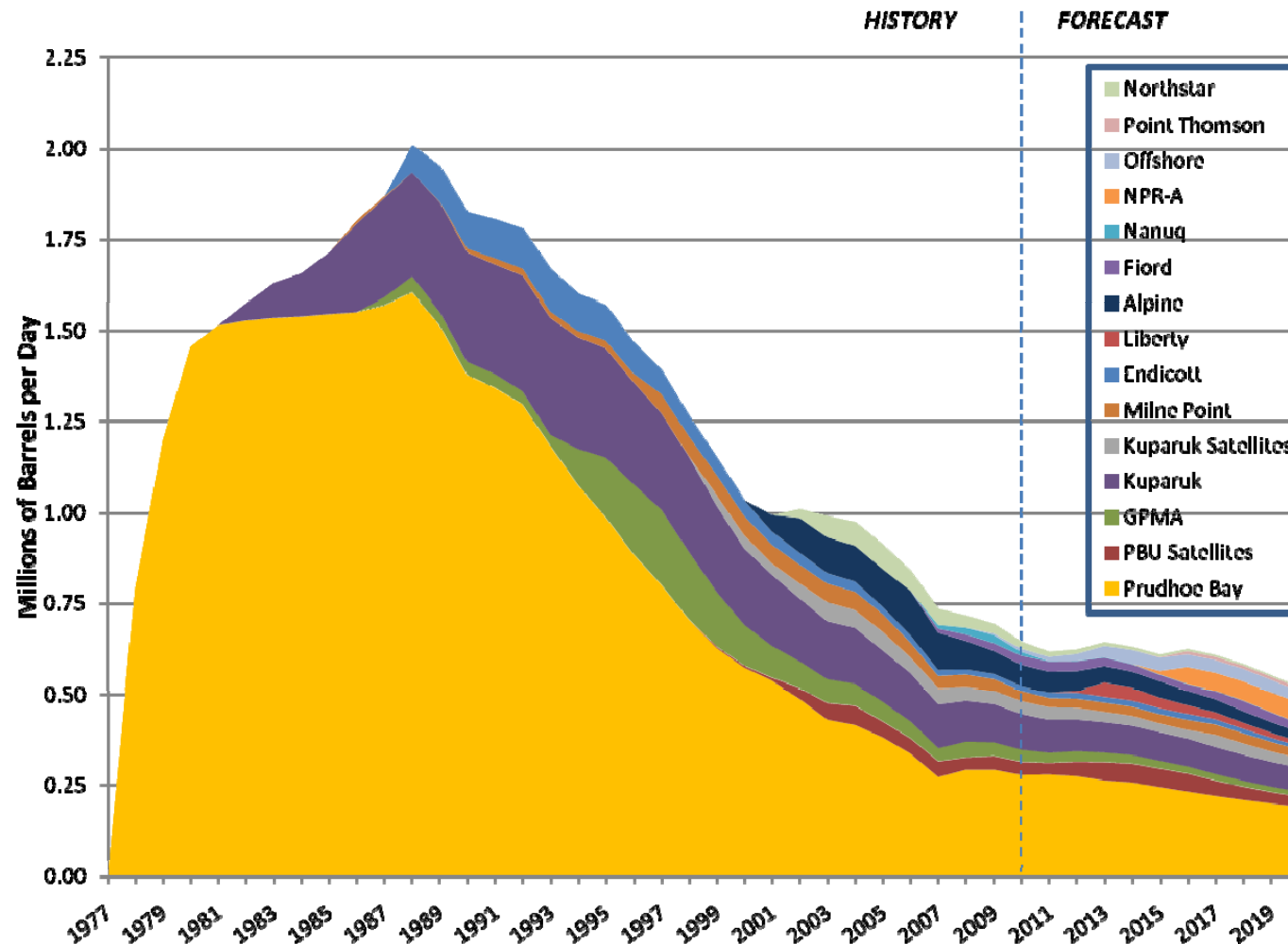
We expect the decline rate to flatten out to 3.2% per year, on average, through FY 2030.



ANS Production History & Forecast



Annual North Slope Production and Contribution of Fields





Forecasted ANS Production FY 2010 - 2020

