

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



Marilyn Crockett
AOGA Executive Director
February 16, 2011

AOGA Member Companies



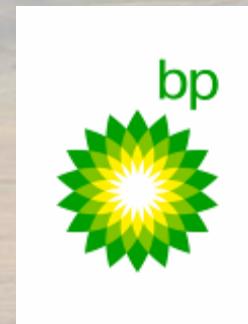
PIONEER
NATURAL RESOURCES



Apache



ExxonMobil



What is AOGA?

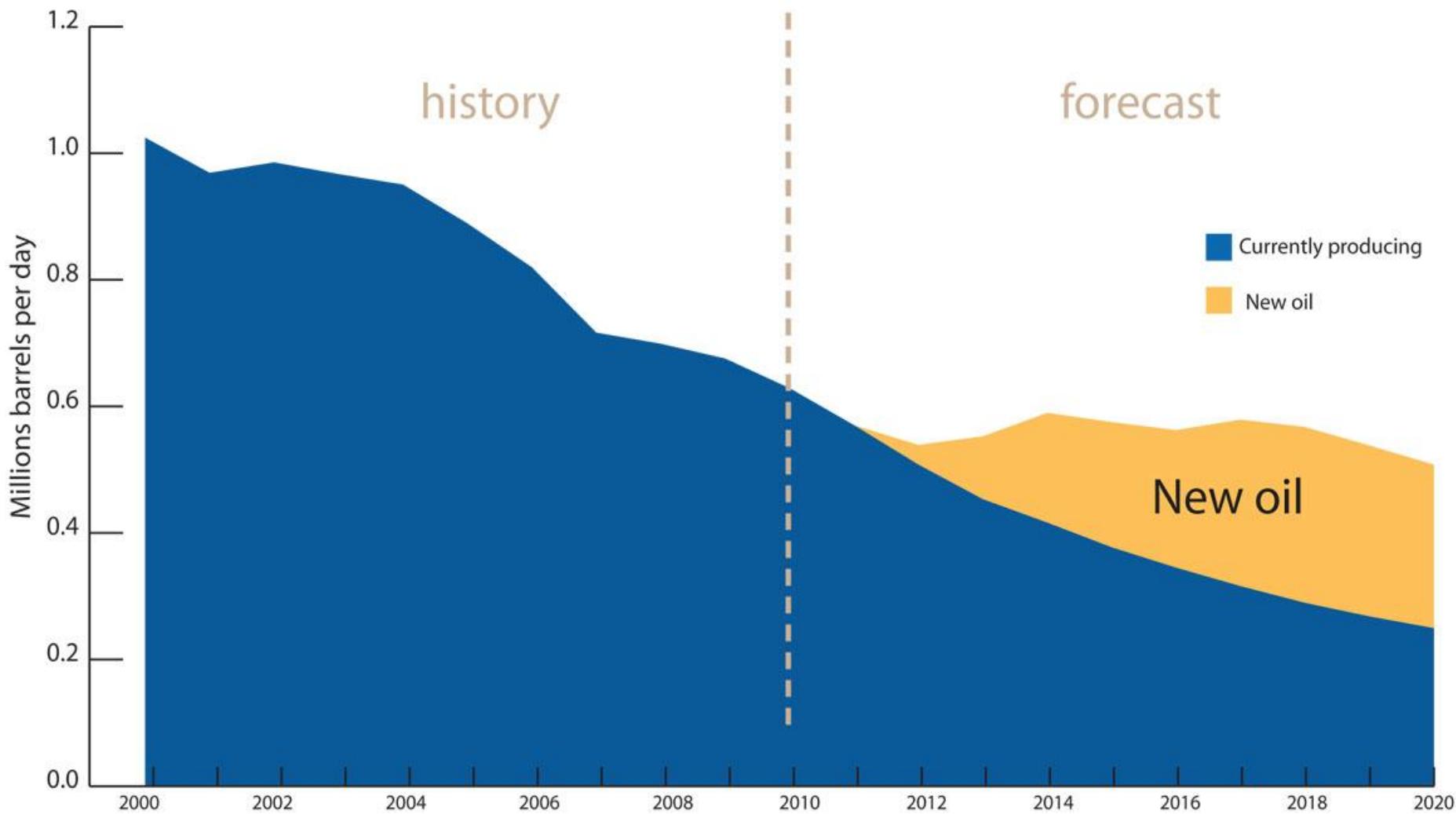
Alaska's oil and gas trade association since 1966

- 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

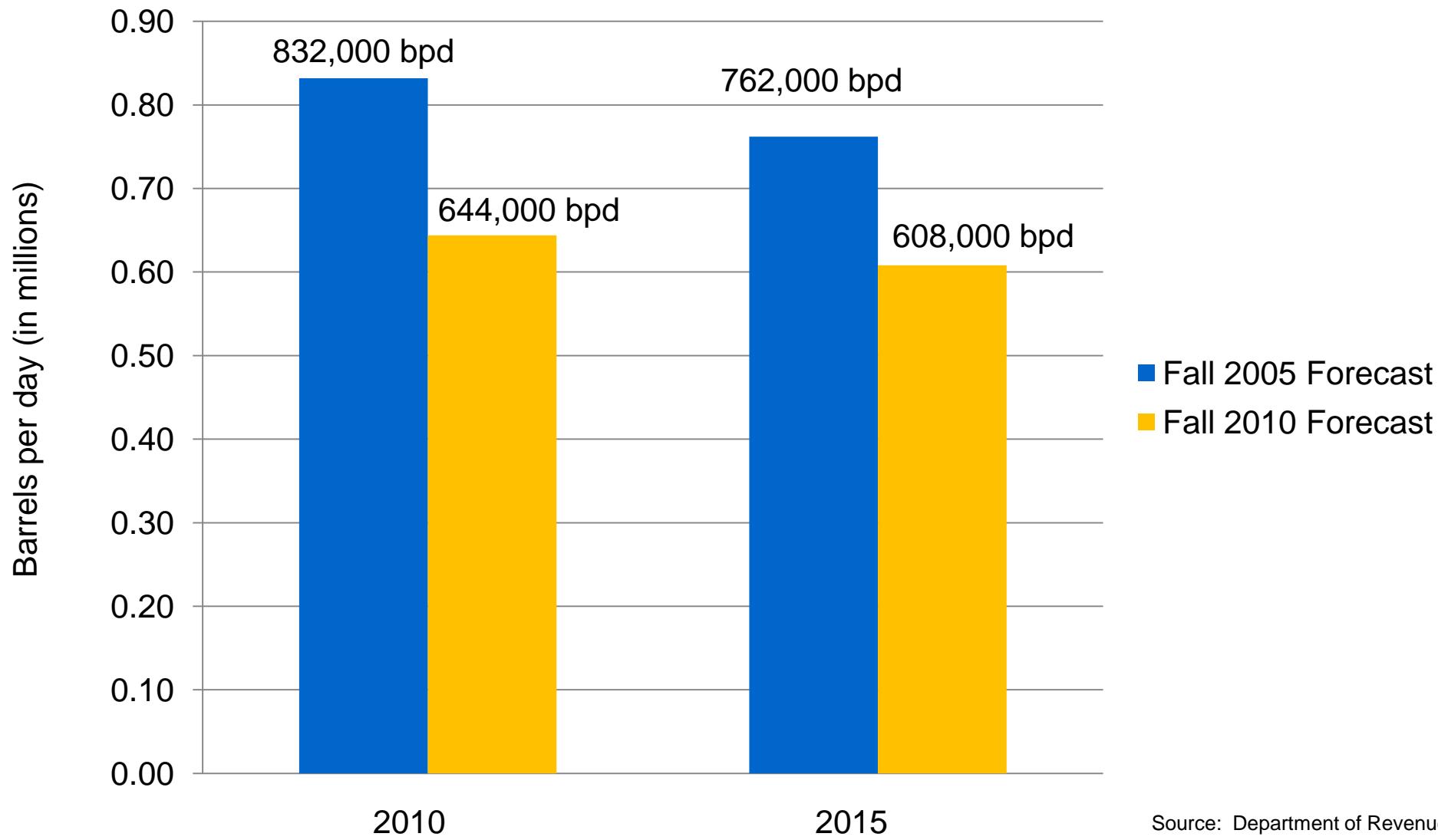
Alaska North Slope Production

FY 2000-2010 and Forecasted FY 2011-2020



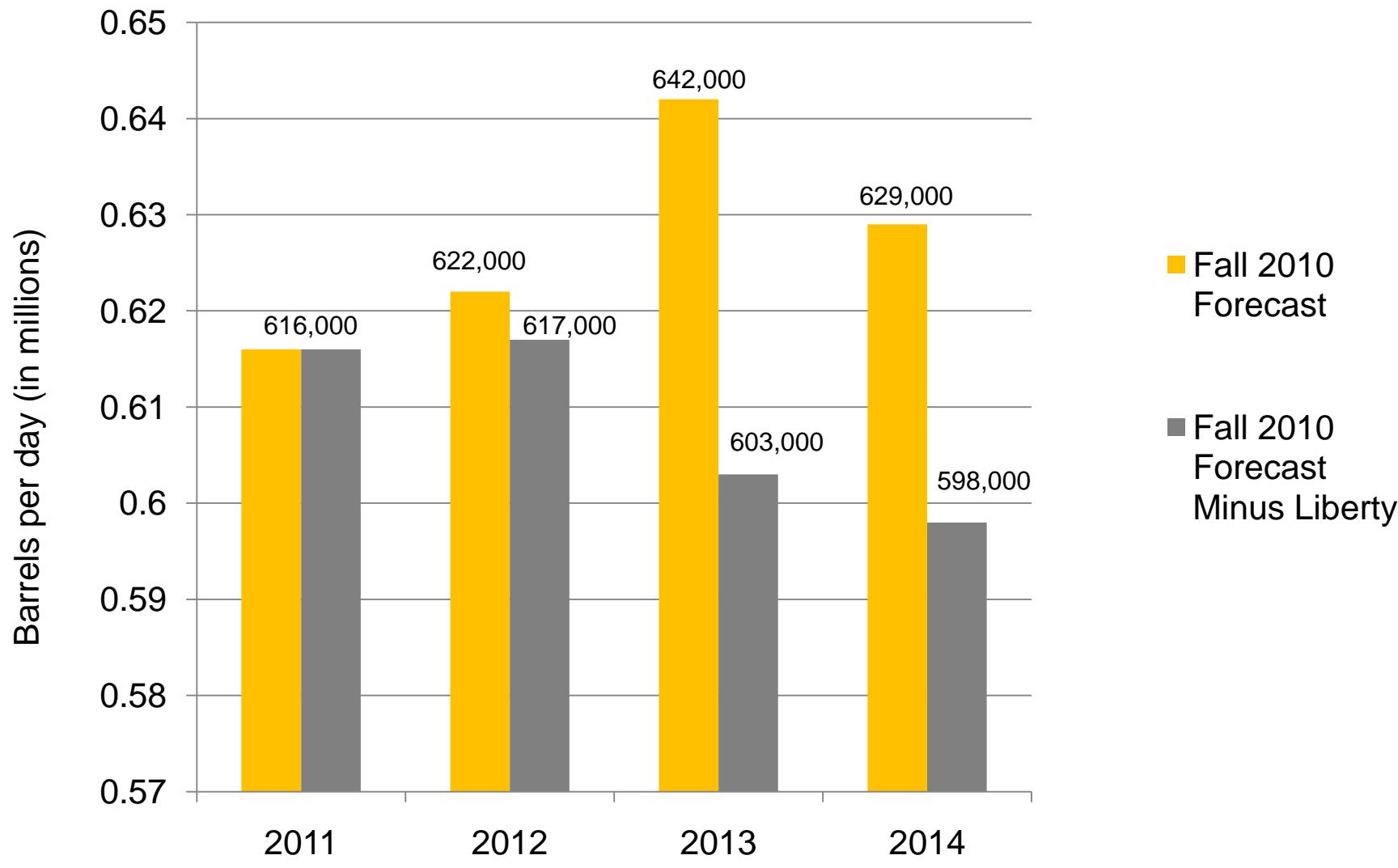
Source: Department of Revenue – Dec. 2010

Forecast is down 20% from Five Years Ago



Source: Department of Revenue

Current Forecast Will be Off

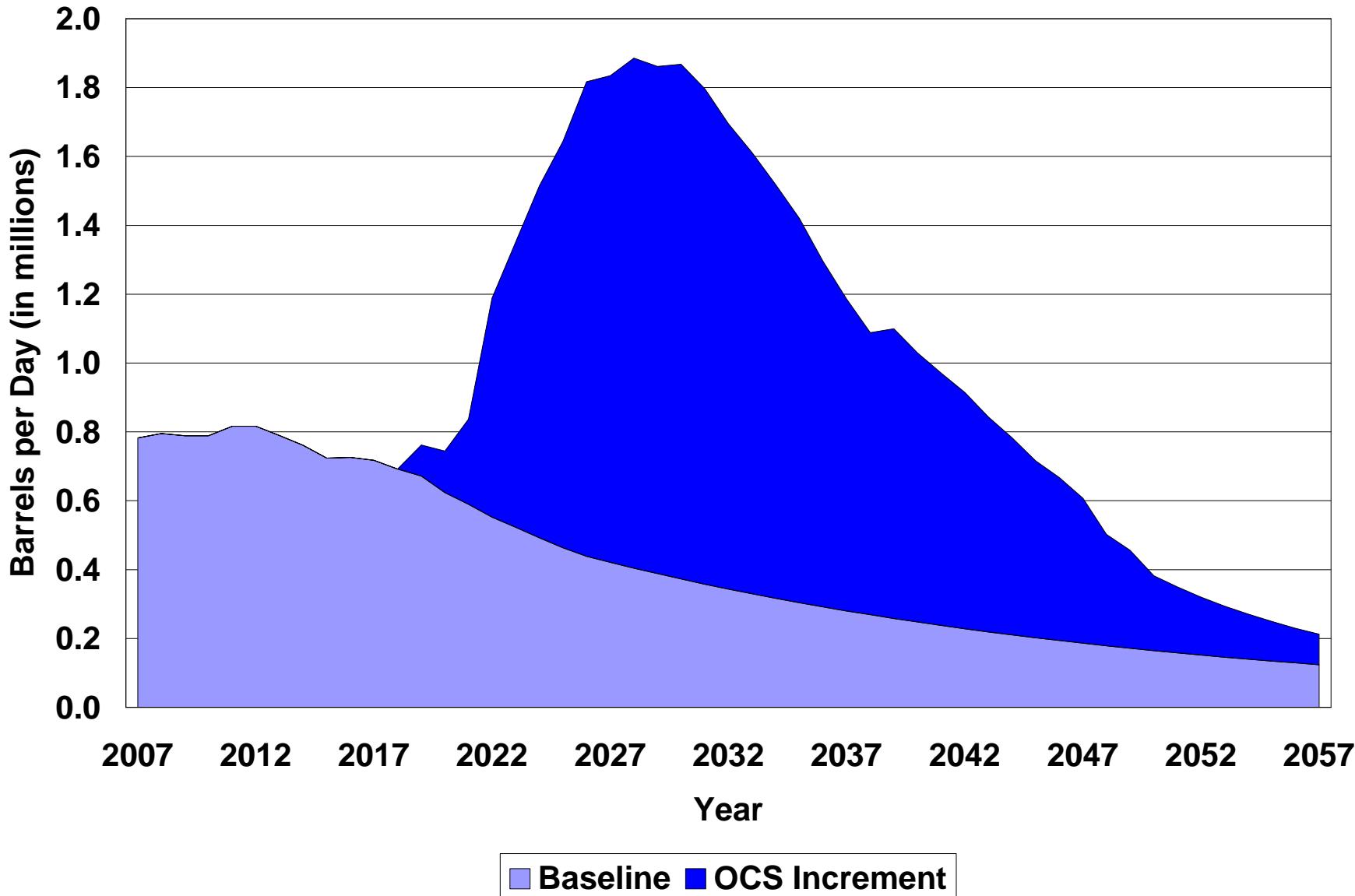


Source: Department of Revenue

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

Development Takes Time

Nikaitchuq ~25,000



Oooguruk ~10,000



Liberty ~40,000



Alpine West (CD 5)



Fiord (CD 3) ~24,000



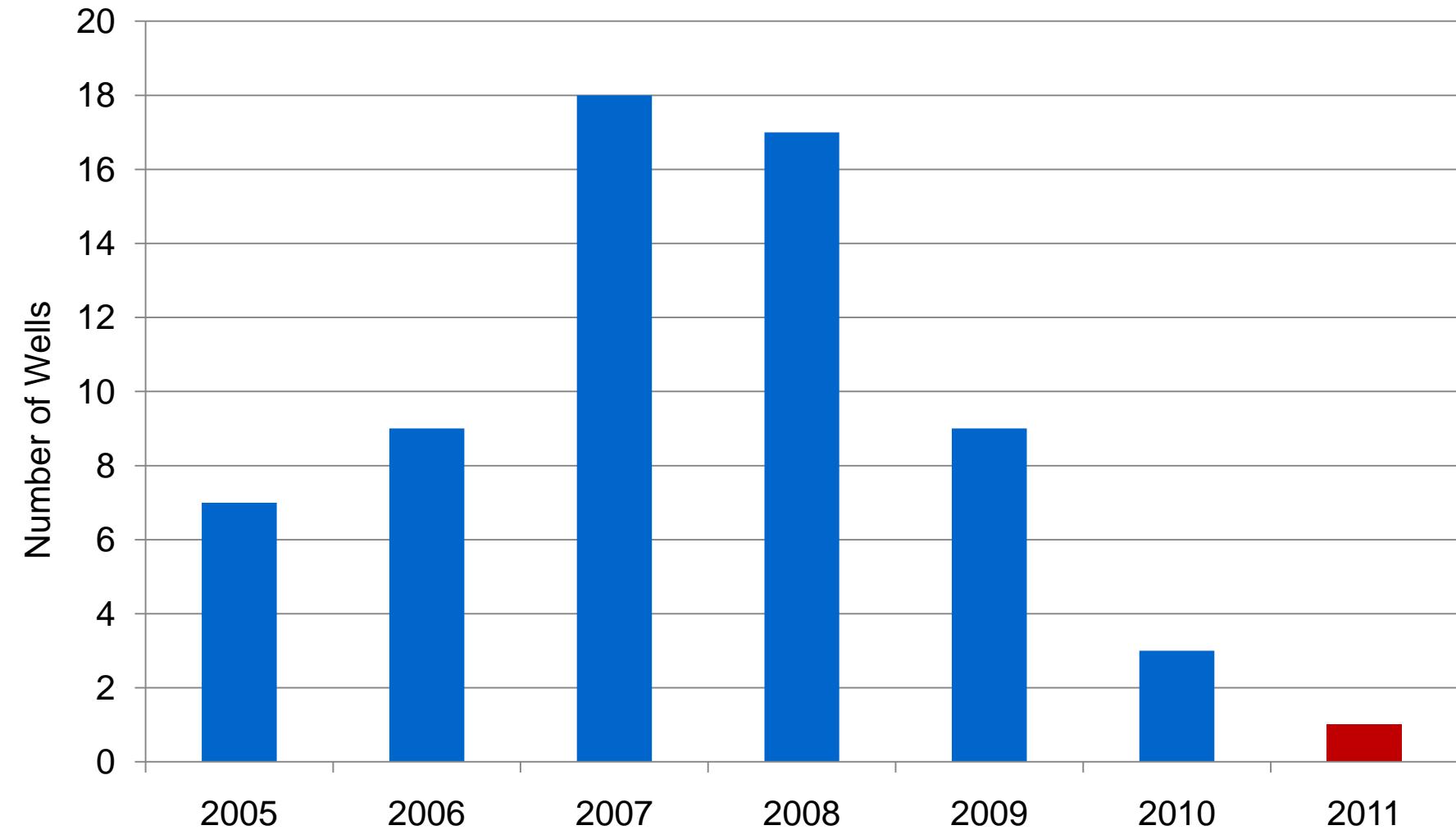
Nanuq (CD 4) ~10,000



1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

■ Field Discovery ■ Development Approved ■ Production Begins

Exploration Wells Drilled On North Slope

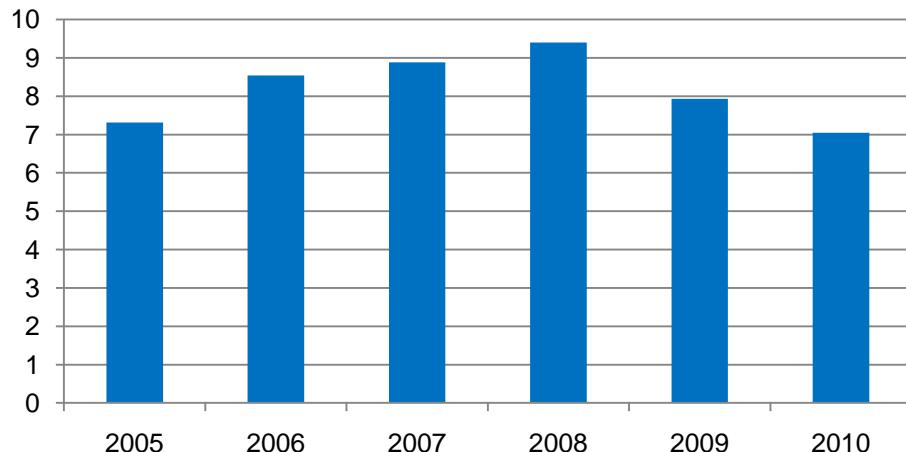


Source: Alaska Oil & Gas Conservation Commission & Department of Natural Resources

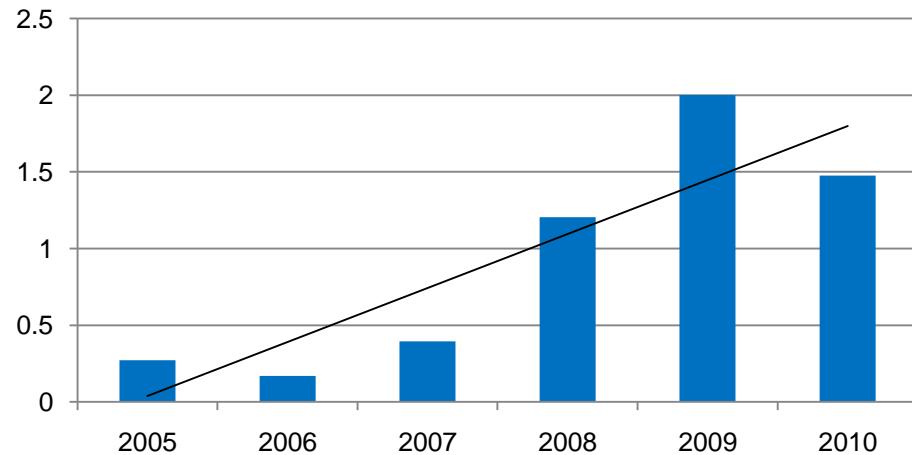
Arctic Lease Status

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

<u>Element of HB 110</u>	<u>AOGA Position</u>
Progressivity Rates/Bracketing/Tax Cap	Support
40% Tax Credit	Support
Yearly Tax Calculation	Support
Effective Dates	Concern
New Rate for New Fields	Support/Concern
Reducing Interest Rate; Statute of Limitations	Support
Minimum Tax	Concern



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