

TESTIMONY OF DALE PITTMAN
TO THE ALASKA SENATE LABOR & COMMERCE COMMITTEE
SEPTEMBER 8, 2011

Mr. Chairman, members of the committee:

Good afternoon. For the record, my name is Dale Pittman. I am the Alaska Production Manager for ExxonMobil, a position I have held since June 2009. My wife and I reside in Anchorage and have truly enjoyed being a part of the Alaskan community. In my job, I oversee the various ExxonMobil interests throughout the state, as well as our ongoing development at the Point Thomson field.

It is my privilege to address you today, and I appreciate the opportunity to discuss our company's local hiring practices. ExxonMobil has had an extensive presence in Alaska, going back many decades. We have been a key player in the development of Alaska's oil production industry, investing well over \$12 billion to date. As you may know, we have significant interests on the North Slope, Prudhoe Bay, Kuparuk, Endicott and Point Thomson, as well as interest in the Cook Inlet at Granite Point and Middle Ground Shoal. While a substantial portion of our operating expenditures across the North Slope go toward workforce development at these units, aside from Point Thomson, ExxonMobil is not the designated operator at these operations. It is primarily the responsibility of the unit operators to hire and train the employee and contractor workforce.

Where ExxonMobil is the unit operator, such as at Point Thomson, we take an active role in local hiring and workforce development to support the project's activities. In addition, as part of the acquisition of XTO Energy, we have expanded our Cook Inlet production. XTO has a long history of hiring and developing local talent to fill their resource needs.

But before I continue to discuss our Alaska-based hiring results and outlook, it is important that I explain our overall approach to workforce development in Alaska and around the world. ExxonMobil is committed to bringing sound economic development opportunities to the regions in which we operate. We pursue these opportunities through a systematic approach comprised of three key components:

1. local hiring
2. training and development
3. long-term investment in education.

Because this approach is applied globally, we refer to it collectively as our Local Content Development Strategy. Creating local jobs is a key component of this strategy, but it also includes a focus on educating and training local employees, contractors and suppliers; transferring knowledge and skills; purchasing local goods and services; and making strategic investments in the local community.

Such a strategy allows us to develop location-specific plans that incorporate local laws and regulations, existing infrastructure, and local supplier capabilities.

ExxonMobil has been, and remains, a strong proponent of local hiring. Hiring locally ensures that our workforce remains diverse and representative of the regions in which we operate. That diversity and local content strengthens us as a company, while benefitting the regions and communities where we operate.

In some regions, meeting our local hiring objectives was initially difficult due to an insufficient pool of experienced candidates and limitations of local training infrastructure. In such cases, we implemented the second component of our strategy: training and development programs to increase local skills. For a recent project in Sakhalin, Russia, local students were recruited directly by ExxonMobil from various vocational-technical institutions and provided the training and skills required for oil and gas operations. At project startup, Russian nationals made up 70% of the operating organization. Five years later, that number has grown to 85%. To accelerate this training and development process, we deploy our expatriates to regions around the globe to share their expertise, as well as train and mentor local hires for operational and leadership roles.

Finally, to ensure the long-term development of a future pool of talented candidates for employment, we work with each region to enhance local educational programs, particularly in the subject areas of math and science. On

an annual basis, we direct \$100 million to support education worldwide. We believe such strategic investments not only help support development and economic growth for these regions, they are also aligned with ExxonMobil's overall business goals.

This brings us to Alaska, where we are likewise implementing those same global practices. To date, about \$1.5 billion, including more than \$700 million in the last three years, has been invested in Point Thomson.

During this period, we have contracted 170 firms with Alaska-based operations and personnel for Point Thomson. These contractors account for 90% of our total project spend to date. Our contracts include specific provisions that encourage our contractors to maximize the employment of Alaskan residents in all job categories, as well as develop a local business development plan, which is reviewed and approved by ExxonMobil. On the North Slope, we have reached out to Village Corporations in Kaktovik and Nuiqset to maximize local commerce and local hiring. Several North Slope residents were contracted to work during the initial drilling phase at Point Thomson as subsistence representatives, marine mammal observers and bear monitors.

Prior to taking on operatorship at Point Thomson, ExxonMobil maintained a small Alaska-based staff of approximately 30 people. With Point Thomson development underway, that number increased substantially, growing to more

than 180 people, with about 75% resident in Alaska. Many of these employees have extensive project execution experience from around the world and are working to introduce our global best practices at Point Thomson. After completion of the first phase of drilling at Point Thomson, total staffing is down somewhat to approximately 120 people, though the percentage of Alaska residents has continued to increase to approximately 80%. This number is expected to increase as on-site construction resumes at Point Thomson.

Rather than contract firms from other parts of the world already familiar with our culture and processes, we worked with our local contractors to familiarize them with our best practices, particularly in the areas of safety, health and environmental performance. For instance, during the initial drilling of the PTU-15 and PTU-16 wells, we built an exceptional safety culture by working with our contractors to develop a safety observation and intervention program from the ground-up. We held several Forums focused on safety, health and environmental performance training. Several drills and real-time exercises were held to ensure our crews were able to effectively respond to situations utilizing the tools we provided them. The result of this training was zero lost-time incidents, a safe working environment and a skilled group of contractors that could not only apply these skills in future project phases at Point Thomson, but also at other facilities throughout the North Slope.

As for the long-term education component of our strategy, we have made numerous investments in Alaskan educational programs over the past few years, with a long-term focus on providing current Alaska students with the interest and preparation to help meet our ever-increasing technical challenges in Alaska resource development. For instance, we have increased our support for the Alaska Native Science and Engineering Program, becoming a founding sponsor of the Acceleration Academy, which prepares high school students to take on a math and science-based college curriculum. We frequently partner with school districts from around the state by sponsoring the programs they use to encourage students to take an active role in math and science. As an example, in the village of Kaktovik, we have partnered with the Harold Kaveolook School to introduce our Science Ambassador Program, which is an in-school volunteer program where our employees come and teach the students about chemistry, geology and other math and science-based subjects. We also hold an annual Career Fair at the school, as well as provide annual funding for new equipment and learning materials. This year, the school was able to purchase social studies materials for its elementary school students – a subject it has not been able to teach before. We are also strong supporters of all University of Alaska campuses and provide ongoing assistance to Iliisagvik College on the North Slope. We are currently evaluating Alaska's vocational-technical schools and training facilities that will become important centers of recruitment as Point Thomson enters the operations phase.

Moving forward, we will continue to work with the University of Alaska and the technical college programs across the state to ensure that they continue to produce graduates with the skills necessary to meet our future direct staffing needs. Likewise, and to the full extent allowed by law, we will also continue to encourage our contractors and suppliers to fully utilize the wealth of experience and skill available in the Alaskan workforce.

Let me close by reiterating my earlier comments, at ExxonMobil, we are aligned with the State of Alaska on the topic of investing in the local workforce and are committed to bringing sound economic development opportunities to the regions in which we operate. Our company has been, and remains, a strong proponent of local hiring. We believe hiring locally ensures that our workforce remains diverse and representative of the regions in which we operate.

Thank you again Mister Chairman for the opportunity to testify today. I welcome any questions you may have.