

March 19, 2012 - Testimony before the Senate Finance Committee

Thank you for giving me this opportunity to provide testimony.

In 1975 my Navy husband received orders to Adak Island in the Aleutians. We fell in love with Alaska the moment we arrived and when he retired in 1980, we stayed, moved to Anchorage and he began working for Alyeska Pipeline Service Company. We raised our 2 children here and are the proud grandparents of 4 Alaskan- born grandchildren.

As members of the Senate Finance Committee, you have a very important matter before you — proposed oil tax changes. It's a difficult and complex subject and one that is filled with emotion and strong opinion. But from my point of view, it seems simple. Jobs and investment dollars that could be supporting Alaskans are going to other more viable sites, such as Alberta, North Dakota, Gulf of Mexico and other places across the globe. Alaska's Tax Policy is leaving Alaskan oil in the ground.

The oil industry has been the engine that has driven our state to financial stability and success. But, unless significant and meaningful changes are made to our tax regime, future investment dollars will not be spent in Alaska.

I urge you to support tax changes that will put more oil in Trans-Alaska Pipeline, increase investment in North Slope development, put more people to work, and open new long-term possibilities for the North Slope. The Governors Bill, HB110 passed the House last year, and provided the meaningful change needed to encourage greater investment.

SB 192 does not encourage new investment and new projects. It encourages a "harvest regime". Alaska has a lot of oil remaining in the ground, but that oil is worthless unless companies are willing to invest the capital that their investors have trusted them with.

We need to improve Alaska's competitiveness in the U.S. and global market.

Please consider the future of my grandchildren and their ability to stay and work in Alaska, and pass the changes to our tax regime that will ensure future growth and prosperity for all Alaskans.

Thank you.

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Senate Finance Testimony

03/19/2012

Good morning. My name is David Hopkinson. I'm the Vice President of Construction for CH2M HILL Alaska. I first began working in Alaska on the Trans-Alaska pipeline in Valdez in 1974. Since that time I've had the opportunity to work on the vast majority of the major North Slope projects. I have also worked in Sakhalin Russia for more than four years on major new oil field projects. These opportunities have given me 38 years of oil field construction experience.

CH2M HILL supports many aspects of oil development in Alaska. From engineering, to fabrication, to installation to operations & maintenance. To be successful, we train, develop and hire Alaskans.

However...the current outlook for new construction work in fabrication and field installation is the slowest that I have ever seen. A year ago, we had over 500 people working on new oil field projects, both in our Anchorage Fabrication Shop and on the North Slope. In Contrast: Today we have NO personnel working on new oil projects and there are no new production-developments in Alaska to deploy our long term employees. To fill this GAP we are redeploying personnel outside of Alaska to keep our talent pool working and to remain a viable Construction Company.

The oil industry is booming in many other North American locations. For example: My Construction Director is now working with our Alberta office to expand their fabrication facilities. In Contrast: Our fabrication shop in Anchorage is at an all time low for work. This facility has been utilized for more than 20 years, to fabricate hundreds of modules, sent to the North Slope. The fabrication facility has historically provided high paying, skilled labor positions for many Alaskan families. In addition to Alberta, we are actively pursuing major opportunities in North Dakota and other locations with our highly skilled Alaska personnel. North Dakota should overtake Alaska as the second-largest U.S. producer within months.

In my opinion, we can get some major short-term production increases by doing in-field drilling at Prudhoe Bay, Kuparuk and Alpine. Increased drilling will provide for additional fabrication and construction opportunities. In other words, increased drilling related to production will positively drive jobs for Alaskans. I love everything about building in Alaska and hiring talented Alaskans to keep generating energy for our state and our country.

Increased production will increase royalties, will increase the Permanent Fund, and be great for all Alaska residents. Let's stop the decline and get Alaskans working again. Oil Production IS our economic driver.

Thank you,

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