

Testimony (as prepared) delivered to Senate Resources Committee

Chair Senator Cathy Geissel

The 28th Alaska State Legislature, 1st Session

Good Evening Chair Geissel and committee members. I am *Ivalu* Eric Fox, Vice President of Operations for Camp Services at NMS, a NANA Development Corporation subsidiary. NANA Development Corporation is the business arm of NANA Regional Corporation, owned by the 12,500 Iñupiaq people who originated in Northwest Alaska. I am proud to call myself one of them. I started working for NANA as a security officer 20 years ago on the North Slope. I take great pride in being an owner/shareholder of my employer.

I support changes in Alaska's oil tax structure to bring more business to the NANA subsidiaries that work in the oil industry in Alaska, which in turn brings economic opportunities to NANA's shareholders.

As you all are aware, unemployment is a problem in most of the 11 villages in our Region, as it is in most of rural Alaska. As a shareholder and a manager at NANA, I work to provide opportunities to people from my home region. I take NANA's mission, to improve the quality of life for our people seriously. I am here to represent the interests of my company, my Region and my people. The tax structure that was passed in 2007 is having a negative impact on all of them.

NANA began working on the North Slope not long after the passage of the Alaska Native Claims Settlement Act. NANA Oilfield Services Inc. or NOSI and NANA Management Services have been serving the industry for over thirty five years. More recently, companies like NANA Worley Parsons have designed and engineered new North Slope facilities and NANA Construction is building modules for use in Alaska's oilfields.

My company, NMS, sees the direct impact from the growth, or lack of growth, of the oil and gas industry in Alaska.

A major part of our mission is to provide employment and career advancement for NANA shareholders. I am an example of the NMS' commitment in this area. Nearly a quarter of our workforce is Alaska Native. We work with the oil industry to provide air transportation for NANA shareholders to travel from their villages to North Slope jobs. Any contraction of the oil industry reduces work opportunities and earnings for our entire workforce but especially Alaska Natives living in rural Alaska. As the oil and gas industry declines, so do opportunities for Alaska Natives to work close to home.

Oil industry investment fuels the contracts for the NANA companies, and the jobs those contracts create. We are seeing those opportunities going to places in the Lower 48 – like North

Dakota and Texas – where the oil industry is booming. In fact, NMS has opened a Houston office to pursue work in Texas. Alaska’s investment climate is driving away business. We do not have a lack of oil in Alaska. We have a lack of investment.

We have heard that the industry has billions of dollars in projects that could be done in Alaska if the tax structure was more competitive – projects that would increase oil production but more importantly, projects that NMS and the other NANA companies have the skills, experience, and people to carry out. We’d like a chance to do that.

Chair Geissel, thank you for this opportunity. I would be pleased to answer any questions.