

## Maynard Tapp

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**From:** Maynard Tapp  
**Sent:** Monday, April 01, 2013 12:25 PM  
**To:** Maynard; Maynard Tapp (maynard@hawkpros.com)  
**Subject:** Alaska Oil Tax policy

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	Maynard Tapp (maynard@hawkpros.com)	Delivered: 4/1/2013 12:25 PM

My name is Maynard Tapp and I am testifying on my own behalf.

1. Eliminate progressivity. 50% govt take and 50% producers take seems fair.
  2. Level production to 600,000 bbls per day.
  3. Determine a way to get the Governor's 1.0 million bbls per day production.
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1. Eliminate progressivity. I want Alaska to be the first place in investor's minds when we our assets are considered for investment/development.
  2. Level production at 600,000 bbls per day or better. After 40 international years in the oil and gas industry I have learned that not everything works out the way you plan. It may be mechanically possible to transport oil at 300,000 bbls per day but it doesn't allow for upsets in flow and breakdowns in a facility that is 36 years old.
  3. Produce 1.0 million bbls per day from state lands. Determine a selection of paths to producing 1.0 million bbls per day. It may be possible. What are the scenario's, and what is the cost?

Thank-you for the opportunity to testify.

Sincerely  
Maynard Tapp

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Tom Maloney  
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Good afternoon, my name is Tom Maloney. I am a long term resident of South Anchorage and am providing personal testimony.

The Governor, his Administration and consultants, along with the Legislature and staff have done an outstanding job in examining our current production and tax system.

The DOR recently presented a graph on Crude Oil Production by State for 2011-2012. There were 15 locations. The number 2 and number 1 oil producing states were North Dakota and Texas. They were up over 55% and 34% respectively for the year. Every other state was up for the year, except one. You guessed it. Alaska was down by 7.1%. Even California was up.

In the fall of 2007, the Resource Review published by RDC contained the following quote from then Commissioner Pat Galvin: "Frankly, we have not said that ACES improves the investment climate—clearly, there is going to be a larger state share and that isn't going to make economics of projects better."

This was a very astute observation with has unfortunately been proven correct.

In calendar year 2007, North Slope oil production averaged 739 thousand barrels a day. How did calendar 2012 go? Production averaged 548 thousand barrels a day which is down 191 thousand barrels a day. Just think—5 short years ago, production was nearly 35% higher. Production ranged from a low of 399 thousand in August to a high of 624 thousand in January 2012. In 2012, the highest producing month was lower than the lowest producing month in 2007.

This is strictly not sustainable for a positive long term economy for Alaska. I urge the committee to focus on the Governor's guiding principles and to not be fine with production decline.

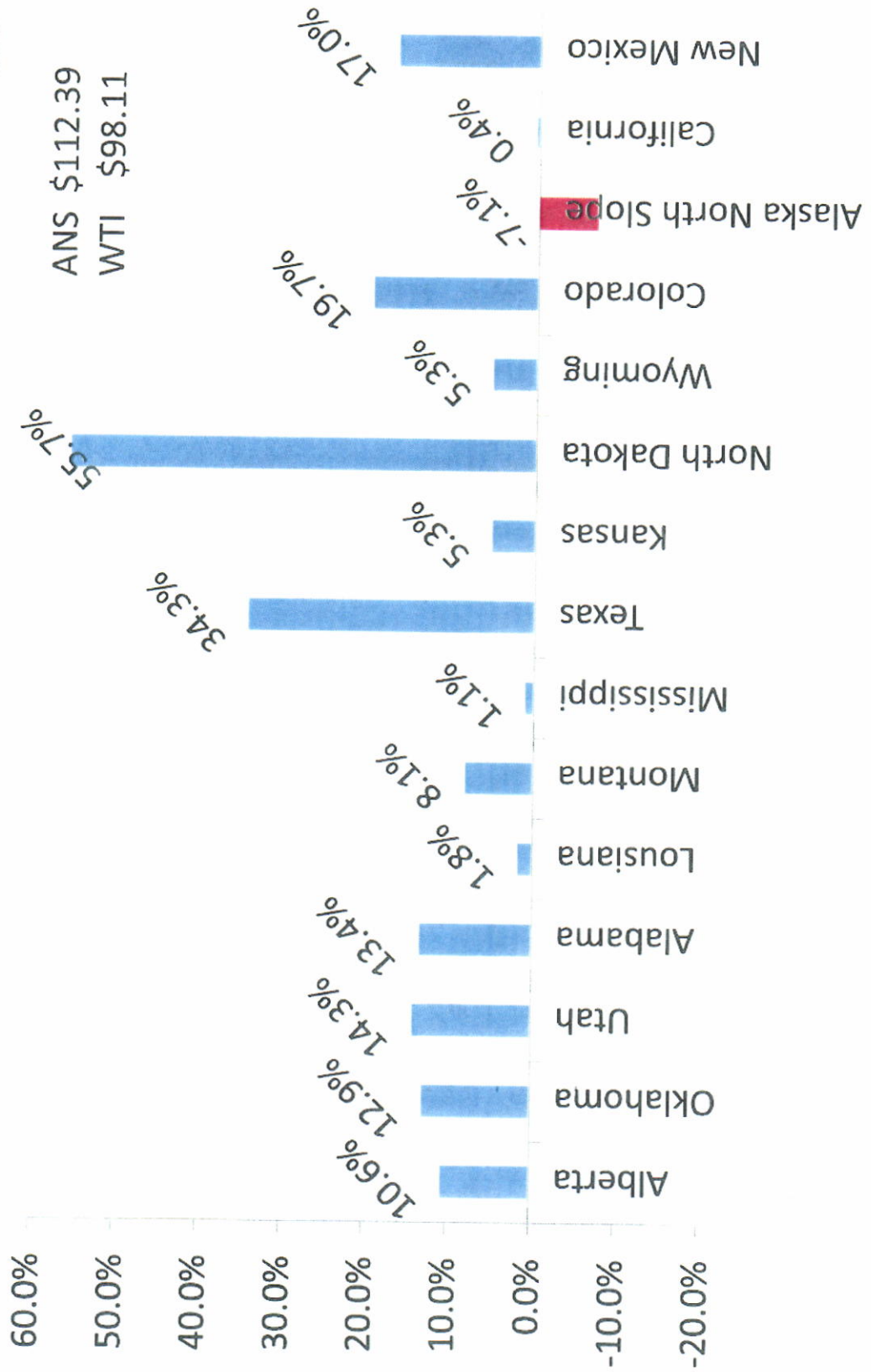
The reduction of 191 thousand BPD for a year at \$100 a barrel results in a reduction of approximately \$7 billion in Alaska's economy in one year alone. Let's change the course. We need to show that Alaska really is a resource state.



# Change in Average Daily Oil Production By State 2011-2012



Prepared by the Department of Revenue, Economic Research Group (March 18, 2013)



Source: EIA Crude Oil Production By State. Link: [http://www.eia.gov/dnav/pet/pet\\_crd\\_crpdn\\_adc\\_mbbldpd\\_m.htm](http://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbldpd_m.htm)

# North Slope Oil Production Barrels Per Day (bpd)

	2007 bpd	2012 bpd	Better or (Worse) Than 2007
January	796	624	(172)
February	775	609	(166)
March	764	591	(173)
April	757	578	(179)
May	779	571	(208)
June	725	517	(208)
July	725	430	(295)
August	658	399	(259)
September	649	516	(133)
October	715	571	(144)
November	765	582	(183)
December	756	582	(174)
Average Per Day	739	548	(191)

191,000 bpd x \$100/barrel is approximately \$7 BILLION  
DOLLAR reduction in Alaska's Economy in ONE YEAR alone.