

From: Kimberly Pape [<mailto:Kimberly.Pape@caelusenergy.com>]

Sent: Monday, March 14, 2016 2:52 PM

To: Rep. Benjamin Nageak <Rep.Benjamin.Nageak@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>

Cc: Rep. Paul Seaton <Rep.Paul.Seaton@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>; Rep. Kurt Olson <Rep.Kurt.Olson@akleg.gov>; Rep. Bob Herron <Rep.Bob.Herron@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Craig Johnson <Rep.Craig.Johnson@akleg.gov>; Casey Sullivan <Casey.Sullivan@caelusenergy.com>

Subject: HB 247

Dear Co-Chairs Nageak and Talerico, and colleagues:

I am writing to you today in opposition to House Bill 247.

I currently work for Caelus Energy LLC, but have been on the Alaskan oil and gas industry for 15 years. Before me, my mother worked in the industry for several years, and currently my brother-in-law also works for an oil and gas service provider. Obviously, this industry is important to my family.

I am a born and raised Alaskan, and I will admit that usually I have a pretty laissez faire perception of the effects of economic downturns on me personally. Not this time however. It's scary. I am the primary bread-winner in my family – myself, my husband and our four year old and two year old. The prospect of losing my job is terrifying. My husband is a big game guide, and even he is affected by this industry's ups and downs.

Until a very recently, we had planned to sell our house in Wasilla to move back to Anchorage to be near my family. At this point, I am not comfortable making that financial decision. I am hoping that next year sees oil back on the rise and increased stability in my industry that would allow me to make that move. But if this bill passes, in its current state, that may not be an option.

We in the industry are all struggling now. I can't understand why our legislators would even consider further penalizing an industry that already provides so much to our economic system and our community. When you are considering your path forward, please keep in mind all of the Alaskans for whom the collapse of the oil and gas industry in our state would be devastating.

Kimberly Pape

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Rep. Nageak,

I have to write you today to oppose support for HB 247.

We moved here with a job in the oil business in 2004, with a company that was beginning an operation from scratch in Alaska. The potential, and the business environment was such that it looked like a good thing to do. In the end, Pioneer became the largest, most efficient, and probably best known operator in Alaska. Within a few years we employed HUNDREDS directly and as contractors working for us. Economic impact says that was probably multiplied by over 7 times that in jobs supporting these employees.

Currently we are Caelus, and Caelus wanted to buy the Pioneer assets to grow from where Pioneer left off. The shale plays in the Lwr 48 were getting the capital and it was only the tax incentives and business environment we currently have here that made Caelus invest and plan to invest much more as oil recovers. If HB 247 is passed, all this changes and it will negatively impact Caelus, the number of jobs we provide directly, and again many many more that, as our business gets reduced.

If this bill is passed, it will reduce activity and directly thus, reduce employment by a multiplicative amount around the state. This is not going to help in the long run.

Loss of jobs in a fragile community as it is, will also lower the wages available to tax if an income tax is put into effect.

Long term, the issue is oil production RATE. HB 247 will in no way help that, and will in fact result in less production.

Lastly, if Alaska changes tax regime or structure again, I fear that no industry especially oil and gas, will choose to take a chance here. My kids love it here and are now working here. We want to stay even after retirement. I can honestly say that I fear for both of these situations if we hurt the very sector that makes us work, literally.

Spending has got to be gotten under control. We can no longer be a state that has the "highest per capita" title for so many costs. I understand that Alaska is like no other state but these levels just have to be brought under control. Sacrifices all around. Hurting the golden goose is not the answer. Sacrificing 7 or more jobs to save one is not good business and it hurts any chance of ever getting back into the black.

Vernon Orange

18651 Snowy Plover

Anchorage, AK, 99516

From: Michael Jespersen [<mailto:mjersperson@outlook.com>]
Sent: Monday, March 14, 2016 1:40 PM
To: Rep. Benjamin Nageak <Rep.Benjamin.Nageak@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>
Subject: HB247

Dear House Resource Committee,
Regrettably I can not testify in person or by phone today as I have a job and need to work. I'm taking a short break to send you this message.

I urge you to oppose HB247 in its current form. The State has changed the oil and gas tax structure 4 or 5 times in the last few years. This bill will increase the minimum tax 25% above current levels. At the low oil prices we see these days the current law gets more money from the industry than the old ACES structure. We are getting more now than the old law. I supported SB21 when it was in the legislature and later when it was a ballot initiative. The reason: we (the State) get more money at lower prices.

If you increase taxes on an industry as it is bleeding red ink (real money) you are telling them you want them to leave. Some companies (Apache) already have gone and more will. The ISER studies show that a job loss in the oil industry creates a ripple effect of up to 10 more jobs. Cutting a State job eliminates less than one additional job. Rather than cut private sector jobs that put more people out of work, cut state jobs. I wish no one would lose their job, but if someone must it makes sense to cut jobs that hurt the fewest people possible. CUT spending, real cuts (20% or more of the state budget) should happen BEFORE new taxes.

Driving oil companies to leave or reduce Alaska operations damages the entire state. Why are you trying to financially hurt small guys like me? I don't work in the oil industry and due to physical limitations never will. Yet when you increase oil taxes my job is jeopardized.

HB 247 reduces and eliminates oil exploration credits. While some changes may be necessary the way HB 247 does it will damage companies and force them to leave. Once gone it is unlikely they will come back even if oil prices increase. I believe you should honor current tax credits for all companies that began current work counting on those credits. Any changes to the credits should be focused on NEW projects not those currently in progress.

Please consider my view and my families livelihood before you raise taxes on Oil and Gas or any specifically targeted industry for that matter.

Respectfully,
Michael Jespersen
mjersperson@outlook.com
907.317.4313

From: Jess Rauchenstein [<mailto:jess.rauchenstein@gmail.com>]

Sent: Monday, March 14, 2016 1:24 PM

To: Rep. Benjamin Nageak <Rep.Benjamin.Nageak@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. Paul Seaton <Rep.Paul.Seaton@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>; Rep. Kurt Olson <Rep.Kurt.Olson@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Craig Johnson <Rep.Craig.Johnson@akleg.gov>; Rep. Bob Herron <Rep.Bob.Herron@akleg.gov>

Subject: HB 247 - Written Testimony

Dear Co-Chairs Nageak and Talerico, and House Resources Committee members,

My name is Jessica Rauchenstein; I'm a lifelong Alaskan who received a Bachelor of Science degree from UAA and started working in the Oil & Gas industry in 2004.

I am writing in opposition of HB 247, the Governor's oil tax increase legislation.

While developing and advancing my career in the O&G business over the last decade, being part of such a dynamic industry had been interesting. This industry is critical my personal economic sustainability and success, and to all in the State of Alaska. I feel like we've weathered many changes; and yet again we face new challenges, on which I've tried to educate myself.

1) I believe the current system is working. Even at low oil prices, Alaska has seen exploration and continued investment. We need to keep Alaska open for business, continue growth, and think of the future.

2) Related to HB 247, contrary to some rhetoric, tax credits are earned - not given away or loophole freebies. Companies must make significant contribution before earning credits, with contribution to our state's economy such as building infrastructure, hiring employees, buying materials, and supporting contractors and vendors in developing new technologies and processes.

3) Cashable net operating loss credits remain critical to the success of small, independent operators.

4) We need prudent public policy that will grow opportunities, attract more oil explorers and developers (especially small independents) to alleviate continued production decline and provide more revenue for the state.

5) Current proposals would not put more oil in the pipeline nor demonstrate a long-term commitment to growing this industry for Alaskans.

Thank you for reviewing my testimony.

Jessica Rauchenstein

From: David Hart [<mailto:David.Hart@caelusenergy.com>]

Sent: Monday, March 14, 2016 12:28 PM

To: Rep. Benjamin Nageak <Rep.Benjamin.Nageak@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. Paul Seaton <Rep.Paul.Seaton@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>; Rep. Kurt Olson <Rep.Kurt.Olson@akleg.gov>; Rep. Bob Herron <Rep.Bob.Herron@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Craig Johnson <Rep.Craig.Johnson@akleg.gov>

Cc: David Hart <David.Hart@caelusenergy.com>

Subject: HB247 Public Comment

Dear Co-Chairs Nageak and Talerico and members of the House Resources Committee:

My name is David Hart and I have been a resident of Alaska for 32 years and have worked in Alaska's oil and gas industry for more than 25 years in both Cook Inlet and the North Slope. I am currently the Operations and Production Manager for Caelus Energy Alaska, having worked for Caelus and its predecessor Pioneer Natural Resources for over 10 years.

I am adamantly opposed to HB247. My wife is a third-generation Alaskan, and our children are fourth-generation. We understand the value of a vibrant economy and the positive impact oil and gas investments can have on this. The Governor's oil tax increase legislation is a mis-guided solution to Alaska's current fiscal challenges.

Specifically, the bill as written will have an immediate negative impact to Caelus Energy. Caelus has spent significant money investing in long term development projects over the past several years. These investments were made under SB21 taxation policy. Changing to HB247 will disincentivize future spending by Caelus in Alaska by increasing the minimum tax and reducing incentives from the Net Operating Loss Credits. These changes significantly hurt our development economics and cause uncertainty for our investors.

SB21 is working in its current form, as seen by significant recent investment by Caelus Energy. Specifically, tax credits are not give-away's as portrayed in the media. They are earned by companies such as Caelus to help incentivize investment that might not ordinarily take place. Tax credits are working. Raising taxes on small independent oil companies like Caelus Energy who have demonstrated their desire to spend money on North Slope development projects should not be considered.

Again, I am opposed to HB247 due to it removing investment incentives to North Slope exploration companies such as Caelus Energy.

Thank you for your time,

David Hart

Sr. Manager, Operations and Production

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