

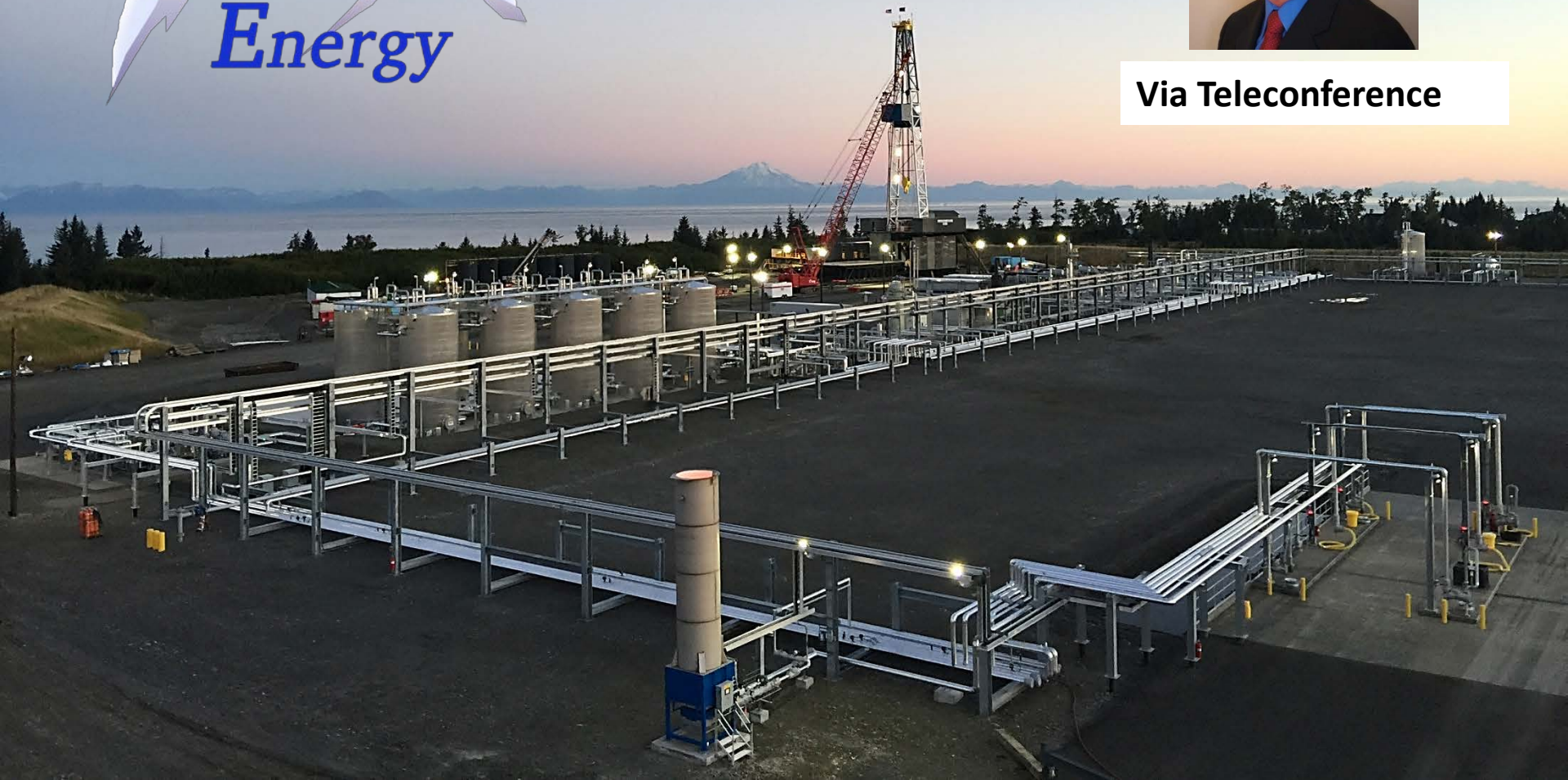
House Finance Committee - CS for HB111

J. Benjamin Johnson Testimony

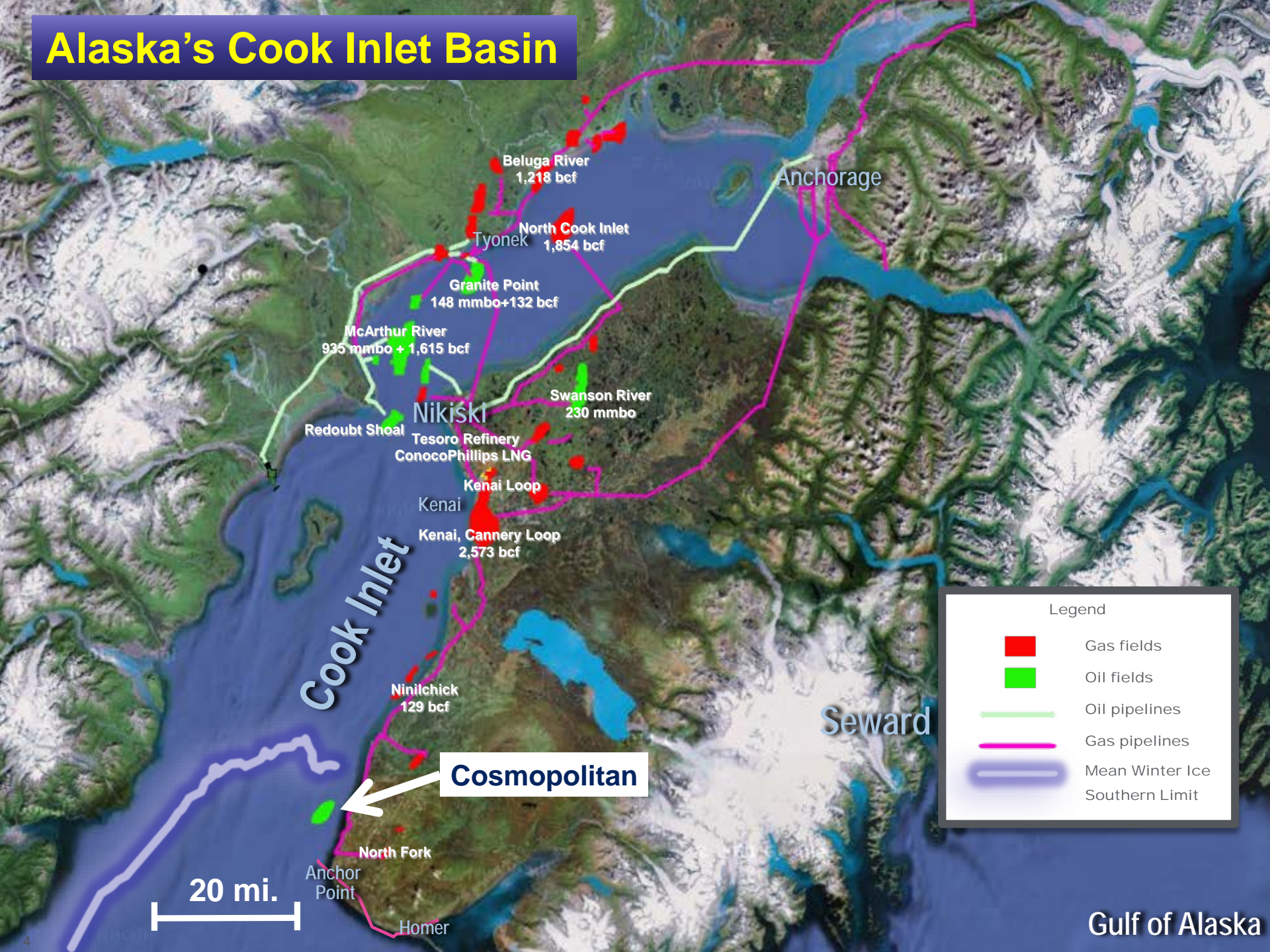
March 22, 2017



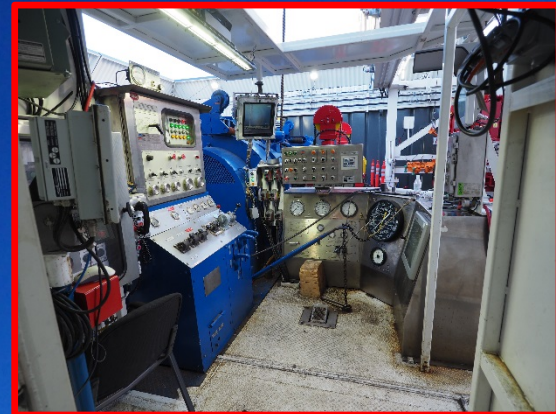
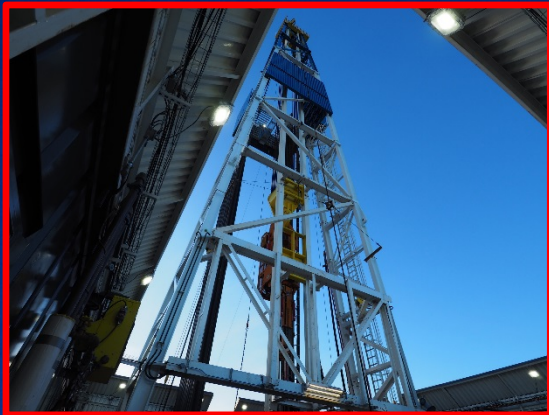
Via Teleconference



Alaska's Cook Inlet Basin







Cook Inlet Legacy - *Johnson home, Anchor Point (1954)*



Fact:

Alaska must compete with other locales for investment funding.

Oil in the ground must be found and developed before Alaskans can receive value.



Dispelling the ALASKA FEAR FACTOR



An annual publication
Petroleum
2006/2007

A guide to Alaska's oil and gas basins
and business environment

**Cosmopolitan can provide over
\$750 million to Alaska from
royalties alone.**

**That's \$750 million more than
without Cosmopolitan production.**

BlueCrest has fulfilled its part of the bargain.

Invested more than \$300 million

Received \$26 million in tax credits, every penny of which was re-invested

Depending on tax credits owed to fund remaining development costs

**But the State has not paid the
credits currently owed.**

**If the wells aren't drilled,
Alaskans get nothing!**

**Hundreds of jobs
Millions of dollars**

HB111 can kill the goose that lays the golden eggs

- **Will deprive Alaska of future developments**
- **Will result in fewer jobs**
- **Will result in reduced long-term revenues**

Sec 26 (pre-approval of expenditures) is unworkable and not needed

- **A waste of state and industry resources**
- **Duplicates work already being done by DOR before any credits are approved**
- **Not possible for industry to wait for pre-approval for time-sensitive field operations**

Payment of tax credits owed is paramount to the success of new field developments.

- Alaska is a land of tremendous potential!
- Economic competitiveness is essential.
- Great future wealth for Alaskans is achievable from expanded oil development.
- Let's work together to grow Alaska's long term value!

