

# Alaska Oil & Gas Association

## Testimony to House Resources Committee on Draft CS for House Bill 308 (Version E)

March 10, 2010

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# AOGA Testimony

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Part One: Problems with ACES

Part Two: Discussion of the Draft CS  
for House Bill 308

# Problems with ACES

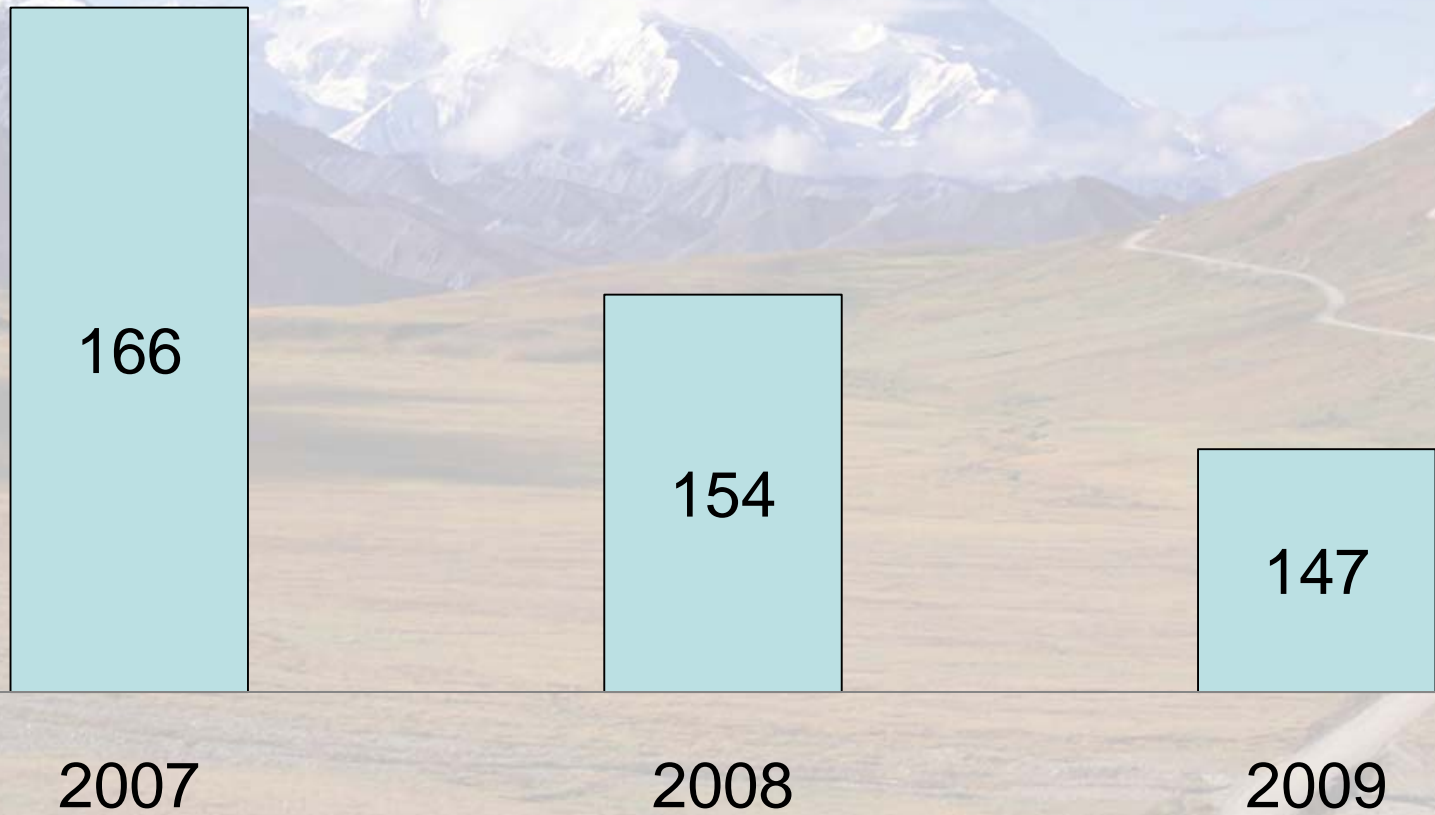
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**Problem A: Excessive Tax Rate**

Problem B: Impossible Plight of  
Non-Operators

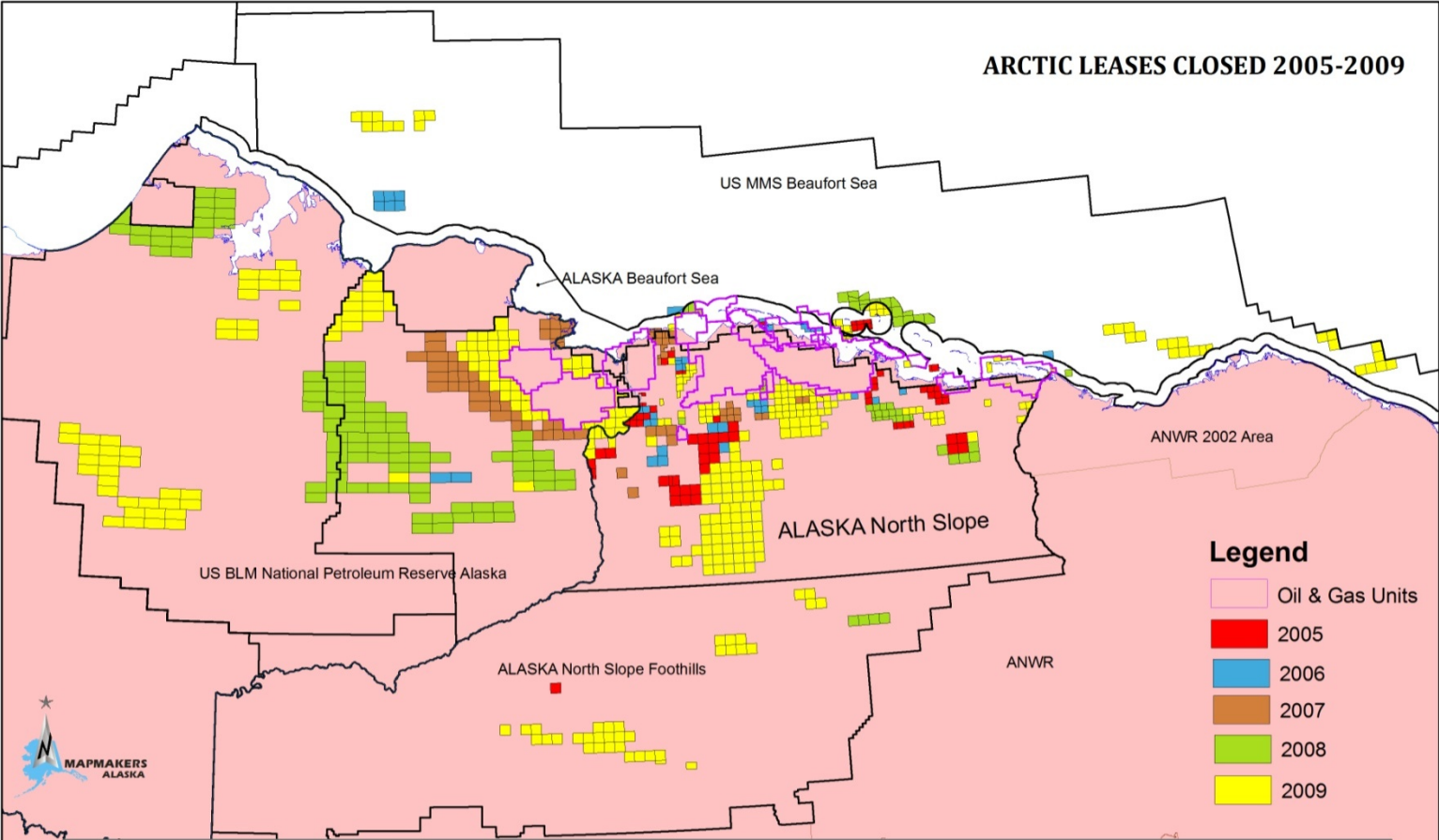
Problem C: Inability of Taxpayers to  
Determine with Certainty  
Amount of Tax

# In-field Wells Drilled in Alaska



Source: AOGCC

# ARCTIC LEASES CLOSED 2005-2009



**Active and Closed Leases By Year, 2005-2009 (Lessors: State of Alaska=Beaufort Sea, North Slope, North Slope Foothills, BLM=NPRA, MMS=Beaufort Sea)**

Year	No. Leases Active	AK Leases Bid*	Acres Active	Acres Bid**	Total No. Leases	Total Acres	Total No. Leases Closed	Total Acres Closed
2005	1470	12	6,737,303.81	586,240	1482	7,319,543.81	80	271,225.82
2006	1779	58	8,329,643.49	210,560	1837	8,540,203.49	47	170,057.32
2007	1828	38	8,769,501.72	119,040	1866	8,888,541.72	76	395,116.24
2008	1842	92	9,087,761.50	313,600	1934	9,401,361.50	142	1,204,739.87
2009	1609	81	7,608,167.22	325,120	1642	7,677,995.23	371	2,004,075.75

\* = State of Alaska Leases bid on during year, but not yet issued, acreage estimated. Where acreage was determined, lease bid is included in "Leases Active and excluded from "No. Leases Bid."

\*\* = Acreage estimated by State of Alaska prior to lease being issued

Source: Mapmakers Alaska "GIS-Arctic Oil & Gas" database.

# Largest U.S. Drillers – 2009 (footage drilled)

1. <i>Chesapeake</i>	6.4%	11. <i>Williams Production</i>	1.3%
2. XTO	5.4%	12. <i>Ultra Resources</i>	1.2%
3. <i>EOG Resources</i>	4.0%	13. <i>Concho Resources</i>	1.2%
4. Anadarko	3.5%	14. <i>Southwestern Energy</i>	1.2%
5. <i>EnCana</i>	3.2%	15. ExxonMobil	1.1%
6. ConocoPhillips	2.9%	16. Shell	0.9%
7. BP	2.6%	17. Marathon	0.9%
8. <i>Devon</i>	2.5%	18. <i>Apache</i>	0.8%
9. <i>Noble</i>	2.0%	19. <i>Petrohawk</i>	0.8%
10. <i>Questar</i>	1.7%	20. <i>Laredo Petroleum</i>	0.7%

Source: RIGDATA

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# Discussion of Draft CS for HB 308

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## Element of HB 308

## AOGA Position

Alaska Hire

Good idea – but complex; use Alaska hire standards of ADLWD

Decline in Progressivity

Oppose Progressivity but HB 308 an Improvement

30% Credit

Support

Rate of Interest

Support

No interest on new regs

Support w/changes

Statute of limitations

Support



***Thank you.***

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