

Alaska Oil & Gas Association

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

March 10, 2010

Marilyn Crockett, AOGA Executive Director

AOGA Testimony

Part One: Problems with ACES

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

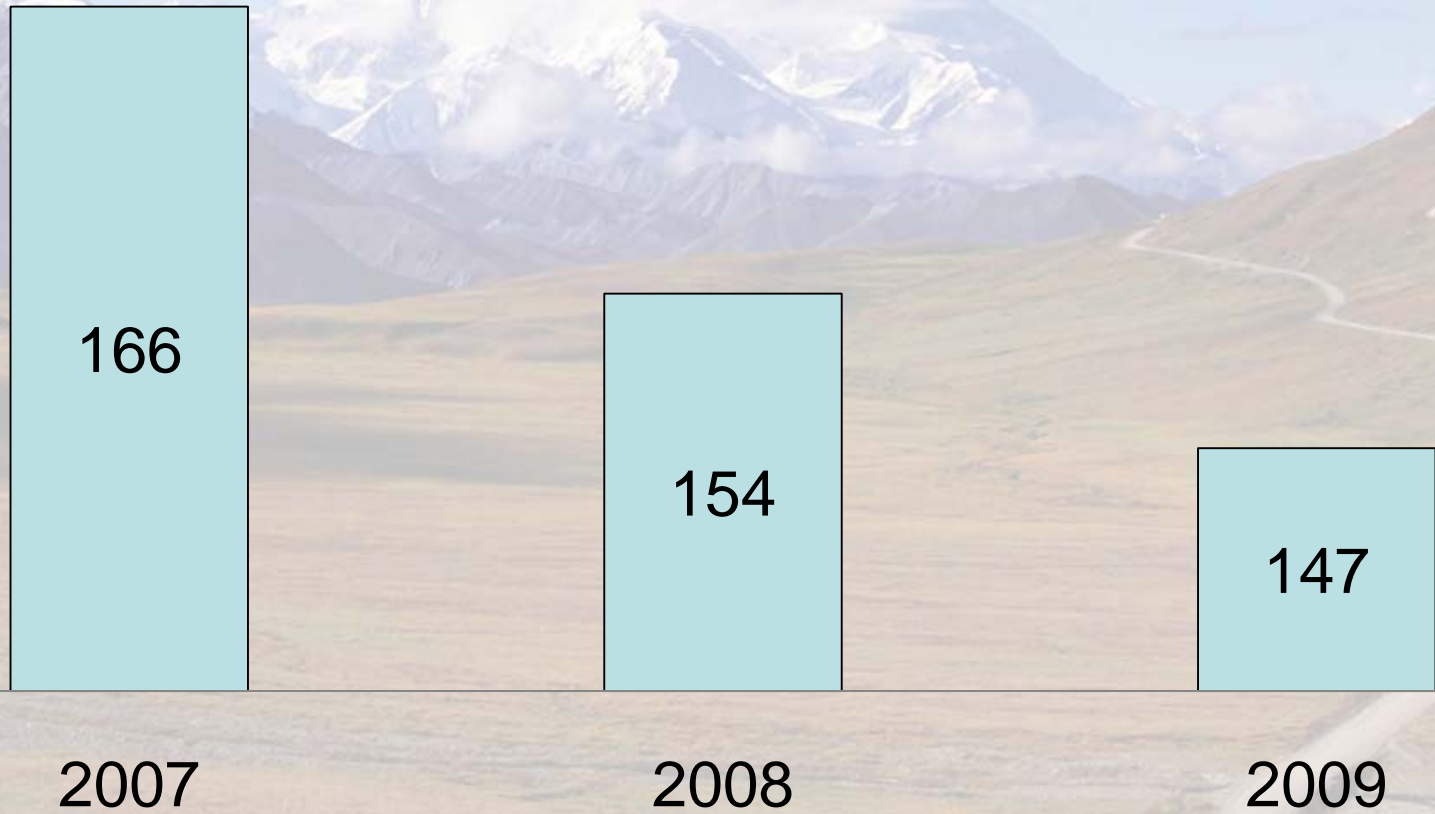
Problems with ACES

Problem A: Excessive Tax Rate

Problem B: Impossible Plight of
Non-Operators

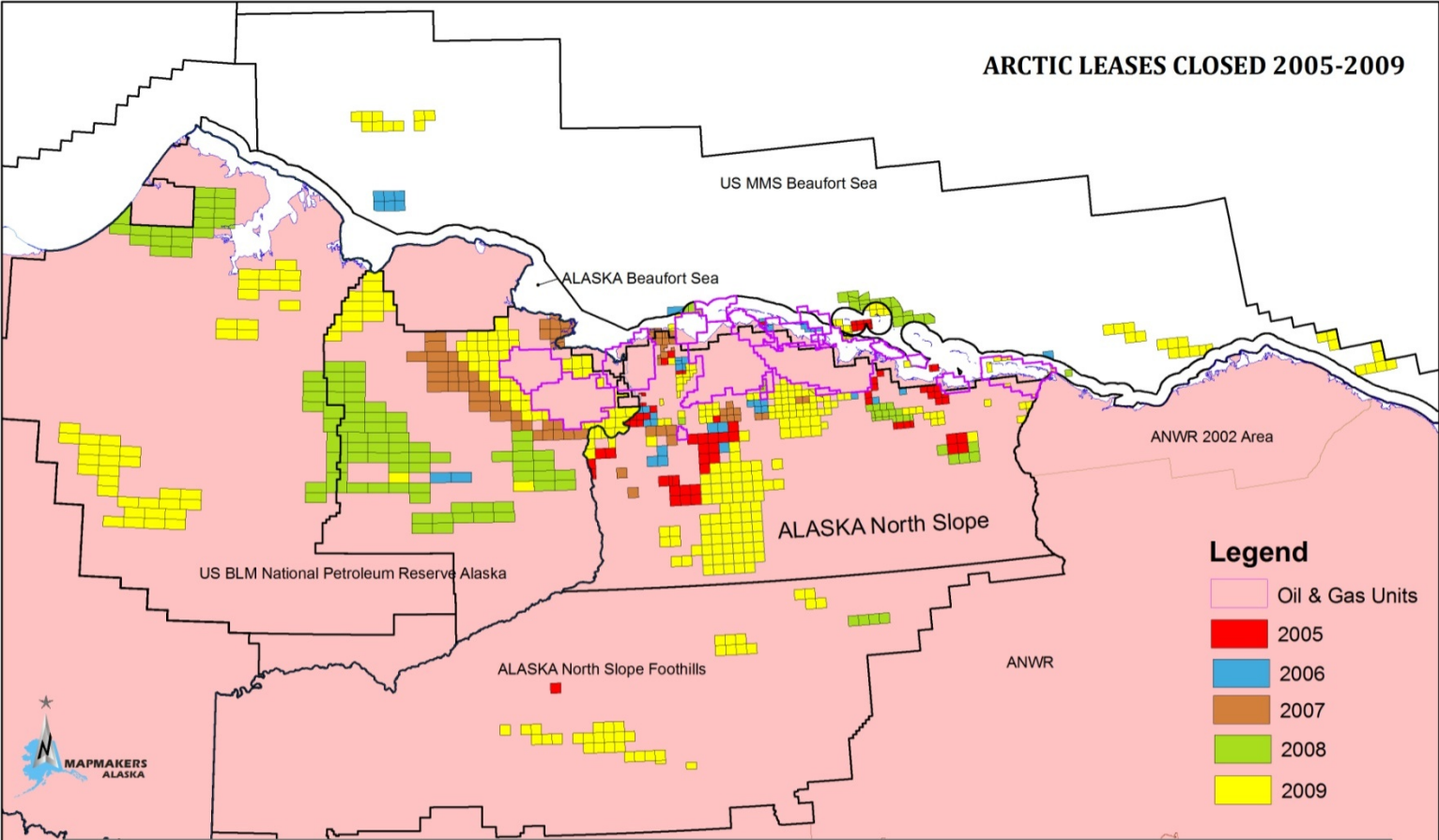
Problem C: Inability of Taxpayers to
Determine with Certainty
Amount of Tax

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

Problems with ACES

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**Problem B: Impossible Plight of
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Problem C: Inability of Taxpayers to
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Discussion of Draft CS for HB 308

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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