

# Alaska Senate Resources: Cook Inlet Meeting

October 20<sup>th</sup>, 2011

*Marathon Alaska Production LLC*



# Marathon Oil – A Strong New E&P Company

Marathon has a rich history

1887



TODAY



- New Logo – Same Commitment to Safe, Clean, Responsible Operations
- Marathon E&P in Alaska since 1955 (Pre-Statehood)

# Recent Positive Actions for Oil & Gas Development in CI

- Cook Inlet Tax Incentives
- RCA Process Improvements
- Regulatory Permitting Streamlining
- SE Alaska Gas Market Conditions

# Current Activities & Investments

- Primary objective is meeting our contractual gas sales commitments
  - Requires high reliability of production
  - Firm plans for investment in maintenance and new equipment
  
- Recognize future opportunity to capture additional resource & sales
  - Plan to invest in existing well inventory
  - Plan to invest in new wells to test deeper and unproven targets
  
- Gas Storage
  - Investments in gas storage at our Kenai Gas Field since 2004
  - Plan to continue investing in and utilizing this asset

# Other Investments

## ■ People

- > 90% of Alaska based staff are Alaskans
- Current openings for several technical professionals

## ■ Safety & Environmental

## ■ Community

- Continue active investment and engagement in our local community

# ASAP Project Implications

- Need to Strike a Balance between 2 Key Objectives
  - Meet SE Alaska Energy Demand
  - Encourage a vibrant Cook Inlet (CI) Exploration & Production Environment
- Investment in Exploration & Development require Certainty of Market
- ASAP Implications / Uncertainties for CI E&P
  - Impact on current local consumption market (~90 BCF/yr)
    - Line requires long term gas sales contracts
    - These contracts could tie up all the un-contracted future local market
  - Will the small envisioned capacity of ASAP limit potential industrial gas market?
  - What impact will ASAP have in market price for gas in the CI?
  - A lack of a robust industrial gas market coupled with a tied-up local gas market will provide a low incentive for meaningful CI Natural Gas E&P investment