

Maynard Tapp

From: Maynard Tapp
Sent: Monday, April 01, 2013 12:25 PM
To: Maynard; Maynard Tapp (maynard@hawkpros.com)
Subject: Alaska Oil Tax policy

Tracking:	Recipient	Delivery
	Maynard	
	Maynard Tapp (maynard@hawkpros.com)	Delivered: 4/1/2013 12:25 PM

My name is Maynard Tapp and I am testifying on my own behalf.

1. Eliminate progressivity. 50% govt take and 50% producers take seems fair.
 2. Level production to 600,000 bbls per day.
 3. Determine a way to get the Governor's 1.0 million bbls per day production.
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1. Eliminate progressivity. I want Alaska to be the first place in investor's minds when we our assets are considered for investment/development.
 2. Level production at 600,000 bbls per day or better. After 40 international years in the oil and gas industry I have learned that not everything works out the way you plan. It may be mechanically possible to transport oil at 300,000 bbls per day but it doesn't allow for upsets in flow and breakdowns in a facility that is 36 years old.
 3. Produce 1.0 million bbls per day from state lands. Determine a selection of paths to producing 1.0 million bbls per day. It may be possible. What are the scenario's, and what is the cost?

Thank-you for the opportunity to testify.

Sincerely
Maynard Tapp

Tom Maloney
3215 Legacy Drive
Anchorage, AK 99516
(907) 244-4119

Good afternoon, my name is Tom Maloney. I am a long term resident of South Anchorage and am providing personal testimony.

The Governor, his Administration and consultants, along with the Legislature and staff have done an outstanding job in examining our current production and tax system.

The DOR recently presented a graph on Crude Oil Production by State for 2011-2012. There were 15 locations. The number 2 and number 1 oil producing states were North Dakota and Texas. They were up over 55% and 34% respectively for the year. Every other state was up for the year, except one. You guessed it. Alaska was down by 7.1%. Even California was up.

In the fall of 2007, the Resource Review published by RDC contained the following quote from then Commissioner Pat Galvin: "Frankly, we have not said that ACES improves the investment climate—clearly, there is going to be a larger state share and that isn't going to make economics of projects better."

This was a very astute observation with has unfortunately been proven correct.

In calendar year 2007, North Slope oil production averaged 739 thousand barrels a day. How did calendar 2012 go? Production averaged 548 thousand barrels a day which is down 191 thousand barrels a day. Just think—5 short years ago, production was nearly 35% higher. Production ranged from a low of 399 thousand in August to a high of 624 thousand in January 2012. In 2012, the highest producing month was lower than the lowest producing month in 2007.

This is strictly not sustainable for a positive long term economy for Alaska. I urge the committee to focus on the Governor's guiding principles and to not be fine with production decline.

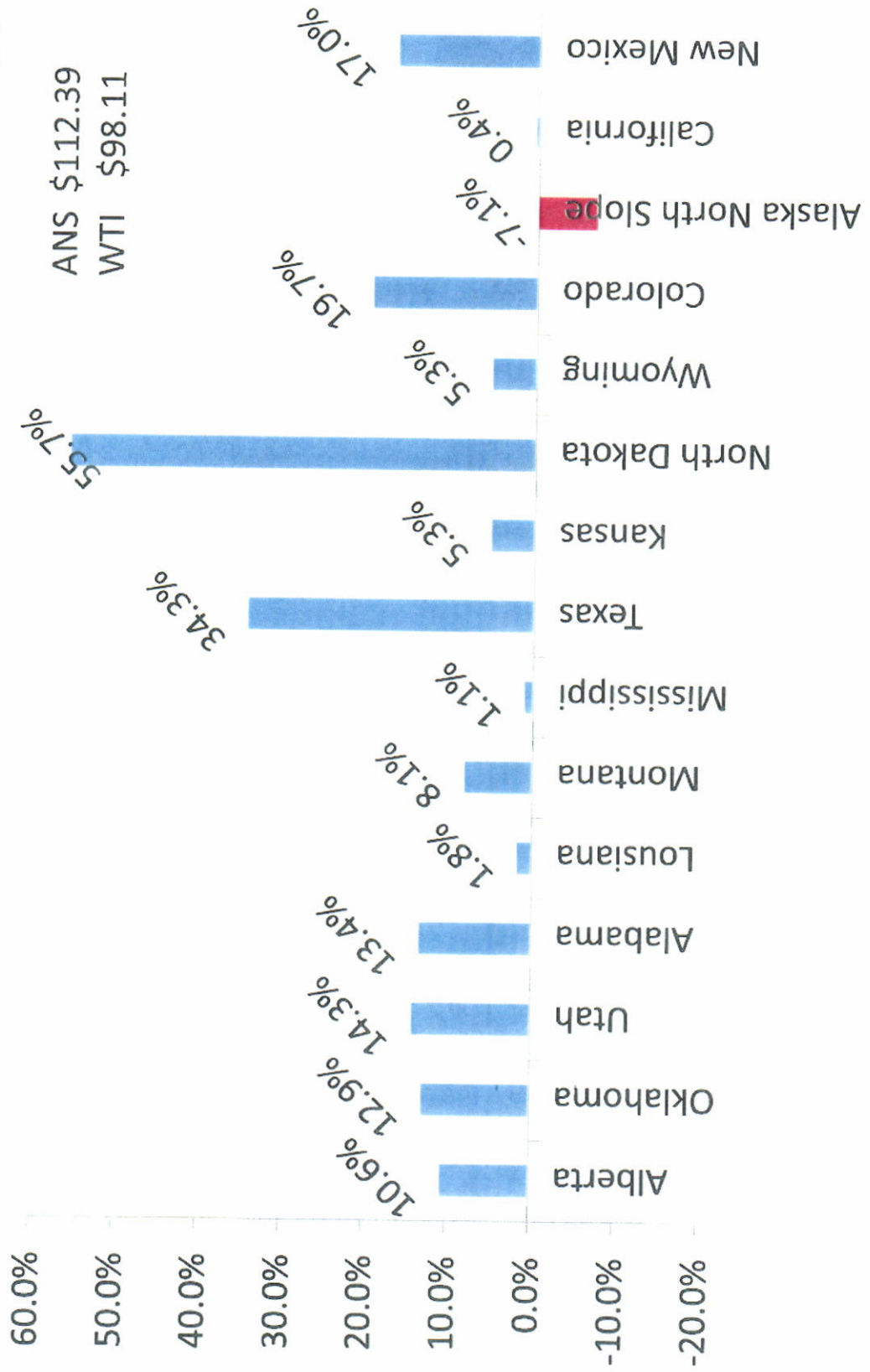
The reduction of 191 thousand BPD for a year at \$100 a barrel results in a reduction of approximately \$7 billion in Alaska's economy in one year alone. Let's change the course. We need to show that Alaska really is a resource state.



Change in Average Daily Oil Production By State

2011-2012

Prepared by the Department of Revenue, Economic Research Group (March 18, 2013)



North Slope Oil Production

Barrels Per Day (bpd)

	2007 bpd	2012 bpd	Better or (Worse) Than 2007
January	796	624	(172)
February	775	609	(166)
March	764	591	(173)
April	757	578	(179)
May	779	571	(208)
June	725	517	(208)
July	725	430	(295)
August	658	399	(259)
September	649	516	(133)
October	715	571	(144)
November	765	582	(183)
December	756	582	(174)
Average Per Day	739	548	(191)

191,000 bpd x 365 x \$100/barrel is approximately \$7 BILLION
DOLLAR reduction in Alaska's Economy in ONE YEAR alone.

Graham Green
2335 Lord Baranof Drive
Anchorage, Alaska 99517
907-245-4148

Good afternoon, it's a balmy thirty five degrees and sunny here in Anchorage. Would like to thank this committee for giving us the opportunity to share our thoughts on this really important piece of legislation. My name is Graham Green and I'm here representing myself.

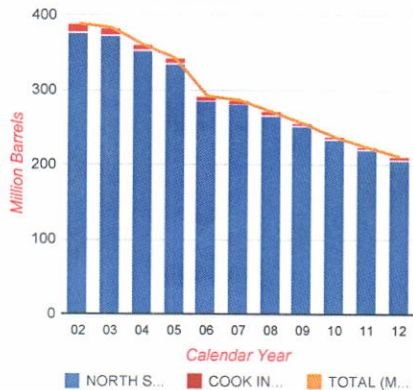
Anyone who wants to know what the State of Alaska's policy on oil production has been can simply goto the Alaska Department of Natural Resource's Division of Oil and Gas website (<http://dog.dnr.alaska.gov/>). There Alaska's Oil / Gas Production graph shows it all. In 2002 Total production was 388 million barrels, ten years later in 2012 Total production was 211 million barrels. That's a 45+% decline. Since 2007 when the failed policy of ACES was enacted production has declined over 26%! (2007-286MMbbls, 2012-211MMbbls) How can this be seeing that oil prices are historically high in these years and production has risen in other oil producing states? Incredibly according to Economic Research Group all other oil producing states in 2012 had increases in production except the State of Alaska, who was down over 7%! Sadly, this weekend UAA Seawolve's mens hockey coach was let go after a second year of finishing in last place. According to KTUU athletic director Dr. Steve Cobb stated that "a change had to be made". After numerous production declining seasons since ACES was enacted "a change has to be made". I urge your support for SB21.

Alaska's Oil / Gas Production

January 2013 Oil Production:	18.81 million barrels
Fiscal YTD Oil Production:	118.25 million barrels
January 2013 Gas Production:	33,156.84 MMcf*
Fiscal YTD Gas Production:	203,963.058 MMcf*

MMcf = Million Cubic Feet, Fiscal Year = July 1 - June 30

Annual Gross Oil Production off of State Lands
2002-2012

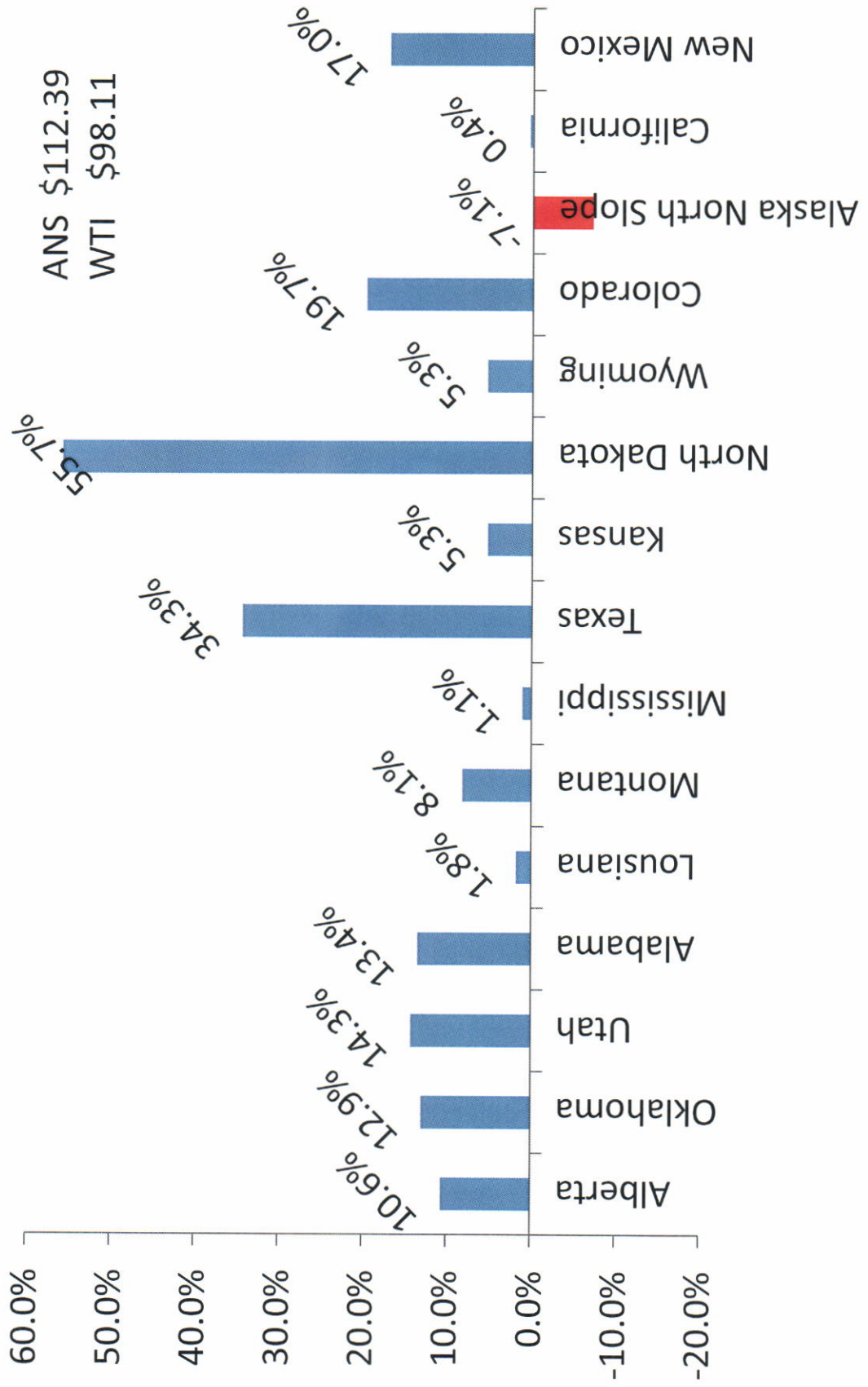


[Click here for detailed production data](#)



Change in Average Daily Oil Production By State 2011-2012

Prepared by the Department of Revenue, Economic Research Group (March 18, 2013)



ANCHORAGE LEGISLATIVE INFORMATION OFFICE

Email: Anchorage_LIO@legis.state.ak.us
907-269-0111/ phone, 907-269-0229/fax

WRITTEN TESTIMONY

NAME: Michael Jespersen
REPRESENTING: SELF
BILL#/ SUBJECT: # SB 21 (Committee substitute)
COMMITTEE &
HEARING DATE: House Resources

Pass CS/SB21.

I come to speak in person however
as a parent it is important that I keep a long
standing appointment at my sons school.

Pass this bill, give my children
a future.

ACES didn't work, TAPS - is below
what the state said it would be this year
when ACES passed.

Pass ~~CS~~ CS/SB21. Take a small
financial decrease NOW so there will be
MORE money for the state in the
future.

Please call me. 907-317-9313 or
Jespersen@acs.alaska.net.
Pass SB 21!

Michael Jespersen

April 01, 2013

To: House Resources Committee

From: Lynn C. Johnson Concerned Alaskan Citizen.

RE: SB 21 Testimony

- Alaskan resident for 40 years.
- Businessman. Dowland-Bach Corp.
- Alaska Support Industry Alliance, MACC, Girdwood 2020, Anchorage International Rotary Club, Past Chairman or Board American Red Cross of Alaska.
- Very Simple Message Today: BECOME MORE COMPETITIVE WITH OTHER OIL PRODUCING BASINS. North Dakota and Texas are kicking our tails in production rates. Investment capital flows to regions and projects with the best overall rate of return. Alaska is already "high cost" basin due to geography and our climate. Soon to 4th in Domestic production, behind California.
- We need meaningful reform that does the following:
1) Fair to Alaskans 2) Encourages New Production 3) Simple 4) Durable.
- Alaska's Economic Future is definitely at stake.
- We need to increase oil production now.
- DO IT NOW. This is the 3rd Legislative Session that testimony has been taken on ACES reform. In this period of study and debate, TAPS throughput has declined almost 100,000 barrels per day. Cannot afford further decline.
- GO FOR IT FOR OUR FUTURE. MAKE ALASKA COMPETITIVE AGAIN.

Lynn C. Johnson

lynn@dowlandbach.com

(907) 242-5688

WRITTEN TESTIMONY

Name: Pamela Brodie

Representing: _____

Bill No./Subject SB 21Committee: House ResourcesDate of Hearing: April 2, 2013

Position: Opposed

Thank you for giving us the opportunity to testify.

If SB 21 would make the difference, leading the oil industry to exploration and development they would not otherwise pursue, it would be logical and rational for them to guarantee ^{such} ~~the~~ exploration.

But they do not.

If they would pursue this exploration regardless of a tax cut, it would be logical for them to lobby for the tax cut and wait for it - which they do - but also to give the state guarantees for future exploration.

But they do not

Only if ^{they} do not plan more development anyway is it logical for them to give the state no guarantees.

And this is what they are doing.

It is a frightening prospect that oil ^{throughout} is declining and the ^{industry} is apparently un-interested in more exploration ^{regardless of tax rates}. But even more frightening would be for the state to lower taxes to no purpose as the ~~state~~ amount of oil declines. Please vote "no" on SB 21. ~~Thank you.~~ so the state won't face double losses. Thank you.

KENAI LEGISLATIVE INFORMATION OFFICE

Email: Kenai.Lio@akleg.gov

Phone: 907-283-2030 / Fax: 907-283-3075

WRITTEN TESTIMONY

NAME: Michelle Vasquez

REPRESENTING: _____

BILL # or SUBJECT: SB21

COMMITTEE & DATE: HRES040113

Dear Chairmen Feige and Saddler and Committee members:

Business owners don't spend billions of dollars to buy nothing. Family's don't take their life savings and bet it all on a casino game in Vegas. And this legislature should not give Alaska's money to oil companies with fingers crossed hoping production and development will increase. If SB 21 goes forward, it will be a travesty for the citizens of Alaska. Plain and simple, this outrageous bill gives away our state owned resources while paying the oil companies to take it. Who benefits? Not the state, not the citizens, but I suspect there are quite a few legislators who will benefit with nice, fat contributions to re-election campaigns and/or promises of a job. Any legislator who votes for this obvious oil wealth giveaway does not care about Alaska's citizens or the state's fiscal responsibilities. The citizens have already seen two employees of Conoco in the Senate vote in favor of this bill, which is an absolute disgrace and total conflict of interest regardless of the pathetic political theater of pretending to abstain. And let's not forget our governor, who worked for Exxon as a lawyer and performed beautifully as a lobbyist for oil interests. This is not how we do things in America; we are a democracy, not an oligarchy.

How many programs will be cut when the production of oil does not increase or development does not go forward? How many public education budgets, healthcare programs, police departments, DOT services, public colleges, and state parks, among so many other things, will lose funding so oil companies can be lavished with "tax breaks" they do not need? Where is the guarantee or commitment from these companies that production and development will increase over the next five years while the state forks over \$1 billion per year? There have been zero promises, and why should these companies make promises? The fact is, the oil companies don't have to do anything at all for the money. It is shameful when a state legislature thinks it has to grease the palm of multi-billion dollar corporations instead of looking out for citizens and a precious state resource. This is corporate welfare taken to the extreme. Vote no on SB 21; don't squander our oil resource.

Sincerely,
Michele Vasquez
Soldotna, AK