

## Senate Finance Committee SCS CSHB111 \P

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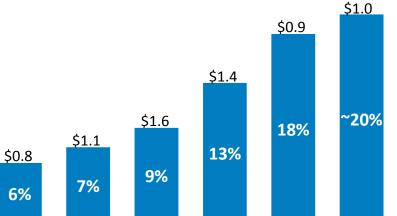
## Activities Since Tax Reform (SB21) Passed

- Added two rigs to the Kuparuk rig fleet, 2013-2014
- Two new-build rigs delivered in 2016
  - Doyon 142 and Nabors CDR3
  - Averaged 4.5 rigs at Kuparuk/Alpine during 2016
- Sanctioned ERD Rig in 2016
- North East West Sak DS1H
- New drill site at Kuparuk (DS 2S) on stream a year ago
- Sanctioned 18 additional wells at Alpine CD5
- Sanctioned Greater Mooses Tooth 1 in 2015
- Permitting Greater Mooses Tooth 2
- Willow discovery and acquisition of 737,000 state and federal acres in December 2016 lease sale
- Significant other industry investment

North Slope oil production grew 2% in 2016, the first growth in 14 years.

Source: Alyeska Pipeline Service Company Press Release December 30, 2016





2015

2012

2013

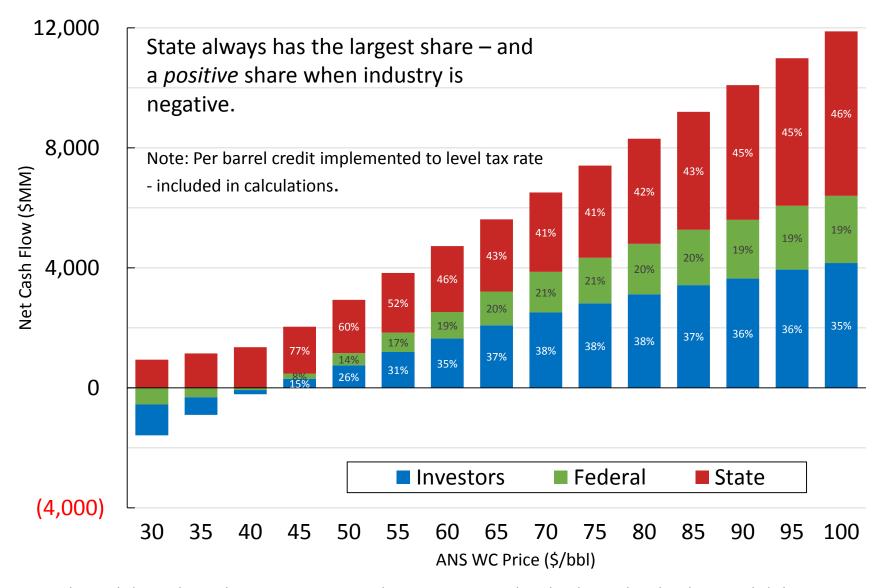
2014

Alaska Capex as % of COP Total (\$B)

2017Bud

2016

## FY 2017 Cash Flow - Current Law - Fall 2016 RSB Assumptions



State share includes royalty, production tax, income tax and property tax. Tax credits other than per barrel credits are excluded.

## Summary

- Total cost matters. Alaska is a high cost region increasing taxes increases costs and makes Alaska less competitive.
- The House version, CSHB111, would significantly increase the tax structure and would negatively impact ConocoPhillips investment decisions.
- SCS CSHB111 addresses refundable cash credits and keeps Alaska competitive.
  - NOL carry forward provisions may not provide benefit at low oil prices.
- The fundamental structure of SB21 is working it has stimulated investment, resulting in jobs and increased production for the first time in 14 years. Let it continue to work.