



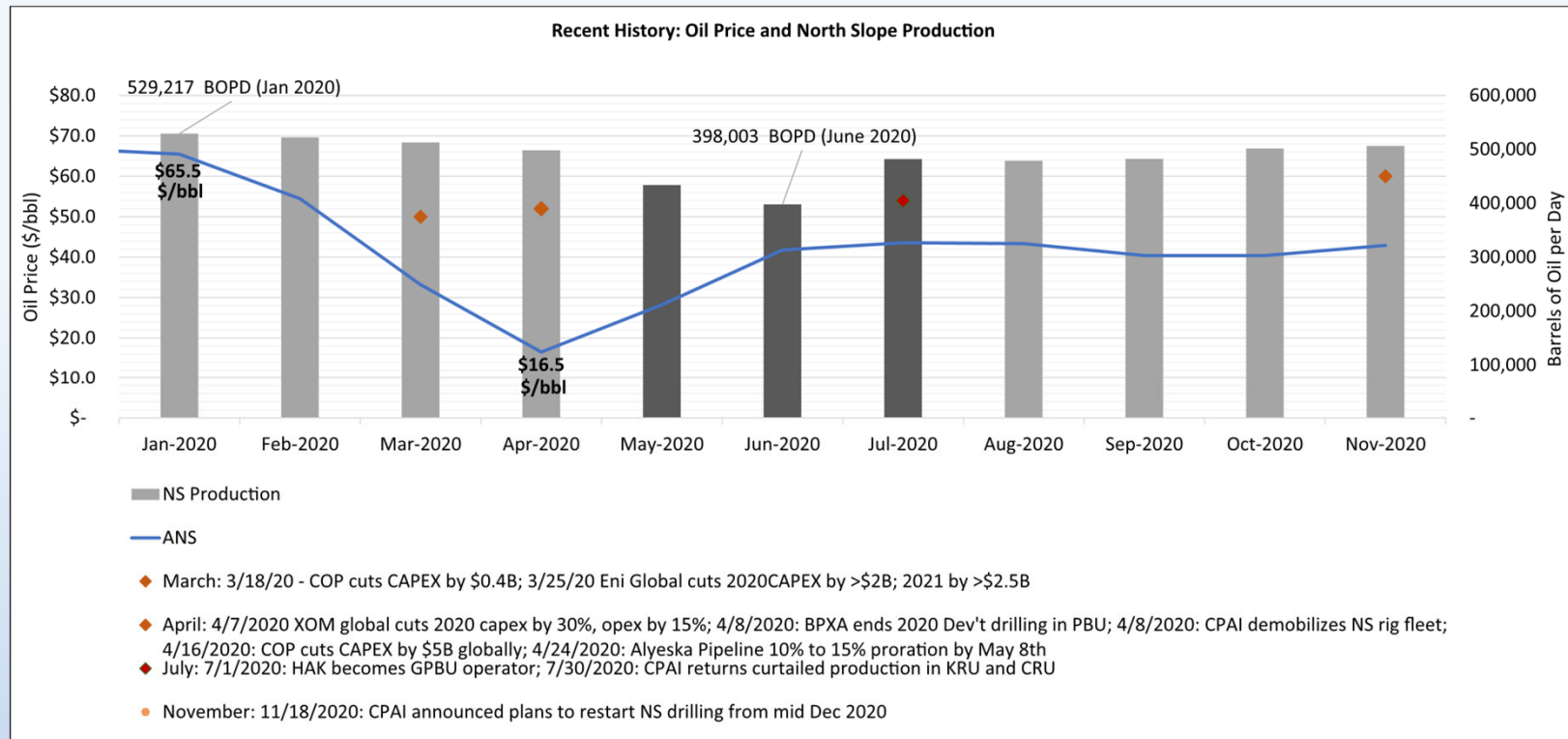
North Slope Oil & Gas Overview

Senate Resources Committee

Presentation by Corri Feige, Commissioner
Justin Black, Deputy Director, Division of Oil & Gas
Alaska Department of Natural Resources
January 27, 2021



COVID-19 IMPACTS



- April-May 2020 Proration announcements: 10-15% proration.
 - Estimated against daily 500 mbopd: 50 - 75 mbopd
- Production Curtailments:
 - ConocoPhillips announced production curtailment: 100 mbopd barrels of oil per day (between KRU and CRU units).
 - Production fully returned by July 2020
 - Glacier Oil and Gas:
 - North Slope: Badami (May – September ~1500 bopd): returned fully by October 2020
 - CI shut-in: West McArthur/Redoubt Units: 2000 bopd: Still shut in
- Prices dropped 75% from Jan 2020 to bottom at \$16.5/bbl in June 2020
- Oil production including proration and curtailments declined by ~25% between January and June 2020.
 - Typical change in production over similar period in 2019 due to regular seasonal effects is ~10%.

MANAGING COVID-19 IMPACTS

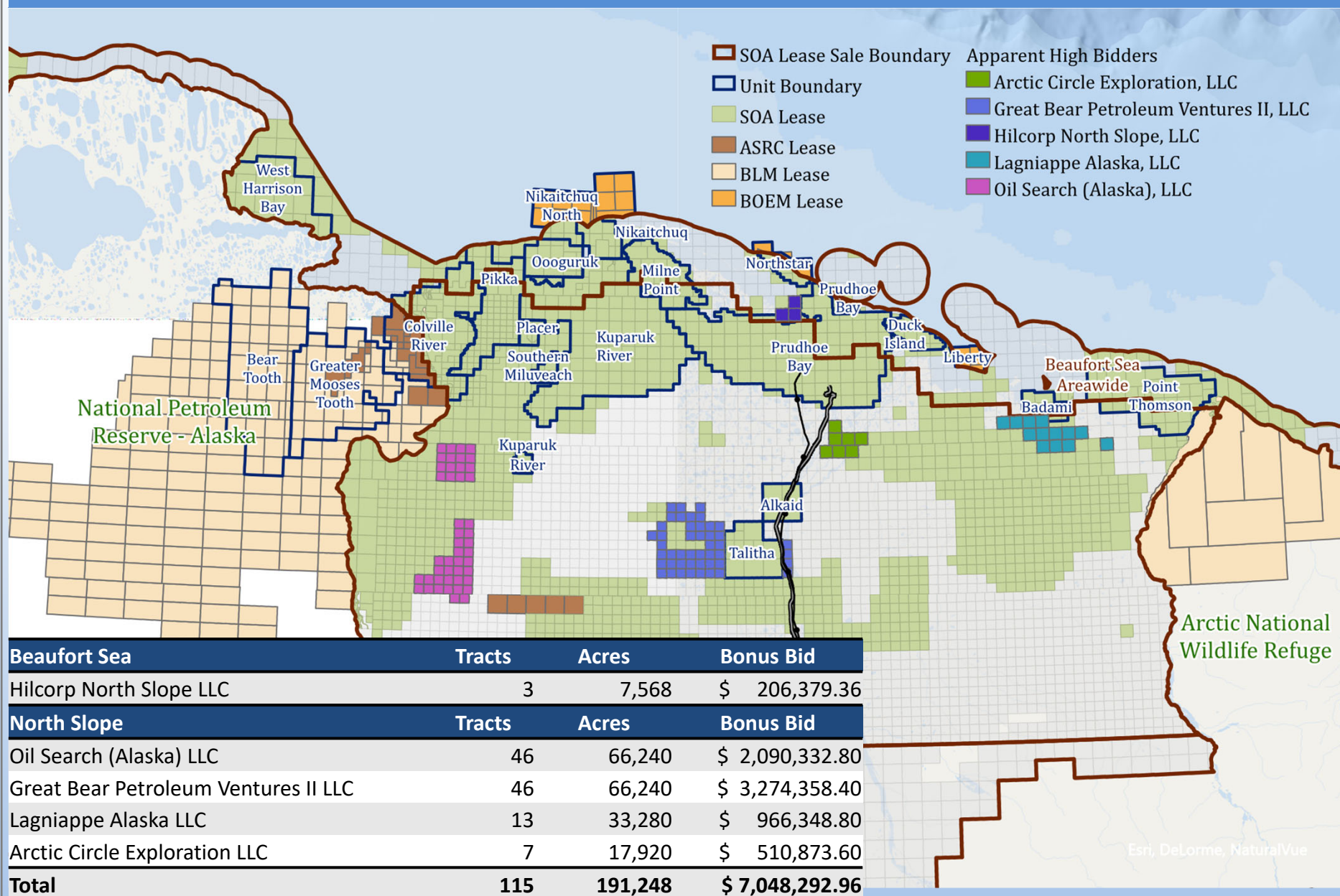
- Deferred/halted activity:
 - Rigs laid down across the North Slope in order to eliminate unnecessary personnel. New wells and remedial well work was effectively cancelled for most of the season.
 - BlueCrest pushed back Cook Inlet gas exploration project to 2022.
- Drawbacks in production rates due to low prices and demand:
 - Alyeska Pipeline Service Company - Prorations on TAPS throughput due to storage constraints
 - April 24 = 10% cut, increased to 15% on May 8, then lowered to 5% on May 15.
 - Lifted May 22. This was spread across all producers.
 - In addition, ConocoPhillips cut production from their fields by 100k bbls for the month of June.
 - Badami Unit was granted a suspension of production for several months.
- Some additional measures DOG has taken to keep the industry stable:
 - Allowed an additional 30 days in the lease award schedule for the Fall 2019 and Spring 2020 lease sales.
 - Granted extension requests on lease rental payments on 431 leases.
 - Extended deadlines for submitting updated plans, data, and other paperwork.

NORTH SLOPE

- North Slope Production = approximately 98% of all oil produced in AK
- FY16 to FY20 averaged 1% decline in production
- Recent Major Changes in Production
 - **Prudhoe Bay Unit:** Hilcorp already strong ongoing production optimization efforts
 - **Kuparuk River Unit :** Natural decline; pandemic related production disruption with interrupted rig activity
 - **Colville River Unit:** Natural decline; pandemic related production disruption /interrupted rig activity
 - **Milne Point Unit:** ~28% growth (FY19 to FY 20), drilling several new wells, Moose Pad continuing to ramp up production
 - **Point Thomson Unit:** Progressively improved facility reliability; new compressor design
- Near future projects coming in:
 - **GMT2** in NPRA
 - **CD5 Expansion & Fiord West Development** in Colville River Unit
 - **Raven Pad** in Milne Point Unit
- Projects further out
 - **Pikka:** FEED 2021
 - **Willow:** FEED; FID YE 2021



LEASE SALE RESULTS



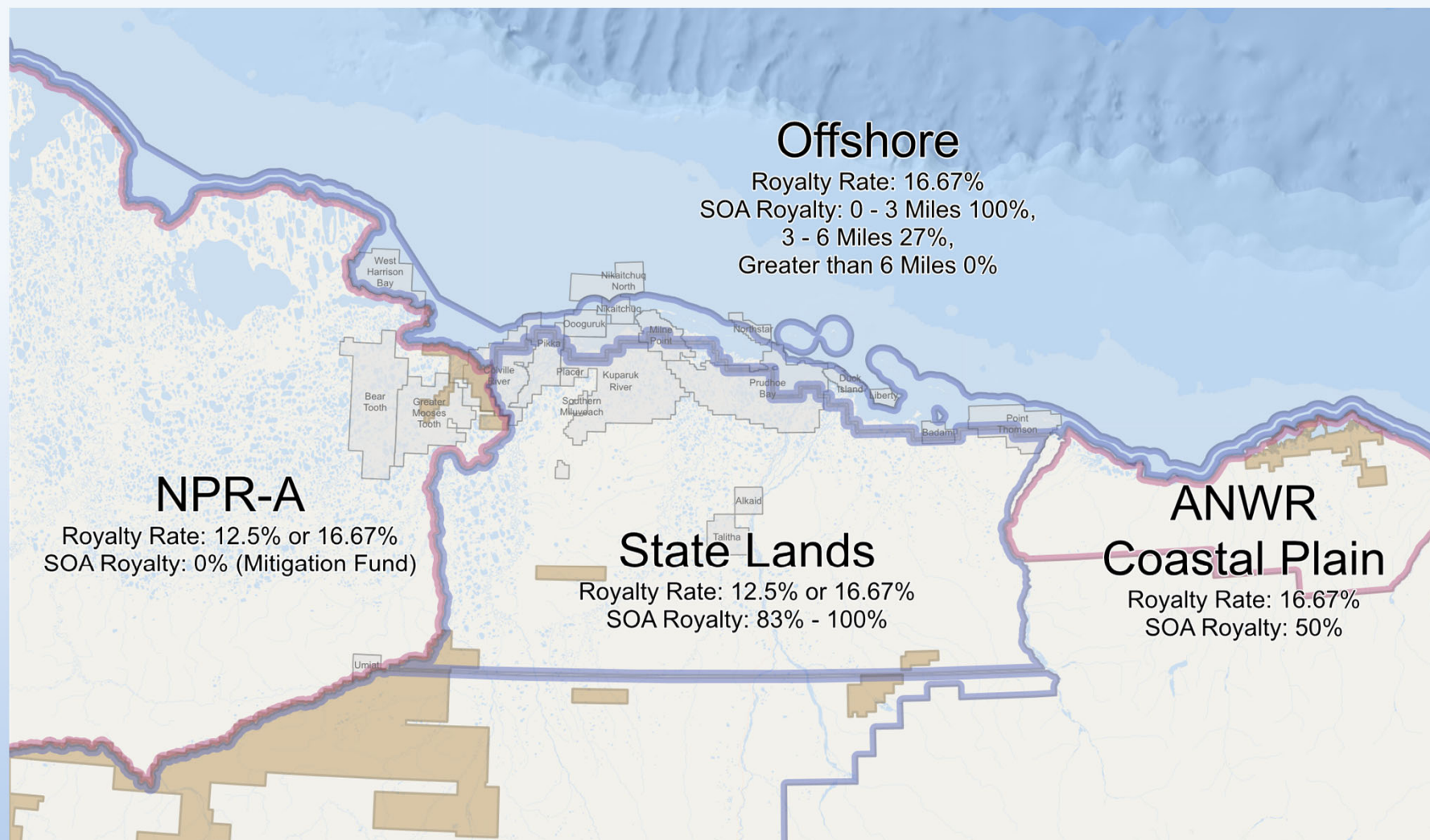
PROJECTS ON THE HORIZON

North Slope Oil and Gas Activity

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of December 31, 2020



ROYALTY RATES

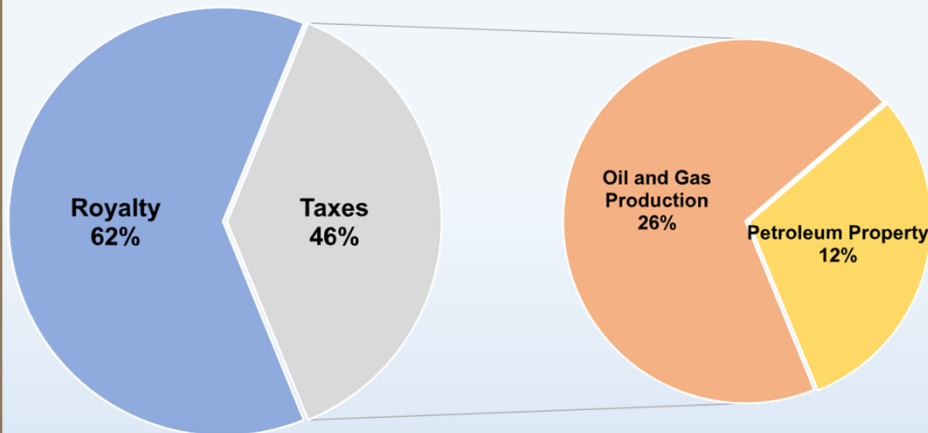


State's royalty take differs across State land

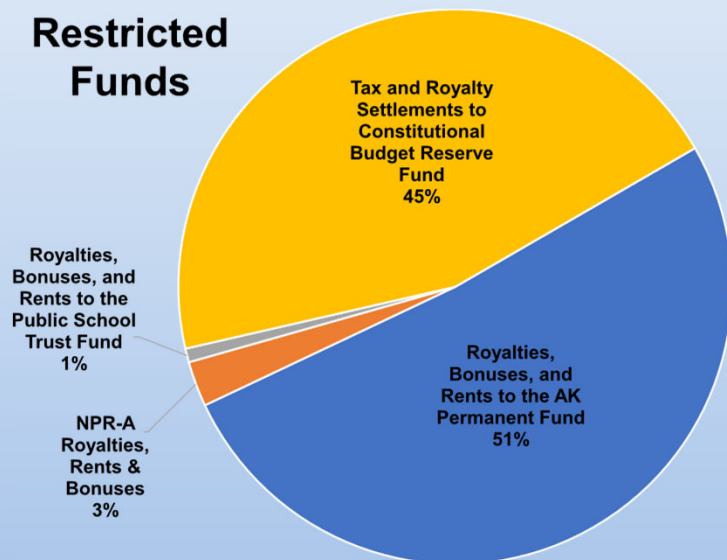
FY 2020 PETROLEUM REVENUE

- BY RESTRICTION AND TYPE, MILLIONS OF DOLLARS -

Unrestricted Fund Sources



Restricted Funds



Unrestricted Petroleum Revenue

FY 2020

Royalties (including bonuses, rents, and interest)	675.3
Oil and Gas Production Tax	285.1
Petroleum Corporate Income Tax	-0.2
Petroleum Property Tax	122.9
Total Unrestricted Petroleum Revenue	1,083.1

Restricted Petroleum Revenue

Royalties, Bonuses, and Rents to the AK Permanent Fund	318.9
Royalties, Bonuses, and Rents to the Public School Trust Fund	5.0
Tax and Royalty Settlements to Constitutional Budget Reserve Fund	281.2
NPR-A Royalties, Rents & Bonuses	16.4
Total Restricted Petroleum Revenue	621.5

Total Petroleum Revenue

1,704.6

PETROLEUM REVENUE

- BY YEAR AND TYPE, MILLIONS OF DOLLARS -

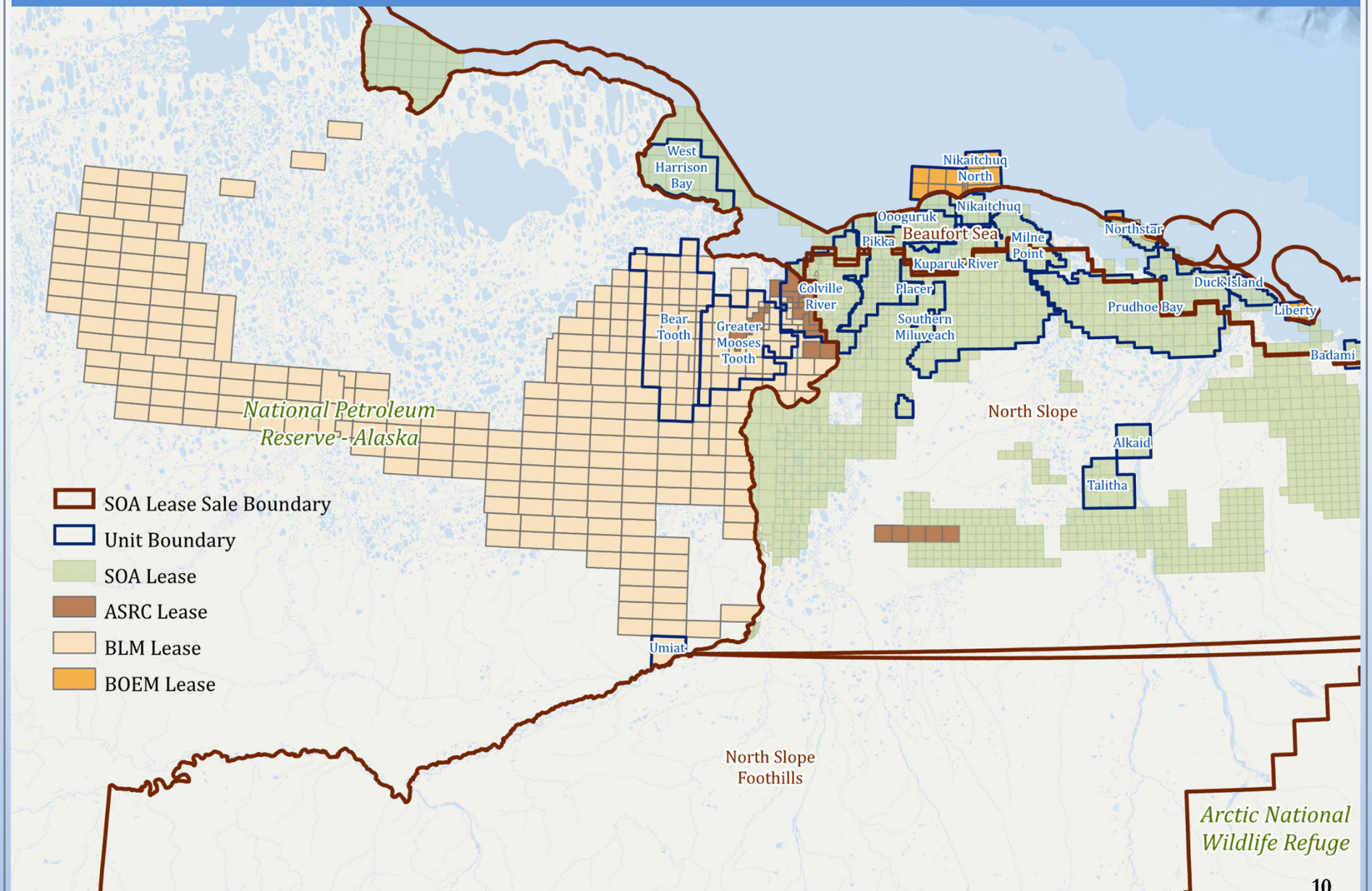
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 forecast	FY 2022 forecast
ANS oil price (\$/bbl)	\$ 49.43	\$ 63.61	\$ 69.80	\$ 52.12	\$ 45.32	\$ 48.00
ANS production (mbbl/day)	526.4	518.4	511.5	471.8	477.3	439.6
Property Tax*	\$ 120	\$ 122	\$ 123	\$ 123	\$ 116	\$ 113
Corporate Income Tax	\$ (59)	\$ 66	\$ 195	\$ (0)	\$ 5	\$ (20)
Production Tax	\$ 134	\$ 750	\$ 735	\$ 285	\$ 172	\$ 163
Royalties	\$ 1,021	\$ 1,365	\$ 1,453	\$ 999	\$ 824	\$ 797
CBRF Settlements	\$ 482	\$ 121	\$ 125	\$ 281	\$ 60	\$ 25
NPRA Shared Revenue	\$ 1	\$ 24	\$ 8	\$ 16	\$ 11	\$ 12
Total	\$ 1,700	\$ 2,448	\$ 2,639	\$ 1,705	\$ 1,187	\$ 1,091

Revenue amounts in millions of dollars.

Source: DOR Fall 2020 Revenue Sources Book

* Property Tax does not include municipal share

FEDERAL LEASES – NPRA & OCS



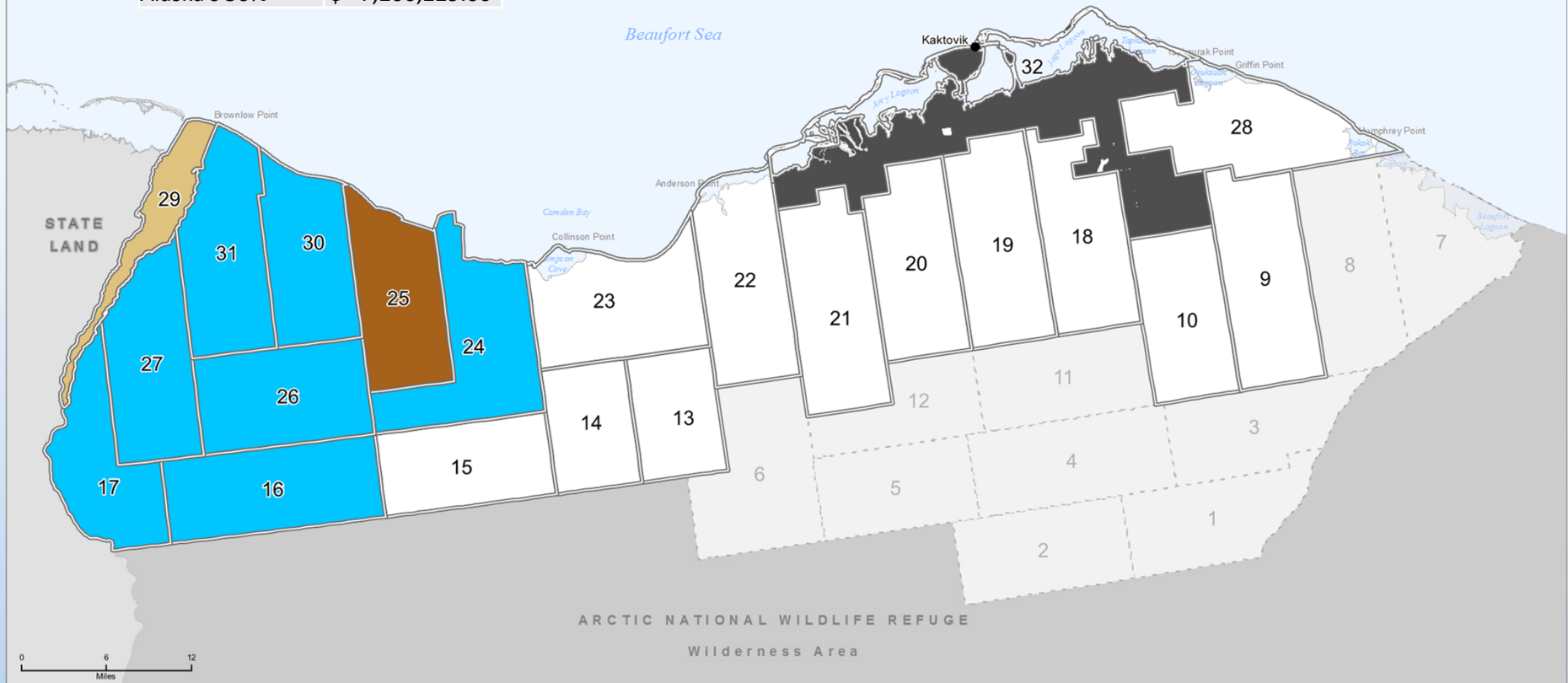
ANWR LEASE SALE

Coastal Plain 2021 Lease Sale Results

U.S. DEPARTMENT OF THE INTERIOR | BUREAU OF LAND MANAGEMENT | ALASKA | COASTAL PLAIN OIL AND GAS LEASING PROGRAM



Total Bid Amount	\$ 14,412,458.00
Alaska's 50%	\$ 7,206,229.00



Lease Sale Results

- Alaska Industrial Development and Export Authority (AIDEA)
- Knik Arm Services LLC
- Regenerate Alaska, Inc.

Coastal Plain Lease Tract Available for Bid

Lease Tract Unavailable for Leasing

Excluded from Public Law 115-97
Coastal Plain or outside the BLM's oil and gas leasing authority



No warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual or aggregate use with other data. Original data were compiled from various sources. This information may not meet National Map Accuracy Standards. This product was developed using digital means and may be updated without notification.

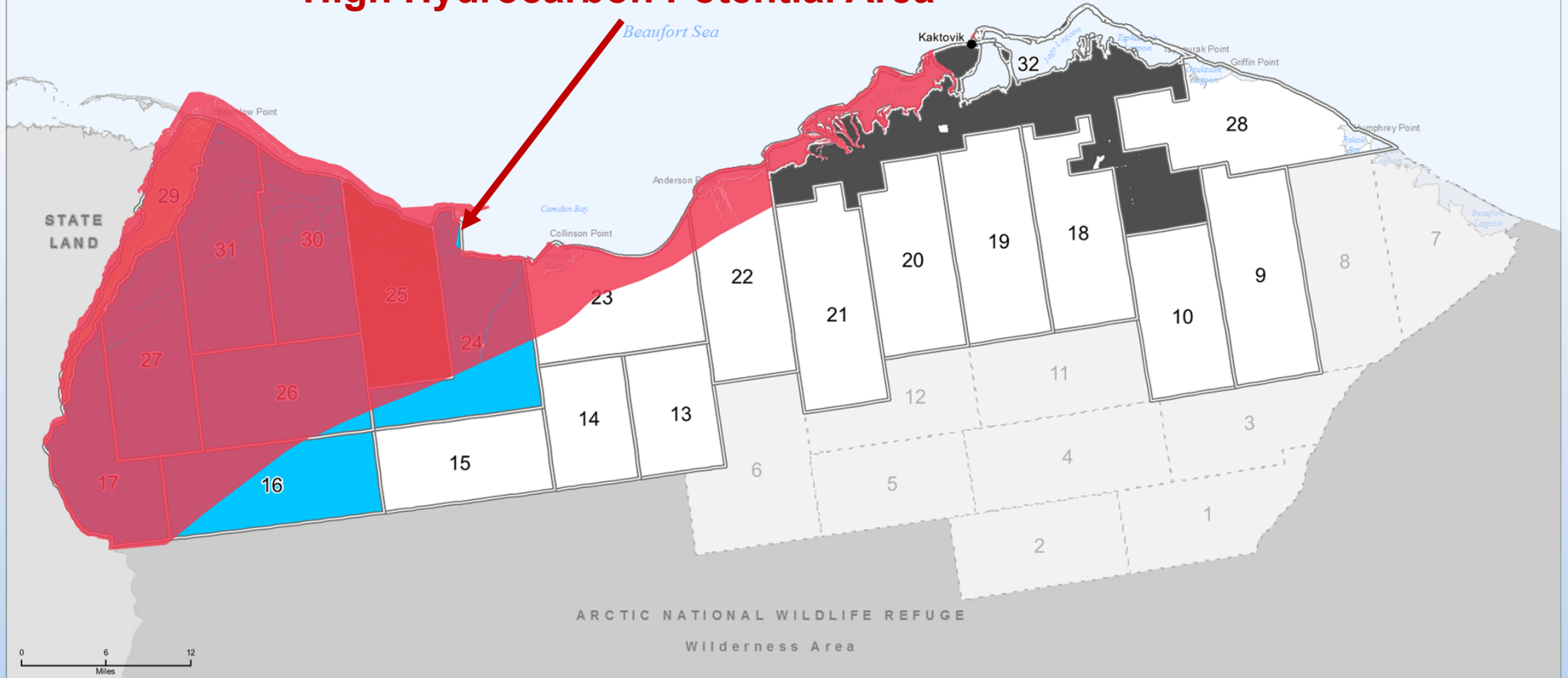
ANWR LEASE SALE

Coastal Plain 2021 Lease Sale Results

U.S. DEPARTMENT OF THE INTERIOR | BUREAU OF LAND MANAGEMENT | ALASKA | COASTAL PLAIN OIL AND GAS LEASING PROGRAM



High Hydrocarbon Potential Area



Lease Sale Results

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RECENT FEDERAL ACTIONS

Department of the Interior Secretarial Order 3395: Temporary Suspension of Delegated Authority

- Suspends the authority of Bureaus and Offices – such as the Bureau of Land Management – to approve most actions for ~ 60 days. Language is such that this could be extended.
- This includes:
 - publishing authorizations in the Federal Register;
 - actions on Resource Management Plans;
 - issuance of rights-of-way, easements, or conveyances;
 - providing notices to proceed for existing authorizations;
 - approving mining plans of operation;
 - resolving R.S. 2477 claims;
 - issuing “any” fossil fuel related authorization.
- Only the confirmed or acting senior Department of the Interior leaders in Washington, D.C. may approve these actions.

EXECUTIVE ORDER 13990

EO 13990: Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis

- Directs all executive agencies to immediately review and take action to address the promulgation of Federal regulations and other actions during the last 4yrs that conflict with the following national objectives, and to immediately commence work to confront the “climate crisis”
 - listen to “the science”
 - improve public health and protect our environment
 - ensure access to clean air and water
 - limit exposure to dangerous chemicals and pesticides
 - hold polluters accountable
 - reduce greenhouse gas emissions
 - bolster resilience to the impacts of climate change
 - restore and expand our national treasures and monuments
 - prioritize “environmental justice”
- Specifies a review of EPA regulations under 85 FR 57398, “Oil and Natural Gas Sector: Emission Standards for New, Reconstructed, and Modified Sources Reconsideration,” (September 15, 2020), by September 2021.

EXECUTIVE ORDER 13990 (CONT.)

Suspends ANWR Leasing Program

- Temporary moratorium on all activities relating to the implementation of the Coastal Plain Oil and Gas Leasing Program.
- Directs the Secretary of Interior to review the program and conduct a new, comprehensive analysis of the potential environmental impacts.
- The Attorney General may provide notice of this order to any courts with pending litigation related to the program and may request the court stay or delay litigation pending this review.

Accounting for the Benefits of Reducing Climate Pollution

- Directs agencies to capture the full costs of greenhouse gas emissions by considering global damages.
- Creates vague new terms for estimating monetized damages associated with incremental increases in greenhouse gas emissions:
 - “Social cost of carbon” (SCC)
 - “Social cost of nitrous oxide” (SCN)
 - “Social cost of methane” (SCM)
- Establishes a working group to define these terms and provide instructions for federal agencies to incorporate in future decisions. Interim instructions are to be published February 19, 2021, to be implemented immediately (final instructions next year).

FEDERAL ACTIONS – WHAT IS NEXT?

Policy priorities can be set with the stroke of a pen

- This guides what federal agencies prioritize in their reviews, subject to the applicable laws and regulations guiding a program.

Completed administrative process requires process to reverse

- Administrative process must occur for revisions to regulations, land management plans, or other items that were developed with administrative process – which includes opportunities for public comment, to build a record, and potentially to challenge.

However, completed administrative process can be upset by litigation

- The administration may not defend actions it does not support – the return of “sue and settle”

Completed administrative process does not necessarily compel federal action

- Completed processes may authorize federal programs or actions, but they can still be delayed or suspended by federal agencies as they implement the program.

Ongoing administrative process can be paused immediately, but revisions require additional process

FEDERAL ACTIONS – DELAY

Delay is often denial - Slow is “no” spelled differently

- The federal administration has tremendous discretion as to how to execute existing programs and processes – including how to prioritize and schedule federal actions.
- This can include explicitly longer processes – such as extended public comment periods, the development of intermediate draft or proposed actions, and other formal additional steps.
- Perhaps most significantly, this includes internal or implicit delays – where program managers take months of review rather than weeks, decisions are sent to Washington, D.C. for additional review, or timelines repeatedly slip.

Can the State compel the federal administration to act?

- Unless statutes have specific deadlines and explicitly required actions, cases are difficult to pursue.
- Even successful cases take time, and remedies may still occur on extended or judicially set timelines with further extensions or disputes that follow.

QUESTIONS?

THANK YOU!

