



March 3, 2025

The Honorable Cathy Giessel  
Chair, Senate Resources Committee  
Alaska State Capitol, Room 121  
Juneau, AK 99801

Dear Chair Giessel,

Thank you for the opportunity to respond to the questions asked during the hearing on Senate Bill 92 by the Senate Resources Committee on February 20, 2025. Please see the questions in italics and our response immediately below the questions.

**1. *Provide 10 years of historical Prudhoe Bay lease expenditures.***

The table below shows capital and operating expenditures reported for the Prudhoe Bay Unit, including the initial production area and satellite participating areas within the unit, from Calendar Year (CY) 2015 through 2024. This data comes from aggregated taxpayer filings including annual tax returns for CY 2015 to 2023 and monthly tax returns for CY 2024.

**Reported Allowable Lease Expenditures for Prudhoe Bay Unit, \$ millions**

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	Prelim CY 2024
<b>Capex</b>	\$ 773.0	\$ 503.4	\$ 382.8	\$ 201.8	\$ 390.9	\$ 118.9	\$ 106.2	\$ 237.7	\$ 314.5	\$ 346.7
<b>Opex</b>	\$ 2,534.1	\$ 2,019.7	\$ 1,714.8	\$ 1,372.4	\$ 1,699.9	\$ 1,136.7	\$ 1,023.3	\$ 1,244.5	\$ 1,394.9	\$ 1,376.6
<b>Total</b>	\$ 3,307.1	\$ 2,523.1	\$ 2,097.6	\$ 1,574.2	\$ 2,090.7	\$ 1,255.6	\$ 1,129.6	\$ 1,482.3	\$ 1,709.4	\$ 1,723.3

**2. *Provide a list of current Prudhoe Bay working interest owners.***

According to the Department of Natural Resources (DNR), Prudhoe Bay's current working interest ownership includes:

- 36.5% to ConocoPhillips Alaska,
- 36.4% to ExxonMobil Alaska Production, and
- 27.1% to Hilcorp North Slope.

**3. Provide Prudhoe Bay specific production data for production, royalty, and production tax from the Fall 2018 forecast, Fall 2024 forecast, and actuals since the Fall 2018 forecast.**

The attached table provides information about production, royalty, and production tax for the forecasts and timeframe requested. Due to data availability and taxpayer confidentiality, there are some differences in how we have presented each of the three types of information, as mentioned in the notes to the table:

- For oil production, the information reflects the Prudhoe Bay Unit and Milne Point Units in combination, consistent with Appendix C-2 of the Revenue Sources Book.
- For royalty, the information reflects royalty for the Prudhoe Bay Unit, including satellite fields.
- For production tax, the information is presented statewide. Note, production tax is levied on a company basis, not a field basis, so any calculation of unit specific production tax would be a rough estimate.

In general, the production and royalty data point to outperformance for Prudhoe Bay relative to the Fall 2018 forecast. Statewide production tax is less instructive and has been impacted by many different variables including higher overall lease expenditures and a materially different oil price outlook.

Please let me know if I can be of further assistance.

Adam Crum  
Commissioner

Enclosure: Oil production, royalty, production tax analysis for Question 3

cc: Jordan Shilling, Director, Governor's Legislative Office

### Oil production, Royalties, and Production Tax Analysis

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034
<b>Prudhoe Bay Oil Production* (Thousand Barrels Per Day)</b>																
Fall 2018 Forecast	289.5	281.0	273.2	266.4	255.4	245.5	238.4	231.6	222.5	213.1	204.4	196.5	189.3	182.7	176.5	170.7
Fall 2024 Forecast							305.8	299.5	292.7	287.2	278.6	269.2	259.6	251.3	243.0	235.7
Actual Production	280.9	272.0	294.0	300.5	305.2	298.7										
<b>Prudhoe Bay Royalties** (\$ Millions)</b>																
Fall 2018 Forecast	\$ 710.7	\$ 644.9	\$ 644.0	\$ 629.6	\$ 614.9	\$ 594.9	\$ 586.9	\$ 582.3	\$ 569.3	\$ 566.1	\$ 559.4	\$ 546.2	\$ 541.3	\$ 538.0	\$ 531.9	\$ 526.8
Fall 2024 Forecast							\$ 736.7	\$ 679.7	\$ 654.2	\$ 641.2	\$ 606.3	\$ 586.7	\$ 567.6	\$ 550.0	\$ 544.2	\$ 540.1
Actual Royalties	\$ 747.9	\$ 507.3	\$ 550.0	\$ 995.5	\$ 948.7	\$ 902.9										
<b>Statewide Production Tax*** (\$ Millions)</b>																
Fall 2018 Forecast	\$ 815.4	\$ 479.3	\$ 520.8	\$ 476.6	\$ 466.4	\$ 458.0	\$ 433.2	\$ 503.1	\$ 606.7	\$ 744.6	\$ 843.3	\$ 899.4	\$ 994.0	\$1,057.4	\$1,086.7	\$1,096.1
Fall 2024 Forecast							\$ 563.1	\$ 441.1	\$ 418.8	\$ 397.8	\$ 356.6	\$ 328.2	\$ 391.7	\$ 404.3	\$ 428.7	\$ 541.7
Actual Production Tax	\$ 595.5	\$ 285.1	\$ 389.0	\$1,801.6	\$1,490.9	\$ 974.6										

\* For oil production, the information reflects the Prudhoe Bay Unit and Milne Point Units in combination, consistent with data aggregation in Appendix C-2 of the Revenue Sources Book. "Prudhoe Bay" oil production includes production from the following areas: Prudhoe Bay initial production area, Aurora, Borealis, Midnight Sun, Orion, Polaris, Milne Point, Sag River, Schrader Bluff, Ugnu, and the Greater Point McIntyre Area.

\*\* For royalty, the information reflects royalty for the entire Prudhoe Bay Unit, including satellite fields. Milne Point is not included in this data.

\*\*\* For production tax, the information is presented on a statewide basis. Production tax is levied on a company basis, not a field basis, so any calculation of unit specific production tax would be a rough estimate. Prior to 2022, hazardous release and conservation surcharge revenues were included with unrestricted general fund revenues and, therefore, included in the Fall 2018 production tax revenue forecast and actual revenue for FY 2019 through FY 2021. From 2022 onward, hazardous release and conservation surcharge became part of designated general fund revenues, so are excluded from Fall 2024 forecast values and from actual values reported for FY 2022 through FY 2024.

Note: Actual values for 2024 production and production tax are preliminary.