

HJR

10

<TARGET><BILL>HJR 10</BILL><SUBJECT>HJR
10</SUBJECT><COMM>HRES29</COMM></TARGET>

Alaska State Legislature

Representative Benjamin P. Nageak

Alaska State Capitol
Room 126
Juneau, Alaska 99801-1182



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SPONSOR STATEMENT

HJR 10

“Opposing the revised Comprehensive Conservation Plan and Environmental Impact Statement for the Arctic National Wildlife Refuge; opposing attempts by President Obama to alter management of the coastal plain of the Arctic National Wildlife Refuge; encouraging the United States Congress to reject a proposal based on the revised Comprehensive Conservation Plan or accompanying Environmental Impact Statement; and encouraging the United States Congress to reject a proposal that does not open the coastal plain of the Arctic National Wildlife Refuge to oil and gas development.”

The U.S. Fish & Wildlife Service has introduced a new draft Comprehensive Conservation Plan to turn more than 12 million acres of the Arctic National Wildlife Refuge (ANWR) into Wilderness, effectively ending any chance the lands can be managed for oil and gas exploration and development. This includes the 1002 area on the Coastal Plain, which was specifically set aside for such purposes. It also includes 10 million acres offshore. With the onshore and offshore combined, this is an area larger than 10 states, or 28 Rhode Islands. This is in addition to the already 58 million acres of federal Wilderness which accounts for 53 percent of America’s federal Wilderness areas.

The 1002 area of ANWR was excluded from Wilderness designation in a compromise made under the 1980 Alaska National Interest Lands Conservation Act (ANILCA). In exchange, Congress doubled the size of the refuge and designated eight million acres outside the 1002 area as Wilderness.

The Comprehensive Conservation Plan fails to clearly guarantee protection of subsistence access, resources and uses, and further is an exercise in disparate treatment of two distinct indigenous Alaska Native groups, the Iñupiat and Gwich’in; thereby limiting access to privately owned lands held by Kaktovik Iñupiat Corporation and Arctic Slope Regional Corporation through a Wilderness designation, while failing to incorporate lands on the southern edge of ANWR into this same designation.

The people of the Arctic Slope region, especially the residents of Kaktovik, are conservation minded, and yet rely on responsible oil and gas development to sustain their communities. This proposed designation as announced would effectively slam the door shut on the substantial economic opportunities associated with future development of the potential resources in the Coastal Plain.

Alaskans strongly oppose a Wilderness designation on ANWR’s coastal plain. In fact, 78 percent of Alaskans support oil exploration in the 1002 area. Every Alaskan Governor and every legislature and elected congressional representative and senator from Alaska has supported responsible development. The North Slope Borough and the Alaska Federation of Natives also support responsible development, as well as a majority of residents in Kaktovik, a village within the Coastal Plain.

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MEMORANDUM

January 29, 2015

SUBJECT: Sectional Summary (Work Order No. 29-LS0429\A)

TO: Representative Benjamin Nageak
Attn: Maridon Boario

FROM: Emily Nauman 
Legislative Counsel

You have requested a sectional summary of the above-described resolution.

As a preliminary matter, note that a sectional summary of a resolution should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

The **whereas clauses** starting on page one, line nine and running through page four, line eight lay out a history of the Alaska National Interest Lands Conservation Act, as it relates to the Alaska National Wildlife Refuge (ANWR), specifically the coastal plain area. The whereas clauses describe the amount of oil estimated to be present in the coastal plain, describe its significance to local villages and native corporations, and estimate the number of recreationalists that visit the area. The whereas clauses then proceed to describe the revised Comprehensive Conservation Plan (CCP) for ANWR, describe observed deficiencies with the CCP, and note that the CCP has an accompanying Environmental Impact Statement (EIS).

The **first resolve** states that the Legislature opposes the revised CCP and EIS and any recommendation made by President Obama based on the CCP.

The **second resolve** states that the Legislature opposes any attempt by the to alter the management or status of the coastal plain of ANWR.

The **third resolve** states that the Legislature encourages members of the U.S. Congress to reject any proposal that is based on the revised CCP or accompanying EIS.

The **final resolve** states that the Legislature encourages each member of the U.S. Congress to reject any proposal that does not open the coastal plain of the ANWR to oil and gas development.

If I may be of further assistance, please advise.

ELN:dla
15-030.dla

ANWR AND THE ALASKA ECONOMY AN ECONOMIC IMPACT ASSESSMENT

PREPARED FOR:

**SUPPORTING ALASKA FREE ENTERPRISE
(SAFE)**



Research-Based Consulting

Juneau
Anchorage

SEPTEMBER 2002

***ANWR AND THE ALASKA ECONOMY
AN ECONOMIC IMPACT ASSESSMENT***

PREPARED FOR:

***SUPPORTING ALASKA FREE ENTERPRISE
(SAFE)***

PREPARED BY:



ANCHORAGE • JUNEAU

SEPTEMBER 2002

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EXECUTIVE SUMMARY

The purpose of this study is to assess the potential economic impacts in Alaska from oil development in the coastal plain of the Arctic National Wildlife Refuge. Key findings of this study are summarized below.

- Based on \$22 per barrel oil (West Coast), annual Alaska revenues from ANWR oil production could peak at over \$800 million. This includes royalties (assuming a 50/50 state/federal royalty split), severance taxes, property taxes and corporate income taxes. This is based on the “mean” resource volume estimate of 10 billion barrels of technically recoverable oil in ANWR.
- Five years after the first barrel of ANWR oil is pumped, annual state revenues would total approximately \$300 million and after ten years, \$600 million. Peak revenues are reached after approximately 17 years. In addition, lease bonus revenues would add an estimated \$1.5 billion to state coffers.
- With higher oil prices, total annual state revenues could peak at about \$1.3 billion (\$24 per barrel oil). The price of ANS West Coast oil currently stands at about \$27 per barrel.

State of Alaska Revenues from ANWR Oil Production Peak Annual Values (millions of dollars)

	West Coast Price (\$/bbl)	\$20.00	\$22.00	\$24.00
Royalties (50/50 state/federal split)		\$130	\$200	\$320
Royalties (90/10 state/federal split)		230	360	570
Severance Taxes		270	420	660
Corporate Income Taxes		60	100	160
Property Taxes		80	100	140
Total Alaska Revenues (50/50 royalty split)		\$540	\$830	\$1,280
Total Alaska Revenues (90/10 royalty split)		\$650	\$990	\$1,530

Subtotals may not add to totals due to rounding.

- Based on \$22 per barrel oil, development of ANWR’s oil resources could create approximately 25,000 jobs in Alaska and \$1.7 billion in labor income (assuming a 50/50 royalty split).
- Five years after the first barrel of ANWR oil is pumped, Alaska employment gains would total approximately 10,000 jobs and after ten years, 19,000 jobs. Peak employment would be reached after approximately 17 years.
- With higher oil prices, total Alaska employment could peak at just over 38,000 jobs and \$2.6 billion in labor income (\$24 per barrel oil).

Employment and Labor Income Impacts of Oil Development in ANWR
Peak Annual Employment and Labor Income

West Coast Price (\$/bbl)	\$20.00	\$22.00	\$24.00
Peak Employment			
Oil Industry	9,000	14,000	21,000
State and Local Governments	7,000	11,000	17,000
Peak ANWR-Related Employment	17,000	25,000	38,000
Peak Labor Income (millions)			
Oil Industry	\$800	\$1,200	\$1,900
State and Local Governments	300	500	800
Peak ANWR-Related Income	\$1,200	\$1,700	\$2,600

Subtotals may not add to totals due to rounding.

- To place these employment figures in perspective, Alaska's economy now includes approximately 280,000 wage and salary jobs, accounting for \$9.7 billion in total annual payroll.
- This analysis focuses primarily on economic impacts after production begins. However, in a five-year construction and development phase, employment and labor income could peak at 11,000 jobs and just over \$500 million.
- Additional jobs and income will be created in the Alaska economy through ANWR-related contributions to the Permanent Fund. Contributions to the Permanent Fund from ANWR revenues could total just under \$3 billion over the first 15 years of ANWR production, based on \$22/barrel oil.
- ANWR-related Permanent Fund dividends paid to Alaskans would reach an accumulated total in excess of \$300 million after 15 years of ANWR production. In-state spending of those dividends would create approximately 700 jobs annually (jobs not included in the table above).

The purpose of this study is to estimate potential economic impact in Alaska from oil production from the coastal plain of the Arctic National Wildlife Refuge (ANWR). Several studies have been conducted on the potential volume of technically recoverable oil contained in Area 1002 and adjacent areas. The United States Geological Survey (USGS) conducted the most comprehensive assessment of the economically recoverable oil contained in Area 1002.¹ However, this is the first effort to predict the economic benefits that could accrue to Alaska as a result of oil development in ANWR.

It is important that readers of this report understand the uncertainty inherent in this type of analysis. Following are several of the critical sources of uncertainty:

- *The volume of ANWR oil that is technically recoverable.* As described later in this report, geologists estimate that ANWR contains between 6 billion and 15 billion barrels of technically recoverable oil. The potential economic benefits from ANWR development could be similarly divergent. Added to this uncertainty is the potential for technological advances, which most certainly will occur over the multi-decade potential productive life of the ANWR fields. Such advances would increase the volume of technically recoverable oil. They can also increase the volume of oil that is economically recoverable. The nature and timing of such advances, however, is impossible to predict.
- *Future oil prices.* The price of oil is the key factor in determining how much oil could be economically produced from ANWR. With oil prices subject to occasionally wild swings, the volume of ANWR oil in the ground that is "economic" may in six months be double what it is today, or conversely, half of what it is today.
- *Cost factors.* The cost of production, including royalty rates and taxes, is at this time uncertain with regard to ANWR. Royalty rates could be between 12.5 percent and 16.7 percent, the difference of course representing millions of dollars to state and federal government, and potentially thousands of jobs in Alaska. The effect of other cost and revenue factors are similarly difficult to foresee, such as the Economic Limit Factor (ELF, applied to severance tax calculations) which depends on the number of producing wells and the volume of oil produced during any given period.

In addition to the questions surrounding the volume and value of the ANWR oil resource, there is significant uncertainty about how production would translate into economic benefits for Alaska. Economists use models to predict the number of jobs and income that would be created by increased spending in an economy, whether from new oil development, a new fish processing plant, or increased tourism. However, even the most sophisticated model represents a gross simplification of the highly complex, real-world economy.

¹ *Economics of Undiscovered Oil in the 1002 Area of the Arctic National Wildlife Refuge*, Chapter EA (Economic Analysis), Emil D. Attanasi, 1999, U.S. Geological Survey, Open File Report 98-34.

While recognizing this uncertainty, every effort has been made to incorporate reasonable, and generally conservative, assumptions into this analysis. The assessment is intended to add more information to the ANWR debate. As better data becomes available in the future, the assumptions made here can be refined, and a clearer picture of the potential economic benefits of ANWR presented.

This economic analysis focuses primarily on the Alaska employment and labor income effects of ANWR development. The analysis included use of IMPLAN Pro version 2.0, a software package that provides a predictive model of local and state economies.

The results of this analysis are time-dependent only to the extent that economic linkages between sectors of the Alaska economy change over time. In other words, employment and labor income estimates are based on present-day multipliers. Ten years from now, for example, Alaska's economy will likely have changed, and economic relationships, represented by multipliers, may be different. Otherwise, oil prices and cost factors have been held constant.

ANWR Oil Resources

In May 1998, the United States Geological Survey (USGS) released a report regarding the oil and gas potential for the 1002 area of the Arctic National Wildlife Refuge (ANWR). This report provided an update of a USGS assessment conducted ten years earlier. The new report, entitled "The Oil and Gas Resource Potential of the Arctic National Wildlife Refuge 1002 Area, Alaska," used data generated from wells drilled, oil discoveries made near ANWR, improved technological processes and interpretative methodologies to generate updated oil and gas resource estimates.

The entire coastal plain area includes 1.5 million acres of Federal 1002 land. Within the area there are approximately 92,000 acres of subsurface estate owned by the Arctic Slope Regional Corporation (ASRC), which are subject to Refuge regulations.² There are also more than 10,000 acres of other privately owned Native allotments within ANWR that are not subject to Refuge regulations. The area includes State land between the coast and the three-mile off-shore boundary. It is estimated that 74 percent of technically recoverable oil is located on Federal land, with the remaining 26 percent divided between the private and State lands.³

In-Place Oil Resources

The 1998 USGS report estimated in-place oil resources within the Federal 1002 area at between 11.6 and 31.5 billion barrels (95 and 5 percent probabilities, respectively), with a mean value of 20.7 billion barrels.⁴ This estimate differs from the 1987 in-place oil resource assessment of 4.8 and 29.4 billion barrels (95 and 5 percent probabilities), with a mean value of 13.8 billion barrels of oil. In-place oil resources represent the estimated natural endowment or occurrence of oil resources based upon geologic knowledge and theory. It does not take into account the recoverability of the resource.

Table 1
In-Place ANWR Oil Resources, 1987 and 1998 USGS Assessments

Statistical Estimate	1987 USGS Federal 1002 Area Assessment (BBO) ¹	1998 USGS Federal 1002 Area Assessment (BBO) ¹	1998 USGS Entire Coastal Plain Area Assessment (BBO)
95% (19 in 20 chance)	4.8	11.6	15.6
Mean Value	13.8	20.7	27.8
5% (1 in 20 chance)	29.4	31.5	42.3

¹ – *The Oil and Gas Resource Potential of the Arctic National Wildlife Refuge 1002 Area, Alaska (May, 1998).*

² The surface estate is owned by Kaktovik Inupiat Corporation (KIC), an Alaska Native village corporation.

³ Technically recoverable oil is the volume of oil that can be recovered with existing technology, regardless of cost.

⁴ A 95 percent probability means that there is a 19 in 20 chance of finding this volume of oil. A 5 percent probability means there is a 1 in 20 chance.

Technically Recoverable Resources

Technically recoverable resources are that volume of the resource that may be recoverable given current technology while disregarding the cost of recovery. This can also be interpreted as estimating the supply of oil given current recovery technology, without regard to the demand, or the amount that could be profitably produced at a given market price. The 1998 USGS report estimated the technically recoverable petroleum resources of the Federal 1002 area between 4.3 and 11.8 billion barrels (95 and 5 percent probabilities), with a mean value of 7.7 billion barrels of oil. The amount of technically recoverable resources within the entire coastal plain area is estimated to be between 5.7 and 16 billion barrels (95 and 5 percent probabilities), with a mean value of 10.3 billion barrels of oil.

Table 2
Technically Recoverable Oil Resources in Federal 1002 Area and the Entire ANWR Coastal Plain

Statistical Estimate	Federal 1002 Area (BBO) ²	Entire ANWR Coastal Plain (BBO) ¹
95% (19 in 20 chance)	4.3	5.7
Mean Value	7.7	10.3
5% (1 in 20 chance)	11.8	16.0

1 – *Potential Oil Production from the Coastal Plain of the Arctic National Wildlife Refuge: Updated Assessment*, (May, 2000), Energy Information Administration, U.S. Department of Energy.

2 – *The Oil and Gas Resource Potential of the Arctic National Wildlife Refuge 1002 Area, Alaska: Economic Analysis* (1999). U.S. Geological Survey, Open File Report 98-34.

Economically Recoverable Resources

Both in-place and technically recoverable resources are static numbers (not considering technological advances). A third measure of oil resources is highly dynamic. Economically recoverable resources are those resources that would be produced given a certain market price. Economically recoverable resources are therefore a function of price. Given the volatility of oil prices, it is difficult to predict clearly how much oil would be produced at any given time. For the Federal 1002 area of ANWR, given a market price of \$15 a barrel (1996 dollars, West Coast delivery, or about \$16.60 in current dollars), no oil production would occur, according to the USGS assessment. When the market price increases to \$20 (1996 dollars), 3.2 billion barrels or 42 percent of the estimated mean amount of technically recoverable oil is economic to produce. When the market price increases to \$24 a barrel (1996 dollars), the economically recoverable amount of oil increases to 5.2 billion barrels, or 68 percent of the estimated mean value of 7.7 billion barrels of oil.

Table 3
Economically Recoverable Oil Resources in ANWR
At Various Oil Price Levels
Federal 1002 Area¹

Incremental Cost or Market Price of a Barrel of Oil	Economically Recoverable Oil (billion barrels)	Percent of Mean Value for Federal 1002 Area of ANWR
15.2	00.0	00.0
15.3	0.8	10.3
16	1.1	14.1
17	1.8	23.9
18	2.4	31.1
19	2.6	34.3
20	3.2	41.6
21	4.0	51.8
22	4.4	56.6
23	5.0	65.4
24	5.2	68.1
25	5.6	73.2
26	5.8	75.5
27	6.1	78.5
28	6.2	80.7
29	6.3	81.8
30	6.3	81.9

1 – E. Attanasi USGS (August, 2002). Prices in 1996 dollars, West Coast delivery.

ANWR Oil Production Rates

The Energy Information Administration (EIA), within the U.S. Department of Energy, estimates that the period of time required from approval to conduct lease sales to production of oil from ANWR would be between seven and 12 years (the EIA authors assume nine years in their analysis).

Regarding production rates, the EIA formulated production schedules based on technically recoverable resource estimates. Assuming a one-year lag between developments, the EIA estimated 40-year production schedules with new fields coming online each year for 25 years. Given this production schedule for technically recoverable oil resources, oil production would occur over 65 years. For purposes of this analysis, this production schedule is independent of price.

The production schedules postulated by the EIA are based upon increasing field production rates for the first two years, followed by a peak production rate in the third year. Beginning the fourth year, production would decline. The assumptions made in this production schedule differ from the schedule produced by the EIA two years later. In February of 2002 the EIA suggested that there would be a two-year lag between fields coming online. Further, production rates would increase for three to four years before peaking and going into decline.

In this study, the production rates predicted by the EIA in 2002 were used, though the rates were applied to estimates of the economically recoverable oil, not all technically recoverable oil. Production rates are provided in the appendices to this report and are based on three price scenarios; \$20, \$22 and \$24 per barrel, West Coast delivery, in 2001 dollars. These prices are approximately equivalent to \$18, \$20 and \$22 per barrel oil in 1996 dollars, as presented in Table 3. ANS West Coast oil prices as of August 29, 2002, were at \$27.40 per barrel. Since 1990, real (inflation-adjusted) ANS West Coast prices have averaged about \$22 per barrel.

CHAPTER II: STATE OF ALASKA REVENUES FROM ANWR DEVELOPMENT AND PRODUCTION

Introduction

There would be four major sources of State revenues from oil development in ANWR—State and Federal mineral lease revenues, property taxes, production taxes, and corporate income tax. There have been no significant changes since 1995 in the State or Federal statutes governing these sources. This section of the report describes these revenue sources and the assumptions made to estimate revenues for ANWR.

Mineral Lease Revenues

Mineral lease revenues include cash bonuses, lease rentals, and royalties. This economic impact analysis focuses only on royalties. Lease rentals are generally an insignificant source of revenue compared to royalties. Bonuses can be very significant, but unpredictable. The potential lease bonus revenue from ANWR has been estimated at \$1.5 billion.⁵

The State Division of Oil and Gas, Department of Natural Resources has an ongoing leasing program in the State waters off ANWR, out to the 3-mile boundary of State jurisdiction. All State lease sales off ANWR have used a fixed 12.5 percent royalty.

Federal lease sales in ANWR's 1002 Area could include royalties as high as 16.7 percent. Recent lease sales in the National Petroleum Reserve – Alaska (NPRa) have used a 12.5 percent royalty in areas with low petroleum potential, and a 16.7 percent royalty in high potential areas. The total volume of ANWR's technically recoverable oil is comparable to NPRa. But, it is concentrated in larger accumulations in an area 1/12 the size of NPRa, close to existing feeder pipelines. ANWR recovery is potentially far more economic than even NPRa's high potential acreage.⁶

The USGS economic analysis of ANWR assumed a 16.7 percent royalty (on Federal lands).⁷

Legislative bill H.R. 4, which authorizes ANWR 1002 Area development, passed the U.S. House August 2, 2001. It is now in conference with the Senate-passed version of H.R. 4, which contains no ANWR development authorization. Section 6506(a)(1) of H.R. 4, as passed by the House, provides that ANWR leases shall have a minimum royalty of 12.5 percent.

Under the Alaska Statehood Act, the State is entitled to 90 percent of Federal mineral lease revenues. However, Congressional authorization of oil and gas leasing in ANWR is likely to reduce that to 50 percent. Section 6512 of H.R. 4 provides for a 50-50 State/Federal split of bonuses, lease rentals, and royalties. The 50/50 split is the

⁵ From the Energy Information Administration web site at http://www.eia.doe.gov/oiaf/aeo/leg_reg.html

⁶ U.S. Geological Survey 2002 Petroleum Assessment of the National Petroleum Reserve in Alaska (NPRa), USGS, May 2002.

⁷ *Economics of Undiscovered Oil in the 1002 Area of the Arctic National Wildlife Refuge*, Chapter EA (Economic Analysis), Emil D. Attanasi, 1999 in U.S. Geological Survey, Open File Report 98-34.

most likely division of revenues if ANWR development is authorized. This economic analysis is based on the 50/50 split, though the impacts of a 90/10 split on state revenues are considered.

Property Tax

Under AS 43.56, the State levies a 20-mill tax (2 percent) on the assessed value of all oil and gas exploration, production, and transportation tangible property. Municipalities may also levy a tax on the property, up to 20 mills. Taxpayers are allowed a credit against their tax liability to the State for any property taxes paid to municipalities. In FY 2001, the North Slope Borough's property tax levy left about 5 percent of the total authorized tax to the State. In other words, the Borough levied a tax of about 19 mills, leaving one mill for the State after the credit.⁸

Property tax revenues to the state and local governments will depend on the schedule and value of investments made in development and production from ANWR. The USGS has made estimates of rates of development, and has formulated cost factors in its ANWR economic analysis. However, specific development schedules and associated costs are not available. In this analysis, a flat rate of \$0.50 per barrel of oil produced is used to estimate total property tax revenues. This includes tax revenues to the state and local governments. This rate was used in a recent NPRA economic assessment.⁹

Statewide, property taxes on tangible oil and gas property have produced revenues ranging from about \$0.60 to \$0.75 per barrel (2001 dollars) over the past 12 years.¹⁰

Production (Severance) Taxes

Under AS 43.55, the State levies a tax on the production of oil, excluding the Federal or State government's royalty share of production. The tax is the higher of a percent of value or a cents per barrel tax, in both cases multiplied by the economic limit factor (ELF). For ANWR, the tax would be 12.25 percent of the gross value of production at the wellhead for the first five years of production and 15 percent thereafter. The cents per barrel tax is 80 cents, adjusted for crude oil API gravity.

The cents per barrel tax can be ignored. USGS' latest analysis¹¹ indicates no commercial development of ANWR would occur if oil prices were below \$13 in 1996 dollars. In today's dollars the minimum threshold would be even greater. The 80 cents per barrel tax would be effective only with wellhead prices below \$6.53 during the first five years of production or below \$5.33 thereafter.

The ELF formula for oil production is

$$\text{ELF} = (1 - (300 \times \text{Wells}) / \text{Volume})^{((150,000 / \text{Volume})^{1.5333})}$$

⁸ *Spring 2002 Revenue Sources Book*, Alaska Department of Revenue, Tax Division, page 73, <http://www.tax.state.ak.us/SourcesBook/2002SpringSources/index.htm>.

⁹ *NPRA Final Integrated Activity Plan/Environmental Impact Statement*, US Department of Interior, Bureau of Land Management and Minerals Management Service, August 1998. <http://aurora.ak.blm.gov/NPRA/final/html>.

¹⁰ Based on data provided in DOR's *Spring 2002 Revenue Sources Book* and earlier editions of the same publication.

¹¹ *Arctic National Wildlife Refuge, 1002 Area, Petroleum Assessment, 1998, Including Economic Analysis*, USGS, April 2001.

Where "Wells" is the number of producing wells in the field and "Volume" is the total daily production for the field. The ELF reduces the production tax on wells as their productivity declines. It also reduces the tax on small fields. In this study an ELF is assumed to be 1.0 for the first 17 years of ANWR production (until production peaks), then it is assumed to decline at an annual rate of 2 percent (0.02) annually thereafter.

There is also a State Hazardous Release Surcharge on production taxes. The money is to be used for prevention of, and emergency response to, hazardous substance spills. The tax rate is 3 cents per barrel on all oil production, except Federal and State royalty production. The tax rate is 5 cents per barrel when the balance in the State's Oil and Hazardous Substance Release Prevention and Response Fund falls below \$50 million. During Fiscal Year 2001, the fund balance exceeded \$50 million. Because this is a minor tax, it is not included in this analysis.

Corporate Income Tax

Under AS 43.20.072, the State levies a corporate income tax on oil and gas production and transportation. It is based on a 2- or 3-factor apportionment of a corporation's worldwide income from oil and gas activities. The factors are Alaska's proportion of worldwide production, property, and sales. Petroleum producers are apportioned based on production and property, including intangible as well as tangible drilling and development costs. Pipeline operators are apportioned based on property and sales, including tariffs. Producers and pipeline operators are apportioned based on all three factors. The tax is a graduated rate on taxable income up to \$90,000. The marginal rate on income above \$90,000 is 9.4 percent.

Since 1985, corporate income taxes paid by the oil industry in Alaska have averaged 25 percent of total royalty payments. This is purely a statistical relationship; however, in the absence of better data it provides a starting point for estimating ANWR-related corporate income tax revenues.

Summary

The following table provides estimated Alaska revenues from ANWR, under various price scenarios (West Coast delivery price). These estimates include revenues to local government from property taxes, as well as estimated royalties to private ANWR landowners. Detailed annual estimates are provided in the appendix.

Table 4
Alaska Revenues from ANWR Oil Production
Peak Annual Values (millions of dollars)

West Coast Price (\$/bbl)	\$20.00	\$22.00	\$24.00
Royalties (50/50 state/federal split)	\$130	\$200	\$320
Royalties (90/10 state/federal split)	230	360	570
Severance Taxes	270	420	660
Corporate Income Taxes	60	100	160
Property Taxes	80	100	140
Total Alaska Revenues (50/50 royalty split)	\$540	\$830	\$1,280
Total Alaska Revenues (90/10 royalty split)	\$650	\$990	\$1,530

CHAPTER III:

ECONOMIC IMPACT IN ALASKA FROM ANWR PRODUCTION

Economic Impacts During Exploration and Development

Before oil begins to flow from ANWR, seven to 12 years of exploration and development work would be required. During this period, the economic impact in Alaska of ANWR development would include lease bonuses and employment stemming from exploration and construction activity. These impacts are addressed below.

Pre-Production Revenues to the State

The Congressional Budget Office estimated that a total \$3.0 billion in bonus bids would be received from ANWR.¹² Assuming a 50/50 state/federal split, Alaska's share would total \$1.5 billion. The timing of when these bonuses would be received is somewhat uncertain, but it is likely to occur within three to four years of the date that ANWR development is authorized.

Half of the state's \$1.5 billion share would be deposited in the Permanent Fund. Also, 0.5 percent would be deposited in the Public School Fund Trust. The balance would go to the state's general fund where it would be spent on a range of public services or capital projects. Because these bonus revenues would be a one-time contribution to the general fund it is not appropriate to attribute a specific number of jobs to the ANWR revenues. However, including direct, indirect and induced effects, this \$740 million in general fund money would translate into an equivalent amount of payroll for Alaskan workers.¹³

Other than the lease bonuses, there are no significant pre-production revenues to state government. There would be rental incomes generated between the time that the bids occur and production (while exploration and development is taking place); however, these per-acre rental incomes would be insignificant from a state budgeting perspective. Property tax revenues would also begin flowing pre-production, mostly to the North Slope Borough.

Oil Industry Pre-Production Employment and Labor Income

Thousands of jobs will be created during the pre-production phase of ANWR's development. This includes wildcat drilling, development drilling, pipeline construction and construction of field facilities (drill pads, flow lines from drilling sites, the central processing unit, and facilities for housing workers).

Because most of ANWR's oil is apparently contained in a number of moderate-size and smaller fields (rather than one "elephant" field), investment will be incremental, beginning with the largest, lowest-cost fields followed by the smaller, higher-cost

¹² "Budget Options", issued February 2001, Congressional Budget Office <http://www.cbo.gov/>.

¹³ Based on labor income per dollar of output ratio for state and local government of about 1 to 1, as indicated by the IMPLAN model.

fields, as market conditions allow. In any case, very little data exists on initial investment and manpower requirements for ANWR oil development. The USGS estimates that construction of an 85-mile pipeline from the TAPS to a central location in the Western Area of Area 1002 would cost \$378 million in 1996 dollars.¹⁴ This includes cost of materials, pipe, installation, pump stations and construction of a parallel gravel haul road. Another \$198 million pipeline would be required to link the Eastern Area, but presumably this investment would occur well after the Western Area was at or near full production.

Drilling costs are estimated to average \$8 to \$10 million per wildcat well. Drilling and completion costs per production wells for depths to 5,000 feet are assumed at \$2.2 million, 5,000 to 10,000 feet \$2.73 million, 10,000 to 15,000 feet \$3.31 million, greater than 15,000 feet, \$5.76 million (all in 1996 dollars).¹⁵

The greatest cost associated with ANWR development would be in facilities investment, which is dependent on the size of fields being developed. Facilities investment costs range from over \$4 per barrel for fields of under 100 million barrels to around \$1 per barrel for large fields (1 billion barrels), according to the USGS. It is not possible to predict with any degree of certainty the intensity of the initial ANWR development effort; however, it is reasonable to assume that facilities to produce one-third of the economic oil reserves – about a billion barrels of oil – would be constructed. Assuming an average cost of \$2 per barrel, initial investment in facilities would cost approximately \$2 billion total. Add to that pipeline construction costs and drilling costs, and the initial investment could total approximately \$3 billion.

This investment, which would occur over several years, would translate into substantial employment and labor income impacts. Based on the assumed investment schedule shown in the following table, this construction and development phase employment would peak at 11,000 jobs with labor income of just over \$500 million.¹⁶

Table 5
Pre-Production ANWR Investment, Employment and Labor Income

Fiscal Year	Investment (millions)	Employment	Labor Income (millions)
Years 1 - 4	–	–	–
Year 5	\$300	4,000	\$170
Year 6	400	6,000	260
Year 7	600	8,000	350
Year 8	700	10,000	430
Year 9	900	11,000	520

Source: McDowell Group estimates, includes direct and indirect employment and income.

¹⁴ USGS Open-File Report 98-34, page EA-37.

¹⁵ Ibid, page EA-39.

¹⁶ IMPLAN multipliers for New Industrial and Commercial Buildings were used to estimate total employment impacts.

Oil Industry Employment and Income Impacts from ANWR Production

This section provides estimates of oil industry employment and payroll associated with ANWR oil production. These jobs include employment associated with finding, developing, and producing ANWR oil. Indirect and induced jobs are also considered. Indirect jobs are those created in the many businesses that provide goods and services to the oil industry. Induced impacts occur through in-state spending of employee payroll dollars. Multipliers generated by the IMPLAN model are used to estimate these impacts. These multipliers are shown in Table 5.

Table 6
IMPLAN Multipliers for Oil and Gas Production in Alaska

	Direct	Indirect	Induced	Total
Employment dollars of output (1)	2.66	2.127	3.237	8.024
Labor Income (2)	0.2734	0.1044	0.1066	0.4847

1 - Based on 1998 dollars, jobs per million dollars of output.

2 - Labor income per dollar of output.

These multipliers suggest that for each million dollars of output (oil produced) a total of eight jobs are created in Alaska. For every million dollars in output, \$480,000 in direct, indirect and induced labor income is created.

Direct employment and labor income multipliers are applied to the value of ANWR oil at the Valdez terminal (well-head plus transportation to the TAPS, plus the TAPS tariff). To avoid potential double counting of jobs created by state spending of ANWR revenue, indirect and induced employment are based on Valdez value less taxes and royalties.

It should be noted that these IMPLAN multipliers are based on 1998 dollars. Therefore, the revenue estimates were adjusted to 1998 dollars before the multipliers were applied.¹⁷

Annual oil industry employment estimates due to ANWR production are provided in the Appendix to this report. Oil industry-related employment, including direct, indirect and induced employment, steadily increases from initial production to a peak of approximately 14,000 jobs.¹⁸

State Government Revenue-Related Employment and Payroll

The economic impact of state revenues derived from ANWR production would depend on several factors. Most important is how the money is used. ANWR revenue would be split along three paths: to the Alaska Permanent Fund, to the state operating budget, or the state capital projects budget. The next section describes how ANWR revenue to the state is likely to be distributed among these three categories. Then the employment and payroll impacts of state spending of ANWR

¹⁷ The Producer Price Index (PPI) for crude petroleum, domestic production, as published by the Bureau of Labor Statistics, was used to convert 2001 oil values to 1998 oil values.

¹⁸ Based on an average price of \$22 per barrel oil.

revenue are described (based on the assumptions made about the distribution of ANWR-related revenue into various state coffers).

Distribution of State Revenue from ANWR

For fields leased prior to 1980, at least one-quarter (25 percent) of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State of Alaska must be deposited in the Permanent Fund.¹⁹ For fields leased after 1980, a 50 percent contribution to the Permanent Fund is required. In addition, a contribution of 0.5% of all royalties and bonuses must be deposited in the Public School Fund Trust.

Of the balance, 95 percent of revenues are assumed to be spent through the state operating budget. Over the past five fiscal years, the unrestricted General Fund split between operating and capital budgets has between 95 percent and 97 percent operating and 3 to 5 percent capital.²⁰

Table 7
Alaska State Operating and Capital Projects
Enacted Budgets, FY 1997 to FY 2001 (millions of dollars)

Fiscal Year	Operating Expenditures	Capital Expenditures	Percent Operating
1997	\$2,046.2	\$100.0	95%
1998	\$2,033.6	\$97.7	95%
1999	\$2,022.8	\$89.9	96%
2000	\$1,973.9	\$81.5	96%
2001	\$2,014.0	\$71.8	97%

Source: Alaska State Legislature, Legislative Finance Division.

Employment and Payroll from Operating Budget Expenditures

IMPLAN splits state and local government into two components: education and non-education. In this analysis it is assumed that 35 percent of the ANWR revenues spent through the operating budget would be spent on education.²¹

Direct, indirect, induced and total multipliers are provided in the following table. The education component of government has relatively high direct multipliers because payroll is (usually by far) a school district's single largest budget item.

IMPLAN reports a zero indirect multiplier for state and local government. While a low indirect multiplier would be expected, a zero multiplier clearly understates actual indirect impacts. Nevertheless, the IMPLAN multipliers taken as a whole appear reasonable and are used in this analysis.

¹⁹ *Spring 2002 Revenue Source Book*, Alaska Department of Revenue, Tax Division, page 75.
<http://www.tax.state.ak.us/SourcesBook/2002SpringSources/index.htm>.

²⁰ Based on data provided by the Legislative Finance Division at <http://www.legfin.state.ak.us/>. This distribution does not include "Statewide" expenditures, such as supplemental appropriations, debt retirement and fund capitalization. In the economic impact analysis Statewide expenditures are treated as operating expenditures.

²¹ Based on the FY 2001 budget, Summary of Appropriation, Legislative Finance Division,
<http://www.legfin.state.ak.us/>.

Table 8
IMPLAN Multipliers for State and
Local Government Operations in Alaska

	Direct	Indirect	Induced	Total
Employment (1)				
State and Local Government - Education	22.313	0	6.368	28.681
State and Local Government - Non-Education	14.917	0	5.019	19.936
Weighted Average (35% Education)	17.506	0	5.491	22.997
Labor Income (2)				
State and Local Government - Education	1.000	0	0.1830	1.183
State and Local Government - Non-Education	0.784	0	0.1446	0.929
Weighted Average (35% Education)	0.860	0	0.1580	1.0179

1 - Based on 1998 dollars, jobs per million dollars of output.

2 - Labor income per dollar of output.

These multipliers indicate that state revenue spent on education generates a total of 28.7 jobs per million dollars of output (or expenditure). State spending on other operating budget items creates a total of approximately 20 jobs per million dollars. To estimate total state and local government employment impacts from ANWR revenue to state government, a weighted average of 23 jobs per million dollars was used. Revenue estimates, made in 2001 dollars, were adjusted to 1998 dollars before the multipliers were applied.²²

Labor income multipliers are also provided in Table 8. These multipliers indicate that for every dollar of ANWR revenue that flows to the state operating budget, a total of \$1.02 of labor income will be created.

Employment and Payroll from Capital Budget Expenditures

Though a relatively small part of the overall impact, the employment and income effects of capital budget expenditures must be considered separately because of significantly different multiplier effects. Table 9 provides IMPLAN multipliers for two categories of construction, New Highways and Streets, and New Government Facilities. For purposes of this analysis, it was assumed that 80 percent of the capital project budget would be spent on highway construction-related projects. This assumption results in a total multiplier of 13.6 jobs per million dollars. Labor income totals \$600,000 per million dollars of expenditure.

²² Adjustment from 2001 dollars to 1998 dollars was based on the Anchorage Consumer Price Index.

Table 9
IMPLAN Multipliers for Capital Projects in Alaska

	Direct	Indirect	Induced	Total
Employment (1)				
New Highways and Streets	7.813	2.622	3.376	13.810
New Government Facilities	5.494	3.688	3.599	12.781
Weighted Average (80% Highways)	7.349	2.835	3.4206	13.604
Labor Income (2)				
New Highways and Streets	0.408	0.0875	0.01	0.595
New Government Facilities	0.402	0.124	0.106	0.633
Weighted Average (80% Highways)	0.407	0.0947	0.029	0.603

1 - Based on 1998 dollars, jobs per million dollars of output.

2 - Labor income per dollar of output.

It is important to recognize that the assessment of capital budget-related employment and labor income effects does not consider the federal match on State of Alaska capital projects. The case could be made that ANWR revenue would leverage additional federal dollars into Alaska and therefore the economic impact of ANWR includes jobs and income created through expenditure of federal matching money. This analysis, however, considers expenditure of the state portion only.

Permanent Fund Dividend-Related Employment and Payroll

Fifty percent of royalties and severance taxes generated from ANWR would be deposited in the Permanent Fund. These deposits will create additional dividends for Alaskans and spending of those dividends will create jobs and income in the state's economy. Dividends are assumed to equal half of an assumed real 4 percent annual earnings on the Permanent Fund.

The economic impact of the Permanent Fund Dividend program was addressed in a study by Scott Goldsmith in 1989.²³ That study found that the dividend created approximately 13 jobs per million dollars, in 1988 dollars. Since 1988, Alaska's economy has undergone significant support sector expansion, meaning that relatively more of the dividend may be spent in Alaska today than in 1988. On the other hand, inflation has been at work, and in 2001 dollars, the 13 jobs per million spent translates to about nine jobs per million. It is assumed that these two factors are approximately equal and off-setting, and a 13 jobs per million estimate is used here.

²³ *The Economic Impact of the Alaska Permanent Fund Dividend*, prepared by Institute of Social and Economic research, University of Alaska Anchorage, for the Alaska Permanent Fund Corporation.

Summary of Production Impacts

Table 10 summarizes the employment and labor income impacts in Alaska stemming from oil development in ANWR. The table provides peak employment and income, which occurs about 17 years after the first barrel of oil is pumped. These estimates are based on a 50/50 royalty split.

Table 10
Employment and Labor Income Impacts of Oil Development in ANWR
Peak Annual Employment and Labor Income

West Coast Price (\$/bbl)	\$20.00	\$22.00	\$24.00
Peak Employment			
Oil Industry	9,000	14,000	21,000
State and Local Governments	7,000	11,000	17,000
Peak ANWR-Related Employment (1)	17,000	25,000	38,000
Peak Labor Income (millions)			
Oil Industry	\$800	\$1,200	\$1,900
State and Local Governments	300	500	800
Peak ANWR-Related Income (1)	\$1,200	\$1,700	\$2,600

1 - Subtotals may not add to totals due to rounding.

These totals do not include jobs and income generated through ANWR-related Permanent Fund Dividends. The employment and income effects related to the Permanent Fund Dividend increase over time, as annual deposits add to the principal of the fund and dividends increase. After 30 years, ANWR will have generated \$5 billion in contributions to the principal, based on \$22 per barrel oil. In-state spending of dividends paid to Alaskans would create hundreds of jobs in the Alaska economy. After 30 years of ANWR production, spending of ANWR generated dividends would be responsible for over 1,000 jobs a year in the Alaska economy. This employment and payroll is not included in Table 10.

Appendix

Revenue, Employment and Labor Income Impacts of ANWR Production (\$24/barrel)

50/50 Royalty Split, \$24 Per Barrel Average Price (all dollar values in 000s of 2001 dollars)

Year	Volume Mbbbls/Day	Tech Volume Mbbbls/Year	Production Mbbbls/Year	ANWR Wellhead Value (000\$)	ANWR Value Valuez (000\$)	Total Royalties	State Royalties 90/10	State Royalties 50/50	Severance Tax	ELF	Property Tax	State Corporate Income Tax	Total state revenue 90/10	Total state revenue 50/50	Permanent Fund Contribution	Total Unrestricted State Revenues	Revenues to Operating Budget
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	40	14,600	8,354	150,706	186,594	18,838	16,954	9,419	16,154	1.0	4,177	4,710	41,995	34,459	12,786	21,673	20,589
2	115	41,975	24,017	433,280	536,457	54,160	48,744	27,080	46,442	1.0	12,008	13,540	120,735	99,071	36,761	62,310	59,194
3	265	96,725	55,343	998,429	1,236,184	124,804	112,323	62,402	107,019	1.0	27,672	31,201	278,215	228,293	84,710	143,583	136,404
4	401	146,265	83,889	1,509,796	1,869,323	186,724	169,852	94,362	161,831	1.0	41,844	47,181	420,709	345,219	128,097	217,122	206,266
5	524	191,090	109,336	1,972,500	2,442,210	248,563	221,906	123,281	211,427	1.0	54,668	61,841	549,642	451,017	167,354	283,663	269,480
6	635	231,850	132,544	2,391,172	2,960,580	298,897	269,007	149,448	313,841	1.0	66,272	74,724	723,844	604,286	231,845	372,641	354,009
7	735	266,350	153,542	2,770,002	3,429,621	346,250	311,625	173,125	363,563	1.0	76,771	86,563	838,522	700,022	268,344	431,678	410,094
8	826	301,558	172,543	3,112,782	3,854,027	389,098	350,188	194,549	408,553	1.0	86,271	97,274	942,286	786,647	301,551	485,097	460,842
9	909	331,605	189,735	3,422,942	4,238,045	427,868	385,081	213,934	449,261	1.0	94,868	106,967	1,036,177	865,029	331,598	533,432	506,760
10	983	358,793	205,291	3,703,586	4,585,519	462,948	416,853	231,474	486,096	1.0	102,646	115,737	1,121,132	935,953	358,785	577,168	548,309
11	1,050	383,934	219,367	3,957,524	4,899,926	494,690	445,221	247,345	519,425	1.0	109,684	123,673	1,198,003	1,000,126	383,865	616,741	585,904
12	1,111	405,654	232,104	4,187,296	5,184,414	523,412	471,071	261,706	549,583	1.0	116,052	130,853	1,267,558	1,058,193	405,644	652,549	619,922
13	1,167	425,795	243,628	4,395,202	5,441,829	548,400	494,460	274,700	576,870	1.0	121,814	137,350	1,330,495	1,110,734	425,785	684,949	650,702
14	1,216	444,020	254,056	4,583,324	5,674,748	572,915	515,624	286,458	601,581	1.0	127,028	143,229	1,387,442	1,158,276	444,009	714,266	678,553
15	1,262	460,510	263,491	4,753,543	5,885,901	594,193	534,774	297,096	623,903	1.0	131,745	148,548	1,438,970	1,201,293	460,499	740,793	703,753
16	1,303	475,431	272,028	4,907,564	6,076,199	613,446	552,101	306,723	644,118	1.0	136,014	153,361	1,485,594	1,240,216	475,420	784,796	726,556
17	1,340	488,932	279,753	5,046,928	6,248,750	630,866	567,779	315,433	662,409	1.0	139,877	157,716	1,527,782	1,275,435	488,921	786,514	747,189
18	1,333	486,549	278,389	5,022,323	6,218,286	627,790	565,011	313,895	593,262	0.9	139,195	156,948	1,454,416	1,203,299	453,579	749,721	712,235
19	1,288	470,228	269,051	4,853,851	6,009,895	606,731	546,058	303,366	560,620	0.88	134,525	151,883	1,392,886	1,150,194	431,993	718,201	682,291
20	1,166	425,480	243,447	4,391,946	5,437,797	548,993	494,094	274,497	495,741	0.86	121,724	137,248	1,248,807	1,029,209	385,119	644,091	611,886
21	1,055	384,990	220,280	3,973,997	4,920,322	496,750	447,075	248,375	438,133	0.84	110,140	124,187	1,119,535	920,835	343,254	577,582	548,702
22	954	348,353	199,318	3,595,821	4,452,092	448,478	404,534	224,739	387,000	0.82	99,659	112,369	1,003,558	823,767	305,870	517,898	492,003
23	864	315,203	180,350	3,253,833	4,028,419	406,704	366,034	203,352	341,632	0.80	90,175	101,676	899,516	736,835	272,492	464,343	441,126
24	781	285,207	163,188	2,944,009	3,645,064	368,001	331,201	184,001	301,393	0.78	81,594	92,000	806,188	658,988	242,897	416,291	395,476
25	707	258,066	147,658	2,663,850	3,298,191	332,981	299,683	166,491	265,719	0.76	73,829	83,245	722,477	589,284	216,105	373,179	354,520
26	640	233,508	133,607	2,410,351	2,984,326	301,294	271,164	150,647	234,105	0.74	66,803	75,323	647,397	526,879	192,376	334,503	317,778
27	579	211,287	120,892	2,180,976	2,700,330	272,622	245,360	136,311	206,102	0.72	60,446	68,155	580,064	471,015	171,207	299,808	284,818
28	524	191,180	109,388	1,973,428	2,443,360	246,679	222,011	123,339	181,309	0.70	54,894	61,670	519,683	421,012	152,324	268,688	255,253
29	474	172,987	98,978	1,785,632	2,210,843	223,204	200,884	111,802	159,368	0.68	49,489	55,801	465,541	376,260	135,485	240,775	228,736
30	429	156,525	89,559	1,615,707	2,000,454	201,963	181,767	100,982	139,961	0.66	44,780	50,491	416,998	336,213	120,471	215,742	204,955
31	388	141,630	81,037	1,461,952	1,810,085	182,744	164,470	91,372	122,804	0.64	40,518	45,686	373,478	300,380	107,088	193,292	183,628
32	351	128,152	73,325	1,322,829	1,637,833	165,354	148,818	82,077	107,645	0.62	36,662	41,338	334,464	268,323	95,161	173,162	164,504
33	318	115,957	66,347	1,196,945	1,481,973	149,618	134,656	74,809	94,259	0.60	33,174	37,405	299,494	239,647	84,534	155,112	147,357
34	287	104,922	60,033	1,083,040	1,340,944	135,380	121,842	67,690	82,446	0.58	30,017	33,845	268,150	213,998	75,068	138,930	131,983
35	260	94,937	54,320	979,978	1,213,336	122,497	110,247	61,248	72,028	0.56	27,160	30,624	240,060	191,061	66,638	124,423	118,202
36	235	85,903	49,151	886,719	1,097,872	110,840	99,756	55,420	62,846	0.54	24,576	27,710	214,888	170,552	59,133	111,419	105,848
37	213	77,728	44,474	802,336	993,396	100,292	90,263	50,146	54,759	0.52	22,237	25,073	192,332	152,215	52,453	99,763	94,775
38	193	70,331	40,242	725,984	898,862	90,748	81,673	45,374	47,643	0.50	20,121	22,687	172,124	135,824	46,508	89,316	84,850
39	174	63,638	36,412	656,897	813,324	82,112	73,901	41,056	41,385	0.48	18,206	20,528	154,020	121,175	41,220	79,954	75,957
40	158	57,582	32,947	594,385	735,926	74,298	66,868	37,149	35,886	0.46	16,474	18,575	137,802	108,083	36,518	71,566	67,987
45	31	11,436	6,543	118,046	146,156	14,756	13,280	7,378	2,479	0.16	3,272	3,689	22,720	16,817	4,928	11,889	11,295
46	27	9,940	5,687	102,604	127,037	12,825	11,543	6,413	1,885	0.14	2,844	3,206	19,478	14,348	4,149	10,199	9,689
47	24	8,586	4,913	88,831	109,737	11,079	9,971	5,539	1,386	0.12	2,456	2,770	16,593	12,162	3,468	8,694	8,259
48	20	7,362	4,212	75,988	94,084	9,499	8,549	4,749	997	0.10	2,106	2,375	14,027	10,227	2,873	7,354	6,986
49	17	6,253	3,578	64,549	79,920	8,069	7,262	4,034	678	0.08	1,789	2,017	11,746	8,518	2,356	6,162	5,854
50	14	5,251	3,004	54,198	67,104	6,775	6,097	3,387	427	0.06	1,502	1,694	9,720	7,010	1,907	5,103	4,848

Total 10405723 5953860

Variables

% Economically Recoverable	57.2%
Well-Head Price (2001\$)	\$18.04
Royalty rate	12.50%
Property tax (per bbl)	\$0.50
Corp Inc	
Tax, % of	
Royalties	25.0%

Revenue, Employment and Labor Income Impacts of ANWR Production (\$24/barrel)

Revenues to Capital Budget	State Spending-Related Jobs (operating)	State Spending-Related Jobs (capital)	Oil Industry Employment (Direct Only)	Indirect and Induced Oil Industry Employment	State Spending-Related Labor Income (operating)	State Spending Related Labor Income (capital)	Oil Industry Labor Income (Direct Only)	Oil Industry Labor Income (Indirect and Induced)	Permanent Fund-Related Employment	Permanent Fund-Related Labor Income	Total ANWR-Related Employment	Total ANWR Related Labor Income
0	0	0	0	0	0	0	0	0	0	0	0	0
1,084	448	14	256	395	20,958	653	26,318	30,106	3	83	1,116	78,118
3,115	1,288	40	736	1,135	60,254	1,878	75,665	86,554	3	85	3,204	224,435
7,179	2,969	92	1,696	2,616	138,845	4,327	174,359	199,451	13	325	7,387	517,307
10,856	4,490	140	2,565	3,956	209,958	6,543	263,660	301,604	35	885	11,187	782,651
14,183	5,866	183	3,351	5,169	274,304	8,549	344,464	394,036	70	1,740	14,638	1,023,092
18,632	7,706	240	4,063	6,107	360,345	11,230	417,578	465,534	115	2,862	18,230	1,257,550
21,584	8,927	278	4,706	7,074	417,435	13,009	483,734	539,288	177	4,412	21,162	1,457,878
24,255	10,031	312	5,289	7,950	469,091	14,619	543,595	606,024	249	6,217	23,831	1,639,546
26,672	11,031	343	5,816	8,742	515,831	16,076	597,759	666,408	330	8,249	26,282	1,804,323
28,858	11,935	372	6,293	9,459	558,124	17,394	646,769	721,047	420	10,484	28,478	1,953,818
30,837	12,753	397	6,724	10,107	596,392	18,587	691,115	770,485	516	12,905	30,498	2,089,484
32,627	13,494	420	7,114	10,694	631,018	19,866	731,241	815,219	620	15,493	32,343	2,212,637
34,247	14,164	441	7,468	11,225	662,349	20,642	767,548	855,696	730	18,232	34,027	2,324,468
35,713	14,770	460	7,787	11,706	690,699	21,526	800,400	892,322	845	21,108	35,568	2,426,055
37,040	15,319	477	8,077	12,140	716,351	22,325	830,126	925,461	965	24,108	36,977	2,518,371
38,240	15,815	492	8,338	12,534	739,561	23,049	857,023	955,447	1,089	27,220	38,269	2,602,301
39,326	16,264	506	8,575	12,890	760,563	23,703	881,381	982,580	1,218	30,433	39,453	2,678,641
37,488	15,503	483	8,533	13,009	724,984	22,594	877,064	991,695	1,350	33,739	38,879	2,650,076
35,910	14,852	462	8,247	12,808	694,504	21,644	847,643	961,117	1,473	36,818	37,642	2,581,726
32,205	13,319	415	7,462	11,440	622,839	19,411	766,979	872,086	1,591	39,748	34,227	2,321,064
28,879	11,944	372	6,752	10,380	558,524	17,407	693,992	791,297	1,695	42,368	31,143	2,103,587
25,895	10,709	333	6,110	9,419	500,810	15,608	627,949	717,986	1,789	44,703	28,360	1,907,056
23,217	9,602	299	5,528	8,546	449,022	13,994	568,192	651,463	1,872	46,783	25,847	1,729,454
20,815	8,608	268	5,002	7,754	402,555	12,546	514,122	591,098	1,946	48,637	23,579	1,568,958
18,659	7,717	240	4,526	7,036	360,866	11,247	465,196	536,323	2,012	50,288	21,531	1,423,920
16,725	6,917	215	4,095	6,384	323,466	10,081	420,927	486,619	2,071	51,758	19,683	1,292,852
14,990	6,200	193	3,706	5,792	289,916	9,035	380,871	441,519	2,124	53,067	18,014	1,174,408
13,434	5,556	173	3,353	5,255	259,822	8,097	344,626	400,596	2,170	54,232	16,507	1,067,373
12,039	4,979	155	3,034	4,768	232,831	7,256	311,830	363,463	2,212	55,268	15,147	970,648
10,787	4,461	139	2,745	4,326	208,623	6,502	282,156	329,770	2,248	56,190	13,920	883,240
9,665	3,997	124	2,484	3,925	186,915	5,825	255,305	299,197	2,281	57,009	12,812	804,252
8,658	3,581	111	2,248	3,561	167,448	5,219	231,010	271,457	2,310	57,738	11,811	732,872
7,756	3,208	100	2,034	3,231	149,994	4,675	209,026	246,288	2,336	58,385	10,908	668,368
6,946	2,873	89	1,840	2,931	134,346	4,187	189,135	223,450	2,359	58,961	10,093	610,078
6,221	2,573	80	1,685	2,659	120,317	3,750	171,136	202,729	2,380	59,471	9,357	557,403
5,571	2,304	72	1,507	2,413	107,742	3,358	154,850	183,927	2,398	59,925	8,693	509,803
4,988	2,063	64	1,363	2,189	96,471	3,007	140,114	166,869	2,414	60,327	8,093	466,788
4,466	1,847	58	1,233	1,986	86,369	2,692	126,781	151,391	2,428	60,684	7,552	427,917
3,998	1,653	51	1,116	1,802	77,316	2,410	114,716	137,348	2,441	61,000	7,064	392,790
3,578	1,480	46	1,010	1,635	69,204	2,157	103,799	124,807	2,452	61,281	6,623	361,048
594	246	8	201	337	11,497	358	20,615	25,728	2,524	63,077	3,316	121,275
510	211	7	174	294	9,863	307	17,918	22,419	2,525	63,111	3,211	113,618
435	180	6	151	255	8,407	262	15,478	19,415	2,527	63,139	3,117	106,701
368	152	5	129	219	7,111	222	13,270	16,688	2,528	63,163	3,032	100,454
308	127	4	110	186	5,959	186	11,272	14,211	2,528	63,183	2,956	94,611
255	106	3	92	157	4,934	154	9,465	11,962	2,529	63,199	2,867	89,714

Revenue, Employment and Labor Income Impacts of ANWR Production (\$22/barrel)

50/50 Royalty Split, \$22 Per Barrel Average Price (all dollar values in 000s of 2001 dollars)

Year	Volume Mbbbls/Day	Tech Volume Mbbbls/Year	Production Mbbbls/Year	ANWR Wellhead Value (000\$)	ANWR Value Valdez (000\$)	Total Royalties	State Royalties 90/10	State Royalties 50/50	Severance Tax	ELF	Property Tax	State Corporate Income Tax	Total state revenue 90/10	Total state revenue 50/50	Permanent Fund Contribution	Total Unrestricted State Revenues	Revenues to Operating Budget
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	40	14,600	6,075	96,173	122,273	12,022	10,819	6,011	10,308	1.0	3,038	3,005	27,171	22,362	8,160	14,203	13,493
2	115	41,975	17,467	276,496	351,534	34,562	31,106	17,281	29,637	1.0	8,733	8,641	78,117	64,292	23,459	40,833	38,791
3	265	96,725	40,250	637,143	810,056	79,643	71,679	39,821	68,294	1.0	20,125	19,911	180,008	148,151	54,058	94,093	89,389
4	401	146,265	60,864	963,470	1,224,944	120,434	108,390	60,217	103,272	1.0	30,432	30,108	272,203	224,030	81,744	142,285	135,171
5	524	191,090	79,517	1,258,743	1,600,351	157,343	141,609	78,871	134,822	1.0	39,759	39,338	355,625	292,687	106,797	185,891	176,596
6	635	231,650	96,395	1,525,917	1,940,032	190,740	171,666	95,370	200,277	1.0	48,198	47,685	467,825	391,529	147,823	243,706	231,521
7	735	268,350	111,667	1,767,666	2,247,389	220,958	198,862	110,479	232,006	1.0	55,834	55,240	541,942	453,559	171,243	282,316	268,200
8	826	301,558	125,486	1,986,410	2,525,497	248,301	223,471	124,151	260,718	1.0	62,743	62,075	609,006	509,685	192,433	317,252	301,389
9	909	331,605	137,989	2,184,337	2,777,139	273,042	245,738	136,521	286,694	1.0	68,995	68,261	669,667	560,470	211,808	348,863	331,420
10	983	358,793	149,303	2,363,429	3,004,635	295,429	265,886	147,714	310,200	1.0	74,651	73,657	724,594	606,423	228,957	377,466	358,592
11	1,050	383,394	159,540	2,525,479	3,210,862	315,885	284,118	157,842	331,489	1.0	79,770	78,921	774,277	648,003	244,656	403,347	383,179
12	1,111	405,654	168,803	2,672,107	3,397,284	334,013	300,812	167,007	350,714	1.0	84,401	83,503	819,231	685,625	258,860	426,765	405,427
13	1,167	425,795	177,184	2,804,782	3,585,965	350,598	315,538	175,299	368,128	1.0	88,592	87,649	859,907	719,668	271,713	447,955	425,557
14	1,216	444,020	184,768	2,924,831	3,718,593	365,604	329,043	182,802	383,884	1.0	92,384	91,401	896,712	750,471	283,343	467,128	443,771
15	1,262	460,510	191,630	3,033,455	3,856,698	379,182	341,264	189,591	398,141	1.0	95,815	94,795	930,015	778,342	293,866	484,476	460,253
16	1,303	475,431	197,839	3,131,743	3,981,660	391,468	352,321	195,734	411,041	1.0	98,919	97,967	960,149	803,562	303,388	500,174	475,165
17	1,340	488,932	203,457	3,220,678	4,094,730	402,585	362,326	201,292	422,714	1.0	101,728	100,646	987,415	826,381	312,003	514,378	488,659
18	1,333	486,549	202,465	3,204,976	4,074,767	400,622	360,560	200,311	378,588	0.9	101,233	100,156	940,536	780,287	289,449	490,837	466,296
19	1,288	470,228	195,673	3,097,466	3,938,080	387,183	348,465	193,592	357,757	0.88	97,837	96,796	900,855	745,982	275,674	470,307	446,792
20	1,166	425,480	177,053	2,802,703	3,583,322	350,338	315,304	175,169	316,355	0.86	88,526	87,584	807,770	667,635	245,762	421,873	400,779
21	1,055	384,990	160,204	2,535,991	3,224,227	316,999	285,299	158,499	278,593	0.84	80,102	79,250	724,244	597,444	219,046	378,398	359,478
22	954	348,353	144,958	2,294,859	2,917,402	286,832	258,149	143,416	246,963	0.82	72,479	71,708	649,299	534,566	195,189	339,377	322,408
23	864	315,203	131,164	2,076,294	2,639,774	259,537	233,583	129,768	218,011	0.80	65,582	64,884	582,060	478,245	173,890	304,356	289,138
24	781	285,207	118,682	1,878,708	2,388,566	234,839	211,355	117,419	192,333	0.78	59,341	58,710	521,738	427,803	154,876	272,927	259,280
25	707	258,066	107,388	1,699,926	2,161,264	212,491	191,242	106,245	169,568	0.76	53,694	53,123	467,626	382,630	137,906	244,723	232,487
26	640	233,508	97,169	1,538,156	1,955,593	192,270	173,043	96,135	149,393	0.74	48,584	48,067	419,068	342,180	122,764	219,416	208,445
27	579	211,287	87,922	1,391,781	1,769,494	173,973	156,575	86,986	131,523	0.72	43,961	43,493	375,553	305,964	109,255	196,709	186,873
28	524	191,180	79,555	1,259,336	1,601,104	157,417	141,675	78,708	115,701	0.70	39,777	39,354	338,508	273,542	97,205	176,337	167,520
29	474	172,987	71,984	1,139,494	1,448,739	142,437	128,193	71,218	101,700	0.68	35,992	35,609	301,494	244,520	86,459	158,060	150,157
30	429	156,525	65,134	1,031,057	1,310,873	128,882	115,994	64,441	89,315	0.66	32,567	32,221	270,097	218,544	76,878	141,668	134,582
31	388	141,630	58,936	932,939	1,186,127	116,617	104,956	58,309	78,367	0.64	29,468	29,154	241,945	195,298	68,338	126,960	120,612
32	351	128,152	53,327	844,158	1,073,252	105,520	94,968	52,760	68,693	0.62	26,664	26,380	216,705	174,497	60,727	113,770	108,082
33	318	115,957	48,252	763,826	971,119	95,478	85,390	47,739	60,151	0.60	24,126	23,870	194,077	155,886	53,945	101,941	96,844
34	287	104,922	43,661	691,138	878,704	86,392	77,753	43,196	52,613	0.58	21,830	21,598	173,794	139,237	47,905	91,333	86,766
35	260	94,937	39,506	625,368	795,085	78,171	70,354	39,085	45,965	0.56	19,753	19,543	155,614	124,346	42,525	81,821	77,730
36	235	85,903	35,746	565,856	719,422	70,732	63,659	35,366	40,105	0.54	17,873	17,683	139,320	111,027	37,736	73,292	69,627
37	213	77,728	32,345	512,008	650,960	64,001	57,601	32,000	34,945	0.52	16,172	16,000	124,718	99,118	33,473	65,845	62,363
38	193	70,331	29,267	463,284	589,013	57,910	52,119	28,955	30,403	0.50	14,633	14,478	111,633	88,469	29,679	58,790	55,851
39	174	63,638	26,462	419,196	532,961	52,400	47,160	26,200	26,409	0.48	13,241	13,100	99,910	78,950	26,305	52,645	50,013
40	158	57,582	23,961	379,305	482,243	47,413	42,672	23,707	22,901	0.46	11,981	11,853	89,406	70,441	23,304	47,138	44,781
55	31	11,436	4,759	75,330	95,774	9,416	8,475	4,708	1,582	0.16	2,379	2,354	14,790	11,024	3,145	7,879	7,485
56	27	9,940	4,136	65,476	83,246	8,185	7,366	4,092	1,203	0.14	2,068	2,046	12,683	9,410	2,648	6,762	6,424
57	24	8,586	3,573	56,560	71,909	7,070	6,363	3,535	891	0.12	1,786	1,767	10,806	7,980	2,213	5,767	5,479
58	20	7,362	3,063	48,492	61,652	6,061	5,455	3,031	636	0.10	1,532	1,515	9,139	6,714	1,834	4,881	4,637
59	17	6,253	2,602	41,192	52,370	5,149	4,634	2,574	433	0.08	1,301	1,287	7,655	5,595	1,503	4,082	3,887
60	14	5,251	2,185	34,586	43,972	4,323	3,891	2,162	272	0.06	1,082	1,081	6,337	4,607	1,217	3,390	3,221

Total 10,405,723 4,330,080

Variables

% Economically Recoverable	41.6%
Well-Head Price (2001\$)	\$15.83
Royalty rate	12.50%
Property tax (per bbl)	\$0.50
Corp Inc	
Tax, % of	
Royalties	25.0%

Revenue, Employment and Labor Income Impacts of ANWR Production (\$22/barrel)

Revenues to Capital Budget	State Spending-Related Jobs (operating)	State Spending-Related Jobs (capital)	Oil Industry Employment (Direct Only)	Indirect and Induced Oil Industry Employment	State Spending-Related Labor Income (operating)	State Spending-Related Labor Income (capital)	Oil Industry Labor Income (Direct Only)	Oil Industry Labor Income (Indirect and Induced)	Permanent Fund-Related Employment	Permanent Fund-Related Labor Income	Total ANWR-Related Employment	Total ANWR-Related Labor Income
0	0	0	0	0	0	0	0	0	0	0	0	0
710	294	9	168	260	13,734	428	17,246	19,808	2	53	733	51,299
2,042	844	26	482	747	39,486	1,231	49,582	56,948	2	54	2,102	147,301
4,705	1,946	61	1,112	1,721	90,989	2,836	114,255	131,229	8	208	4,848	339,516
7,114	2,942	92	1,681	2,603	137,590	4,288	172,773	198,440	23	565	7,341	513,657
9,295	3,844	120	2,196	3,401	179,757	5,802	225,723	259,256	44	1,110	9,605	671,449
12,185	5,040	157	2,882	4,021	235,665	7,345	273,634	306,539	73	1,826	11,953	825,008
14,116	5,838	182	3,084	4,658	273,001	8,508	316,985	355,103	113	2,815	13,875	956,412
15,863	6,560	204	3,466	5,235	306,784	9,561	356,211	399,046	159	3,967	15,624	1,075,569
17,443	7,214	225	3,811	5,756	337,352	10,514	391,704	438,807	211	5,264	17,217	1,183,641
18,873	7,806	243	4,123	6,228	365,011	11,378	423,620	474,785	268	6,691	18,668	1,281,682
20,167	8,341	260	4,406	6,655	390,038	12,158	452,879	507,338	330	8,235	19,991	1,370,647
21,338	8,825	275	4,682	7,042	412,884	12,861	479,173	536,794	396	9,887	21,199	1,451,399
22,398	9,263	288	4,894	7,391	433,174	13,500	502,965	563,447	466	11,635	22,302	1,524,721
23,356	9,660	301	5,103	7,708	451,715	14,078	524,493	587,563	539	13,470	23,310	1,591,319
24,224	10,018	312	5,292	7,994	468,491	14,601	543,972	609,385	616	15,384	24,232	1,651,833
25,009	10,343	322	5,464	8,253	483,671	15,074	561,597	629,130	695	17,370	25,077	1,706,842
25,719	10,637	331	5,619	8,487	497,406	15,502	577,545	646,996	777	19,421	25,852	1,756,869
24,542	10,150	316	5,592	8,562	474,642	14,792	574,729	652,715	862	21,530	25,482	1,738,409
23,515	9,725	303	5,404	8,298	454,789	14,174	555,450	632,535	940	23,495	24,670	1,680,444
21,094	8,724	272	4,890	7,528	407,953	12,714	502,592	573,893	1,015	25,365	22,429	1,522,518
18,920	7,825	244	4,425	6,830	365,913	11,404	454,764	520,684	1,082	27,037	20,405	1,378,802
16,969	7,018	219	4,004	6,197	328,179	10,228	411,488	472,405	1,142	28,527	18,578	1,250,827
15,218	6,294	196	3,623	5,622	294,313	9,172	372,329	428,600	1,195	29,855	16,929	1,134,270
13,646	5,644	176	3,278	5,101	263,921	8,225	336,898	388,854	1,242	31,038	15,440	1,028,935
12,236	5,061	158	2,966	4,628	236,648	7,375	304,838	352,791	1,284	32,091	14,096	933,743
10,971	4,537	141	2,684	4,199	212,176	6,613	275,828	320,070	1,322	33,029	12,883	847,716
9,835	4,068	127	2,428	3,809	190,218	5,928	249,580	290,382	1,355	33,864	11,787	769,973
8,817	3,646	114	2,197	3,456	170,518	5,314	225,829	263,446	1,385	34,608	10,798	699,715
7,903	3,268	102	1,988	3,135	152,845	4,763	204,339	239,007	1,411	35,269	9,905	636,223
7,083	2,929	91	1,799	2,844	136,991	4,269	184,893	216,833	1,435	35,857	9,099	578,844
6,348	2,625	82	1,628	2,581	122,771	3,826	167,298	196,715	1,456	36,380	8,371	526,991
5,689	2,353	73	1,473	2,341	110,016	3,429	151,378	178,463	1,474	36,845	7,714	480,131
5,097	2,108	66	1,333	2,124	98,577	3,072	136,972	161,903	1,491	37,258	7,121	437,783
4,567	1,889	59	1,206	1,927	88,319	2,752	123,938	146,878	1,506	37,625	6,586	399,513
4,091	1,692	53	1,091	1,748	79,121	2,466	112,143	133,247	1,519	37,951	6,102	364,929
3,665	1,516	47	987	1,586	70,873	2,209	101,472	120,881	1,530	38,241	5,866	333,675
3,282	1,357	42	893	1,439	63,479	1,978	91,815	109,661	1,541	38,497	5,272	305,431
2,940	1,216	38	808	1,305	56,850	1,772	83,078	99,482	1,550	38,725	4,918	279,907
2,632	1,089	34	731	1,184	50,908	1,587	75,172	90,247	1,558	38,927	4,595	256,841
2,357	975	30	662	1,074	45,582	1,421	68,018	81,869	1,565	39,106	4,306	235,996
394	163	5	131	221	7,619	237	13,509	16,885	1,611	40,253	2,132	78,502
338	140	4	114	193	6,539	204	11,741	14,712	1,612	40,274	2,063	73,471
288	119	4	99	167	5,577	174	10,143	12,740	1,612	40,292	2,001	68,925
244	101	3	85	144	4,720	147	8,696	10,950	1,613	40,307	1,945	64,819
205	85	3	72	122	3,957	123	7,387	9,324	1,613	40,320	1,895	61,111
170	70	2	60	103	3,276	102	6,202	7,848	1,614	40,330	1,849	57,761

Revenue, Employment and Labor Income Impacts of ANWR Production (\$20/barrel)

50/50 Royalty Split, \$20 Per Barrel Average Price (all dollar values in 000s of 2001 dollars)

Year	Volume Mbbbls/Day	Tech Volume Mbbbls/Year	Production Mbbbls/Year	ANWR Wellhead Value (000\$)	ANWR Value Vaidez (000\$)	Total Royalties	State Royalties 90/10	State Royalties 50/50	Severance Tax	ELF	Property Tax	State Corporate Income Tax	Total state revenue 90/10	Total state revenue 50/50	Permanent Fund Contribution	Total Unrestricted State Revenues	Revenues to Operating Budget
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	40	14,600	4,557	62,055	81,631	7,757	6,981	3,878	6,652	1.0	2,278	1,939	17,850	14,748	5,285	9,483	9,008
2	115	41,975	13,100	178,410	234,668	22,301	20,071	11,151	19,123	1.0	6,550	5,575	51,320	42,399	15,137	27,262	25,899
3	265	96,725	30,187	411,118	540,802	51,390	46,251	25,695	44,067	1.0	15,094	12,847	118,258	97,703	34,881	62,822	59,681
4	401	146,265	45,648	621,881	817,786	77,710	69,939	38,855	66,636	1.0	22,824	19,428	178,827	147,743	52,746	94,997	90,248
5	524	191,090	59,638	812,206	1,068,411	101,526	91,373	50,763	87,058	1.0	29,819	25,381	233,632	193,022	68,911	124,111	117,906
6	635	231,650	72,297	984,600	1,295,187	123,075	110,768	61,538	129,229	1.0	36,148	30,769	306,913	257,683	95,383	162,300	154,185
7	735	268,350	83,750	1,140,589	1,500,381	142,574	128,316	71,287	149,702	1.0	41,875	35,843	355,537	298,508	110,495	188,013	178,613
8	826	301,558	94,114	1,281,734	1,686,049	160,217	144,195	80,108	168,228	1.0	47,057	40,054	399,534	335,447	124,168	211,279	200,715
9	909	331,605	103,492	1,409,447	1,854,048	176,181	158,563	88,090	184,990	1.0	51,746	44,045	439,344	368,871	136,540	232,331	220,715
10	983	358,793	111,977	1,525,006	2,006,060	190,626	171,583	95,313	200,157	1.0	55,989	47,656	475,365	399,115	147,735	251,380	238,811
11	1,050	383,394	119,655	1,629,569	2,143,806	203,696	183,326	101,848	213,881	1.0	59,827	50,924	507,959	426,480	157,884	288,616	255,185
12	1,111	405,654	126,602	1,724,181	2,268,063	215,523	193,970	107,761	226,299	1.0	63,301	53,881	537,451	451,242	167,030	284,212	270,001
13	1,167	425,795	132,888	1,809,789	2,380,676	226,224	203,601	113,112	237,535	1.0	66,444	56,556	564,136	473,647	175,323	298,323	283,407
14	1,216	444,020	138,576	1,887,251	2,482,573	235,906	212,318	117,963	247,702	1.0	69,288	58,977	588,282	493,919	182,827	311,092	295,537
15	1,262	460,510	143,722	1,957,341	2,574,773	244,668	220,201	122,334	256,901	1.0	71,861	61,167	610,130	512,263	189,617	322,645	306,513
16	1,303	475,431	148,379	2,020,762	2,658,199	252,595	227,336	126,298	265,225	1.0	74,190	63,149	629,899	528,861	195,761	333,100	316,445
17	1,340	488,932	152,593	2,078,147	2,733,686	259,768	233,792	129,884	272,757	1.0	76,296	64,942	647,787	543,879	201,320	342,559	325,431
18	1,333	488,549	151,849	2,068,015	2,720,359	258,502	232,652	129,251	244,284	0.9	75,924	64,625	617,486	514,085	186,768	327,318	310,952
19	1,288	470,228	146,755	1,998,644	2,629,105	249,831	224,847	124,915	230,843	0.88	73,378	62,458	591,526	491,594	177,879	313,715	298,029
20	1,166	425,480	132,789	1,808,448	2,378,913	226,056	203,450	113,028	204,129	0.86	66,395	56,514	530,488	440,065	158,578	281,487	267,413
21	1,055	384,990	120,153	1,636,352	2,152,529	204,544	184,090	102,272	180,408	0.84	60,076	51,136	475,710	393,892	141,340	252,552	239,925
22	954	348,353	108,719	1,480,632	1,947,689	185,079	166,571	92,540	159,353	0.82	54,359	46,270	426,553	352,522	125,946	226,575	215,247
23	864	315,203	98,373	1,339,731	1,762,342	167,466	150,720	83,733	140,672	0.80	49,186	41,867	382,445	315,458	112,203	203,256	193,093
24	781	285,207	89,011	1,212,239	1,594,633	151,530	136,377	75,765	124,103	0.78	44,506	37,882	342,868	282,256	99,934	182,322	173,206
25	707	258,066	80,541	1,096,879	1,442,863	137,110	123,399	68,555	109,414	0.76	40,270	34,277	307,361	252,517	88,984	163,532	155,356
26	640	233,508	72,876	992,497	1,305,575	124,062	111,656	62,031	96,396	0.74	36,438	31,016	275,506	225,881	79,214	146,667	139,334
27	579	211,287	65,941	898,049	1,181,333	112,256	101,030	56,128	84,866	0.72	32,971	28,064	246,931	202,028	70,497	131,532	124,955
28	524	191,180	59,666	812,588	1,068,914	101,574	91,416	50,787	74,657	0.70	29,833	25,393	221,299	180,670	62,722	117,948	112,051
29	474	172,987	53,988	735,260	967,194	91,908	82,717	45,954	65,622	0.68	26,994	22,977	198,310	161,547	55,788	105,759	100,471
30	429	156,525	48,851	665,291	875,153	83,161	74,845	41,581	57,631	0.66	24,425	20,790	177,692	144,427	49,606	94,821	90,080
31	388	141,630	44,202	601,980	791,871	75,248	67,723	37,624	50,566	0.64	22,101	18,812	159,202	129,103	44,095	85,008	80,757
32	351	128,152	39,995	544,894	716,515	68,087	61,278	34,043	44,324	0.62	19,998	17,022	142,822	115,387	39,184	76,203	72,393
33	318	115,957	36,189	492,860	648,329	61,807	55,447	30,804	38,813	0.60	18,095	15,402	127,756	103,113	34,808	68,305	64,890
34	287	104,922	32,745	445,958	586,633	55,745	50,170	27,872	33,949	0.58	16,373	13,936	114,428	92,130	30,910	61,219	58,158
35	260	94,937	29,629	403,519	530,807	50,440	45,396	25,220	29,659	0.56	14,815	12,610	102,479	82,303	27,439	54,864	52,121
36	235	85,903	26,810	365,119	480,294	45,640	41,076	22,820	25,878	0.54	13,405	11,410	91,769	73,513	24,349	49,164	46,706
37	213	77,728	24,258	330,374	434,588	41,297	37,167	20,648	22,548	0.52	12,129	10,324	82,168	65,650	21,598	44,052	41,849
38	193	70,331	21,950	298,934	393,232	37,367	33,630	18,683	19,618	0.50	10,975	9,342	73,564	58,618	19,150	39,467	37,494
39	174	63,638	19,861	270,487	355,811	33,811	30,430	16,905	17,041	0.48	9,931	8,453	65,854	52,329	16,973	35,356	33,589
40	158	57,582	17,971	244,747	321,951	30,593	27,534	15,297	14,777	0.46	8,986	7,648	58,945	46,707	15,037	31,671	30,087
55	31	11,436	3,569	48,607	63,940	6,076	5,468	3,038	1,021	0.16	1,785	1,519	9,793	7,362	2,029	5,333	5,066
56	27	9,940	3,102	42,249	55,576	5,281	4,753	2,641	776	0.14	1,551	1,320	8,401	6,288	1,708	4,580	4,351
57	24	8,586	2,680	36,495	48,007	4,562	4,106	2,281	575	0.12	1,340	1,140	7,161	5,336	1,428	3,908	3,713
58	20	7,362	2,297	31,289	41,159	3,911	3,520	1,956	411	0.10	1,149	978	6,057	4,493	1,183	3,310	3,144
59	17	6,253	1,952	26,579	34,963	3,322	2,990	1,681	279	0.08	976	831	5,076	3,747	870	2,777	2,638
60	14	5,251	1,639	22,317	29,356	2,790	2,511	1,395	176	0.06	819	697	4,203	3,087	785	2,302	2,187

Total 10,405,723 3,247,560

Variables

% Economically Recoverable	31.2%
Well-Head Price (2001\$)	\$13.62
Royalty rate	12.50%
Property tax (per bbl)	\$0.50
Corp Inc Tax,	
% of Royalties	25.0%

Revenue, Employment and Labor Income Impacts of ANWR Production (\$20/barrel)

Revenues to Capital Budget	State Spending-Related Jobs (operating)	State Spending-Related Jobs (capital)	Oil Industry Employment (Direct Only)	Indirect and Induced Oil Industry Employment	State Spending-Related Labor Income (operating)	State Spending-Related Labor Income (capital)	Oil Industry Labor Income (Direct Only)	Oil Industry Labor Income (Indirect and Induced)	Permanent Fund-Related Employment	Permanent Fund-Related Labor Income	Total ANWR-Related Employment	Total ANWR-Related Labor Income
0	0	0	0	0	0	0	0	0	0	0	0	0
474	196	6	112	174	9,170	286	11,514	13,291	1	34	490	34,294
1,363	564	18	322	501	26,363	822	33,102	38,211	1	35	1,406	98,532
3,141	1,299	40	742	1,155	60,749	1,893	76,278	88,052	5	134	3,242	227,106
4,750	1,964	61	1,122	1,747	91,863	2,863	115,345	133,149	15	365	4,909	343,585
6,206	2,566	80	1,466	2,282	120,016	3,740	150,695	173,955	29	716	6,423	449,123
8,115	3,356	104	1,777	2,701	156,945	4,891	182,681	205,880	47	1,178	7,986	551,575
9,401	3,888	121	2,059	3,129	181,810	5,666	211,623	238,497	73	1,817	9,269	639,412
10,564	4,369	136	2,314	3,516	204,308	6,367	237,810	268,011	102	2,560	10,437	719,056
11,617	4,804	150	2,544	3,866	224,666	7,002	261,506	294,715	136	3,396	11,500	791,285
12,569	5,198	162	2,753	4,183	243,086	7,576	282,947	318,879	173	4,317	12,469	856,804
13,431	5,555	173	2,942	4,470	259,753	8,095	302,347	340,743	213	5,314	13,352	916,252
14,211	5,877	183	3,112	4,729	274,834	8,565	319,901	360,526	255	6,379	14,157	970,206
14,916	6,169	192	3,267	4,964	288,480	8,991	335,785	378,427	300	7,507	14,893	1,019,190
15,555	6,433	200	3,407	5,177	300,827	9,375	350,157	394,624	348	8,692	15,565	1,063,676
16,132	6,672	208	3,533	5,369	312,000	9,724	363,161	409,280	397	9,927	16,179	1,104,092
16,655	6,888	214	3,648	5,543	322,109	10,039	374,928	422,541	449	11,208	16,742	1,140,825
17,128	7,084	221	3,751	5,700	331,258	10,324	385,575	434,541	499	12,531	17,257	1,174,227
16,366	6,769	211	3,733	5,748	316,518	9,884	383,696	438,148	556	13,892	17,016	1,162,118
15,686	6,487	202	3,608	5,569	303,364	9,454	370,825	424,557	607	15,160	16,473	1,123,360
14,074	5,821	181	3,265	5,053	272,199	8,483	335,536	385,157	655	16,367	14,974	1,017,742
12,628	5,222	163	2,954	4,584	244,219	7,611	303,606	349,410	698	17,445	13,621	922,292
11,329	4,685	146	2,673	4,158	219,100	6,828	274,714	316,979	737	18,407	12,399	836,028
10,163	4,203	131	2,418	3,772	196,549	6,126	248,571	287,557	771	19,264	11,295	758,066
9,116	3,770	117	2,188	3,422	176,306	5,495	224,916	260,863	801	20,027	10,299	687,608
8,177	3,382	105	1,980	3,104	158,137	4,928	203,513	236,646	829	20,707	9,400	623,931
7,333	3,033	94	1,792	2,816	141,828	4,420	184,146	214,676	853	21,312	8,588	566,382
6,577	2,720	85	1,621	2,555	127,192	3,964	166,622	194,744	874	21,851	7,855	514,373
5,897	2,439	76	1,467	2,317	114,056	3,555	150,766	176,662	894	22,331	7,193	467,369
5,288	2,187	68	1,327	2,102	102,269	3,187	136,419	160,257	911	22,757	6,595	424,890
4,741	1,961	61	1,201	1,907	91,693	2,858	123,437	145,375	926	23,137	6,056	386,499
4,250	1,758	55	1,087	1,730	82,203	2,562	111,690	131,874	939	23,474	5,569	351,804
3,810	1,576	49	983	1,569	73,689	2,297	101,061	119,626	951	23,774	5,129	320,448
3,415	1,412	44	890	1,424	66,051	2,059	91,444	108,515	962	24,041	4,732	292,110
3,061	1,266	39	805	1,291	59,199	1,845	82,742	98,436	972	24,278	4,373	266,500
2,743	1,135	35	728	1,171	53,054	1,653	74,866	89,292	980	24,488	4,050	243,355
2,458	1,017	32	659	1,063	47,542	1,482	67,744	80,997	987	24,675	3,757	222,438
2,203	911	28	596	964	42,598	1,328	61,297	73,472	994	24,841	3,494	203,535
1,973	816	25	540	874	38,165	1,189	55,464	66,646	1,000	24,988	3,255	186,451
1,768	731	23	488	793	34,190	1,066	50,186	60,453	1,005	25,118	3,040	171,012
1,584	655	20	442	719	30,626	954	45,410	54,836	1,010	25,233	2,846	157,059
267	110	3	88	148	5,157	161	9,018	11,294	1,039	25,973	1,389	51,603
229	95	3	76	129	4,429	138	7,839	9,840	1,040	25,987	1,343	48,232
195	81	3	66	112	3,779	118	6,771	8,520	1,040	25,999	1,301	45,187
165	68	2	56	96	3,200	100	5,805	7,322	1,041	26,008	1,264	42,436
139	57	2	48	82	2,685	84	4,931	6,235	1,041	26,016	1,230	39,951
115	48	1	40	69	2,226	69	4,141	5,247	1,041	26,023	1,200	37,706

Briefing Packet

Request for Priority Conveyance of State Land Selections at ANWR Boundary



Alaska Department of Natural Resources
October 16, 2014

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FOR IMMEDIATE RELEASE
October 17, 2014

State asserts land claims at ANWR boundary

(Anchorage, AK) – The State of Alaska is seeking priority conveyance of nearly 20,000 acres of uplands at the western boundary of the Arctic National Wildlife Refuge (ANWR).

The State previously requested these lands, located between the Staines and Canning rivers, under the Alaska Statehood Act and Alaska National Interest Lands Conservation Act.

Lands within the refuge are not available for state ownership, but, for many years, the western boundary of ANWR has been improperly mapped by the U.S. Fish & Wildlife Service. The State contends the federal agency's map includes land that is not within ANWR.

"My administration began a thorough review of the boundary dispute after the Department of Natural Resources received bids in 2011 for oil and gas tracts on tidal and submerged lands at the state-federal boundary," said Governor Sean Parnell.

The Parnell administration's work built upon earlier work by the State and federal agencies on the boundary dispute. This renewed effort began in 2012 and included historical and legal research as well as a field inspection by DNR and the Department of Law in July 2014.

"I'm pleased that we've developed a solid case for priority conveyance of lands the State of Alaska originally selected in 1964," Parnell said.

State ownership of these lands has implications for the future of oil and gas activity on the eastern North Slope. "Just a few miles away, we are seeing billions of dollars of investment at the Point Thomson field," Parnell said.

"Alaskans have suffered from many roadblocks to resource development on federal lands," said Natural Resources Commissioner Joe Balash. "Our hope is that the BLM will move quickly to convey lands that we can offer for oil and gas leasing and development," Balash said.

DNR filed the State's request for priority conveyance for uplands along the western boundary of ANWR with the U.S. Bureau of Land Management, the federal agency charged with conveying lands to the State to fulfill its land entitlement.

For briefing materials related to the State's request for priority conveyance, go to http://www.dnr.alaska.gov/commis/priorities/ANWR_boundary.pdf.

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STAY CONNECTED:

DNR Newsroom: http://dnr.alaska.gov/commis/dnr_newsroom.htm
DNR on Social Media: http://dnr.alaska.gov/commis/social_media.htm
DNR Public Information Center: <http://dnr.alaska.gov/commis/pic/>

Backgrounder on State Land Selections

The State of Alaska Department of Natural Resources (DNR) is seeking the priority conveyance of nearly 20,000 acres of uplands located between the Canning and Staines rivers on the eastern North Slope. The State asserts that this land should be conveyed to the State as part of its land entitlement because the land is not contained within the Arctic National Wildlife Refuge (ANWR).

This backgrounder provides an overview of the history of these state land selections and the correct interpretation of the western ANWR boundary.

Basis for State Land Selections

Under the Alaska Statehood Act of 1959, the State of Alaska was afforded in excess of 100 million acres of land entitlement to provide for the economic well-being of the State and its residents.

Lands available to the state for selection were those lands designated as "vacant, unappropriated or unreserved," meaning those lands that were not segregated by Executive Orders (EO), Public Land Orders (PLO) or other federal actions that would cause title to remain with the federal government.

The nearly 20,000 acres of uplands that lie between the Canning and Staines rivers, adjacent to ANWR, were selected by the State to fulfill its land entitlement. The U.S. Fish and Wildlife Service (FWS) currently administers them as if they are part of ANWR.

Timeline of Actions Affecting State Land Selections

- 1957 – Filing of application for the creation of Arctic National Wildlife Range (see appendix for map of original boundary)
- 1959 - Alaska Statehood Act signed
- 1960 - PLO 2214 establishing Arctic National Wildlife Range published in the Federal Register
- 1964 - State of Alaska files General Grant Selection for lands adjacent to range
- 1964 – U.S. Bureau of Land Management provides Tentative Approval (TA) to lands adjacent to range. Land west of the Canning River included in TA
- 1965 – State requests clarification of range boundary from the federal government; BLM amends TA, reducing the acres conveyed to the state
- 1974 – State receives patent to land west of the Staines River
- 1978 – State reasserts selection for land west of the Canning River
- 1980 – Passage of Alaska National Interest Lands Conservation Act and creation of Arctic National Wildlife Refuge
- 1981 – State "top files" for land west of the Canning River under Section 906(e) of ANILCA
- 1983 – FWS publishes legal descriptions for ANILCA Conservation System Units
- 1992 – State relinquishes selection of "those lands within the Arctic National Wildlife Refuge"
- 1993 – State reasserts "top filing" on land west of the Canning River
- 2000 – State again reasserts selection for land west of the Canning River

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- 2003 – State/U.S. Fish & Wildlife Service conduct joint field inspection of ANWR boundary; DNR report highlights errors in the federal description of the ANWR boundary
- 2005-2012 – Administrative/legal dispute between State and ExxonMobil over state lands adjacent to disputed ANWR boundary
- 2011 – DNR Division of Oil and Gas (DOG) receives bids on tracts near disputed boundary and begins working with Division of Mining, Land & Water (DMLW) to obtain acreage calculations
- 2012 – DOG and DMLW staff determines that the boundary issue needs more clarification and conducts further research
- 2013 – DNR begins work to support priority conveyance of uplands and state assertions regarding state/federal land ownership at ANWR boundary
- July 2014 – DNR and Department of Law conducts field inspection at ANWR boundary
- August-September 2014 – DNR conducts additional review utilizing information gathered during field inspection
- October 2014 – DNR requests priority conveyance of lands west of the Canning River

Conflicting Legal Descriptions for ANWR Western Boundary

The State's reassertion of land selections west of the Canning River is based on the original legal description of the lands to be withdrawn under PLO 2214. The pertinent portion of PLO 2214 regarding these lands reads as follows:

thence westerly along the said line of extreme low water, including all offshore bars, reefs, and islands to a point of land on the Arctic Seacoast known as Brownlow Point, at approximate longitude 145 51' W., and latitude 70 10' N.;
thence in a southwesterly direction approximately three (3) miles to the mean high water mark of the extreme west bank of the Canning River;
thence southerly up the said west bank of the Canning River along the mean high water mark approximately seventy (70) miles to the mouth of Marsh Fork of Canning River...

Three points are critical in this legal description:

- The precise location of Brownlow Point both by description and coordinate pair of latitude/longitude
- The relative direction and distance to the subsequent point of land and along the Canning River marking the western boundary of the Range
- The identification of the Canning River, not the Staines

This description matches the 1957 map that accompanied the application for PLO 2214. Thus, at the time the Refuge lands were originally withdrawn, the written legal description and the map depicting the boundary of the Range were in agreement, and excluded land west of the Canning River.

However, in the federal government's subsequent iterations, the legal description and the accompanying maps diverge. In 1983, FWS published an updated legal description in the Federal Register that still references the Canning River, but is a geographic impossibility:

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Thence northerly, along the mean high water line of the left bank of the Canning River, approximately 60 miles to the intersection of the extreme left bank with the mean high tide of the Arctic Ocean in section 15, T. 9 N., R. 24 E., Umiat Meridian;

Thence on an approximate forward bearing of N. 56 1/2 degree E., approximately 3 1/4 miles to the line of extreme low water of the most westerly tip of the most northwesterly island, westerly of Brownlow Point, section 6, T. 9 N., R. 25 E., Umiat Meridian;

Thence easterly, along the line of extreme low water of the Arctic Ocean, including all offshore bars, reefs, and islands, to the intersection of the International Boundary line between Alaska and the Yukon Territory, Canada...

If one attempts to map this description, it becomes clear that the locations described are inconsistent and provide no identifiable boundary. The written description identifies the "mean high water line of the left bank of the Canning River" while the township, range, and section identifies a location at the mouth of the Staines River, several miles west of and not physically connected to the Canning.

Summary of State's Technical Review

The state conducted fieldwork in 2003 and 2014 to identify the geographical feature of Brownlow Point and to determine if the Staines River can be distinguished from the west bank of the Canning River.

The 2003 work included staff from the DNR Survey section, FWS and BLM. DNR's report was provided to the federal agencies, but to date, no federal report has been made available from either federal agency.

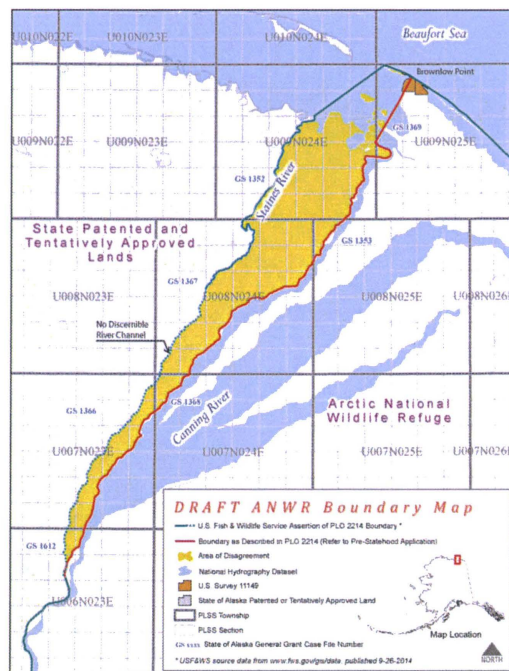
In July 2014, DNR and Department of Law staff accompanied by DOL-contracted geographers and geomorphologists conducted another field inspection.

Field work and review of area maps and place names dating back to the 1930s indicates that the ANWR boundary is the Canning River, as marked on current maps, and that the Staines River is neither the west bank of the Canning nor the extreme west bank of the Canning.

The technical research conducted by the State of Alaska supports its assertion that the lands located west of the Canning River are not contained within the original lands described in the 1957 ANWR application and were not withdrawn. As such, they can be conveyed to fulfill the State's land entitlement.

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Draft ANWR Boundary Map



Map prepared by DNR Division of Mining Land & Water, October 2014. Clarifying note: Dotted line represents no discernible river channel.

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October 17, 2014

Bureau of Land Management
Alaska State Office
Branch of Land Transfer Services (944)
Attn: Earle Williams
222 W. 7th Avenue, #13
Anchorage, AK 99513-7599

Subject: Request for Priority Conveyance
F-31832*

Mr. Williams,

The State of Alaska requests a priority conveyance of certain lands west of the Arctic National Wildlife Refuge (ANWR), near Brownlow Point, Alaska. Based on the legal description defined in Public Land Order No. 2214, the lands listed on the attached Exhibit A are not within the ANWR boundary and are available for selection by the State of Alaska. The State of Alaska currently holds valid selections filed under the provisions of the Alaska Statehood Act of July 7, 1958, section 6(b), as amended, as well as topfilings created under section 906(e) of ANILCA for these townships. The State has issued several relinquishments for portions of the townships containing these selections; however they were specific as to relinquishing only "those lands within the Arctic National Wildlife Refuge." Since these lands are not within the ANWR boundary, the State of Alaska requests a proposed conveyance document be drafted for the lands listed on the attached Exhibit A.

Thank you for your attention regarding this matter.

Sincerely,

Martin Parsons
Operations Manager, Division of Mining, Land and Water
State of Alaska, Department of Natural Resources

Attached: Exhibit A

*F-31832, F-31833, F-31845, F-31847, F-31848 and F-31849
GS-1352, GS-1353, GS-1366, GS-1367, GS-1368 and GS-1369

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Exhibit A

Umiat Meridian

T. 7 N., R. 23 E.,

Those portions of Tract B west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 2,493 acres.

T. 7 N., R. 24 E.,

Those portions of Tract B west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 564 acres.

T. 8 N., R. 24 E.,

Those portions of Tract B west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 7,813 acres.

T. 8 N., R. 25 E.,

Those portions west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 536 acres.

T. 9 N., R. 24 E.,

Those upland portions of Tract B west of the boundary line between Brownlow Point and the mean high water mark of the extreme west bank of the Canning River per PLO 2214 including all islands, islets and rocks, lying above the line of mean high tide; and
Those portions of Tract B west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 7,676 acres.

T. 9 N., R. 25 E.,

Those upland portions of Tract A west of the boundary line between Brownlow Point and the mean high water mark of the extreme west bank of the Canning River per PLO 2214, including all islands, islets and rocks, lying above the line of mean high tide, excluding USS 11149; and
Those portions of Tract A west of the mean high water mark of the extreme west bank of the Canning River.

Containing approximately 240 acres.

Aggregating approximately 19,322 acres.

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Appendix

Original proposed boundary map for the Arctic National Wildlife Range, published 1957



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Excerpt from Supreme Court ruling, United States v. Alaska, No. 85 Original

E. The Coastal Boundary of the Arctic National Wildlife Refuge

The coastal boundary of the Arctic National Wildlife Refuge is a continuous line, as described in Public Land Order No. 2214, 25 Fed. Reg. 12,598 (1960), that begins at the intersection of the International Boundary line between the State of Alaska and Yukon Territory, Canada, with the line of extreme low water of the Arctic Ocean in the vicinity of Monument 1 of said International Boundary line, and follows the line of extreme low water westerly, extending across the entrances of lagoons such that all offshore bars, reefs and islands, and lagoons that separate them from the mainland, are part of the Refuge, to Brownlow Point, at approximately 70° 10' N., 145° 51' W.

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