

SCOMM

118:1

**THE FOLLOWING PAGES MAY
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THE POOR QUALITY OF THE ORIGINAL**

Low Oil Prices, Changed Plans, & Revised Goals

**House Oil & Gas Committee
February 4, 1999**

JOE LEONE

\$40

\$35

\$30

\$25

\$20

\$15

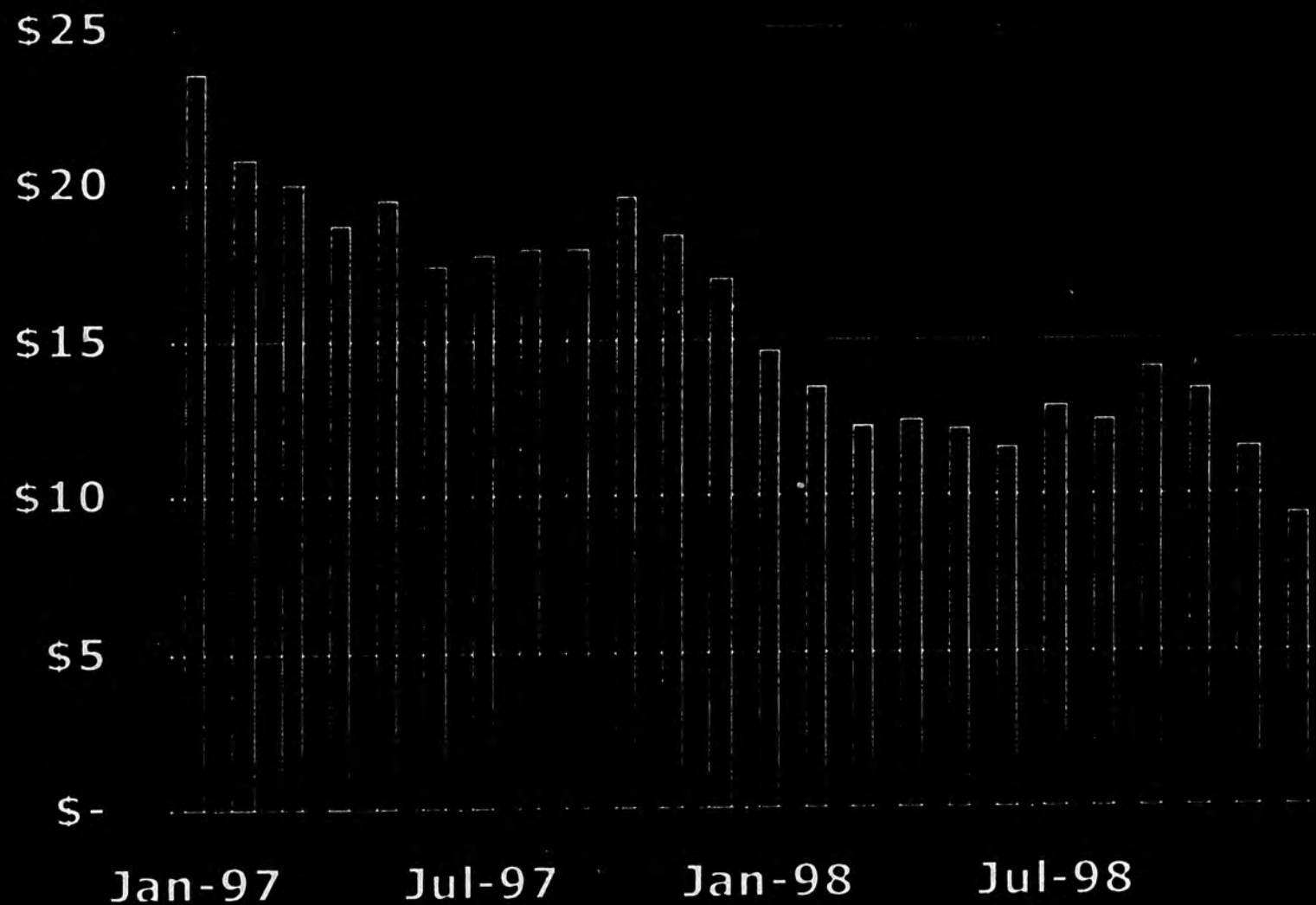
\$10

\$5

\$0

81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98

ANS ANNUAL AVERAGE SPOT PRICE



ANS MONTHLY AVERAGE SPOT PRICE

World oil demand faltered

1.6 million bpd expected growth

300,000 bpd actual growth

Weather, economy to blame

Asia crisis

Warm Winter

Demand slowing in US, EU

1998 - THE YEAR EVERYTHING WENT WRONG

Production exceeded demand

OPEC production ballooned early in year

Iraq production increase (1.2 to 2.4 MMBDD) offset late OPEC cuts

Global stocks rose to record levels in 1st half

Market confidence undermined by November OPEC meeting

1998 - THE YEAR EVERYTHING WENT WRONG

ARCO

1990 1991 1992 1993 1994 1995 1996 1997 1998

ARCO ALASKA WORKFORCE

ARCO

\$700

\$600

\$500

\$400

\$300

\$200

\$100

\$0

1994 1995 1996 1997 1998 1999

ARCO ALASKA CAPITAL SPENDING (Millions)

APCO

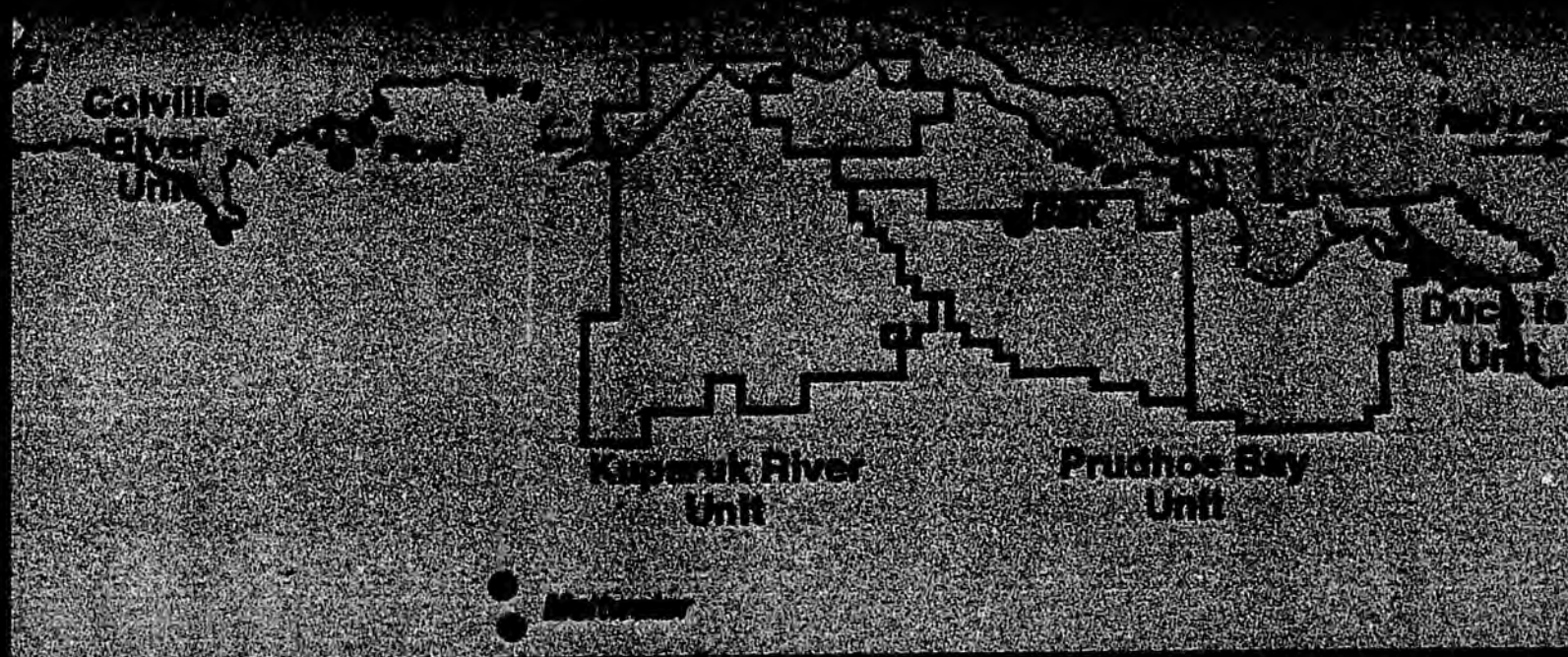


Active

Idle

NORTH SLOPE RIG COUNT

WEST SAK PRODUCTION CONTINUES



1999 EXPLORATION WELLS



TARN FIELD BEGINS PRODUCTION

APCO



WINTER SEISMIC OPERATIONS

ALCO

Production
Facilities

Pipeline

ALPINE INFRASTRUCTURE CONSTRUCTION

APCO



ALPINE DEVELOPMENT DRILLING BEGINS

ALCO



ALPINE SEALIFT MODULE - NIKISKI



MIX SEALIFT MODULE - ANCHORAGE

Figure H.C.1



87% of Study Area proposed for leasing

Some prospective areas deferred

No permanent withdrawals

1999 Lease Sale

NPRA STUDY AREA

ARCO



ARCO'S LARGEST UNDEVELOPED RESOURCE



*Designed for
TAPS trade*

*First OPA 90
new builds*

*Double hulls,
engine rooms,
rudders, props*

*"Endeavour"
arrives
mid-2000*

3 NEW TANKERS UNDER CONSTRUCTION

ARCO

1600

1200

800

400

0

1999

2001

2003

2005

2007

1994 Forecast



1997 Forecast

1998 Forecast

STATE PRODUCTION FORECASTS

