

*Marilyn Crockett*

*“Production Decline Signals Need for Change”*

*Resource Development Council*



February 3, 2011  
Anchorage, AK

# AOGA Member Companies



PIONEER  
NATURAL RESOURCES



*Apache*



Statoil

**ExxonMobil**



TESORO



Eni

Eni Petroleum

**Chevron**



# *What is AOGA?*

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- Alaska's oil and gas trade association since 1966
- Purpose
  - 1) Serve as a single point of contact for Alaskans on the state's oil and gas industry
  - 2) Provide a forum for discussion and a point of decision on issues that affect the industry
- Goal
  - A vital oil and gas industry that contributes to a vibrant economy for Alaska

# *52 Years of Petroleum Revenue*

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**TOTAL:**                    **\$108 Billion** (Restricted & Unrestricted)

Royalties:                    \$46 billion (43%)

Production Tax:            \$39 billion (36%)

Other:                         \$23 billion (21%)

Petroleum Revenue has constituted 83% of the state's unrestricted revenue since statehood.



# *FY 10 Petroleum Revenue*

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Royalty	\$	2,176.2MM
Production Tax	\$	2,860.7MM
Property Tax	\$	497.5MM
Corporate Income Tax	\$	447.9MM
Other	\$	<u>592.3MM</u>
<b>TOTAL</b>	<b>\$</b>	<b>6,574.6MM</b>

Royalty includes Permanent Fund contribution (\$696.1MM) and School Fund contribution (\$11.1MM).

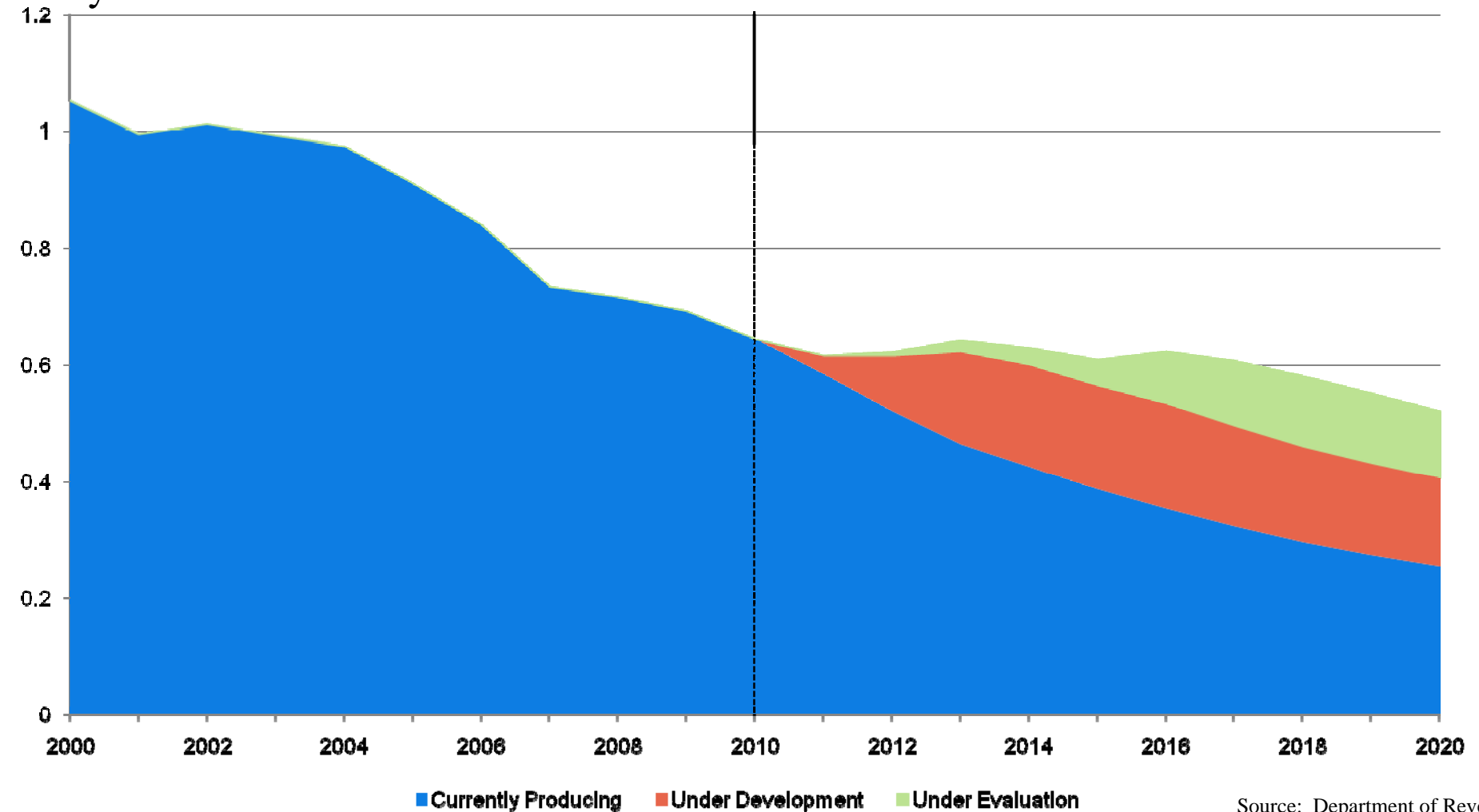
Property tax figure (also known as ad valorem) includes local government shares (\$378.7MM).

Other includes restricted revenues from NPR-A and tax settlements.

Total (minus Permanent Fund, School Fund, local property tax, and other) represents **89%** of unrestricted revenue.

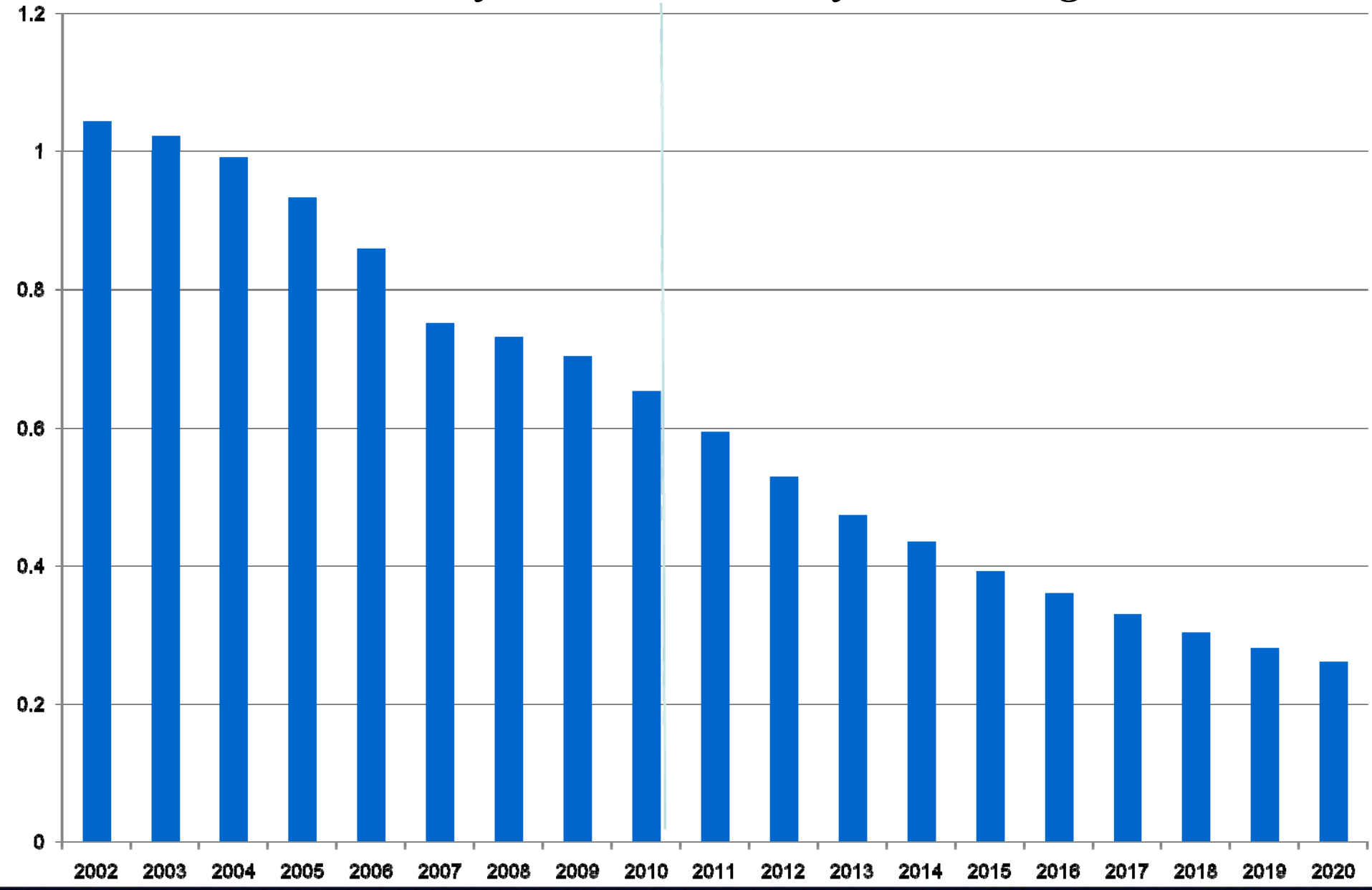
# Production Forecast

- In 10 years, the state forecasts 51% of total production will be new oil.
- Even with this new oil, the state is forecasting a 19% reduction in total production in 10 years.

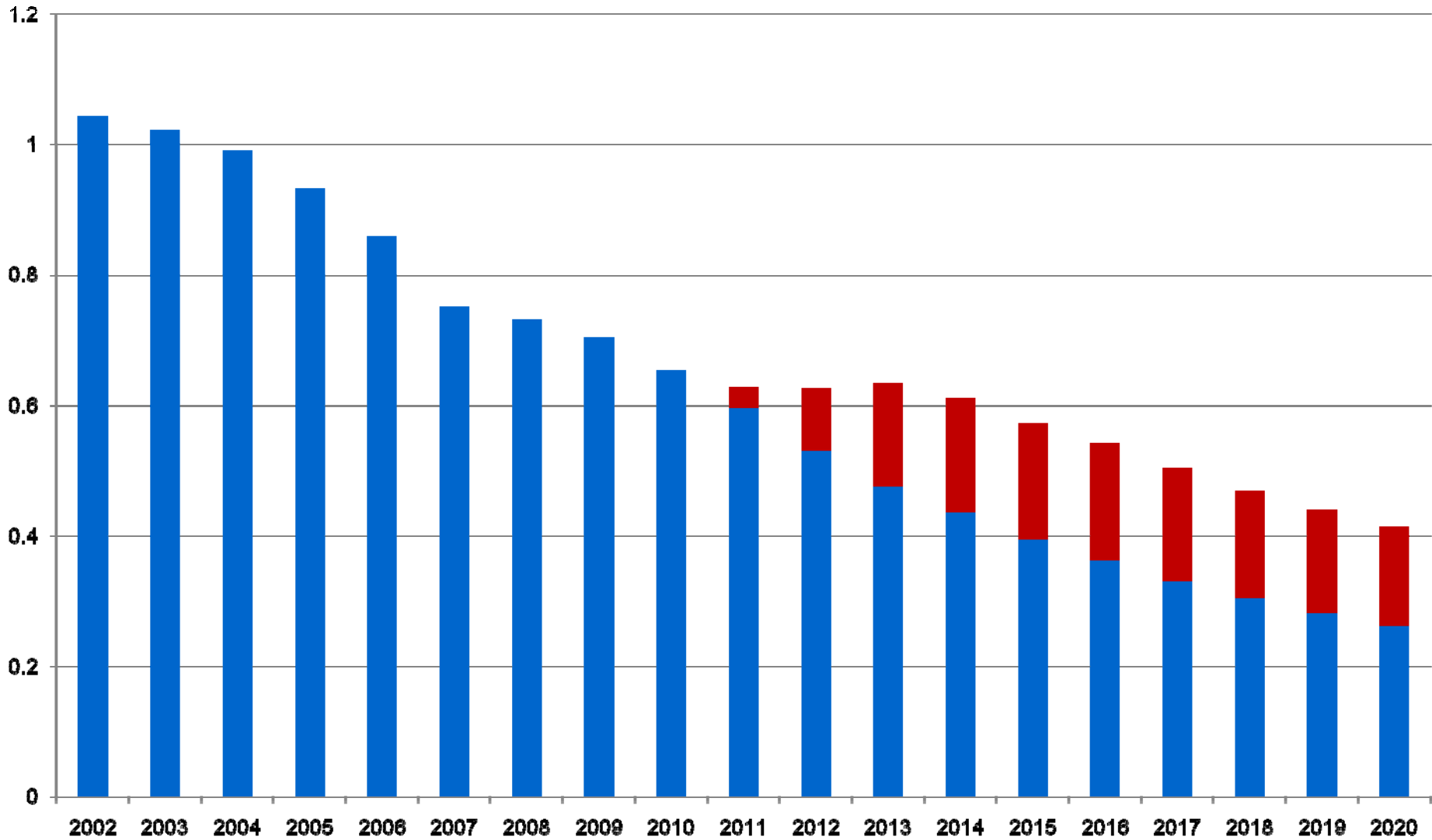


Source: Department of Revenue

# *Production Volumes By Year – Currently Producing*



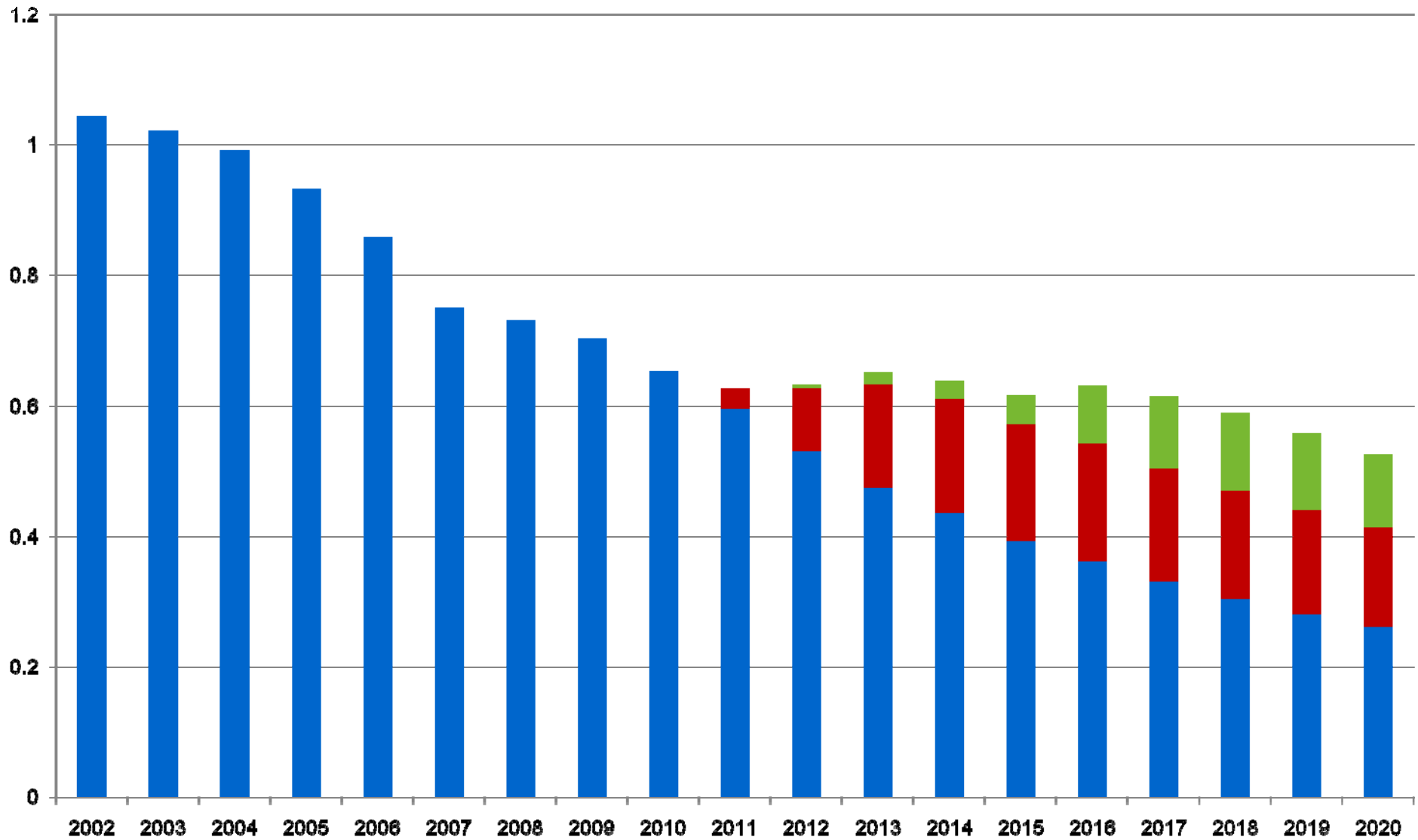
# *Production with Fields Under Development*



Source: Department of Revenue

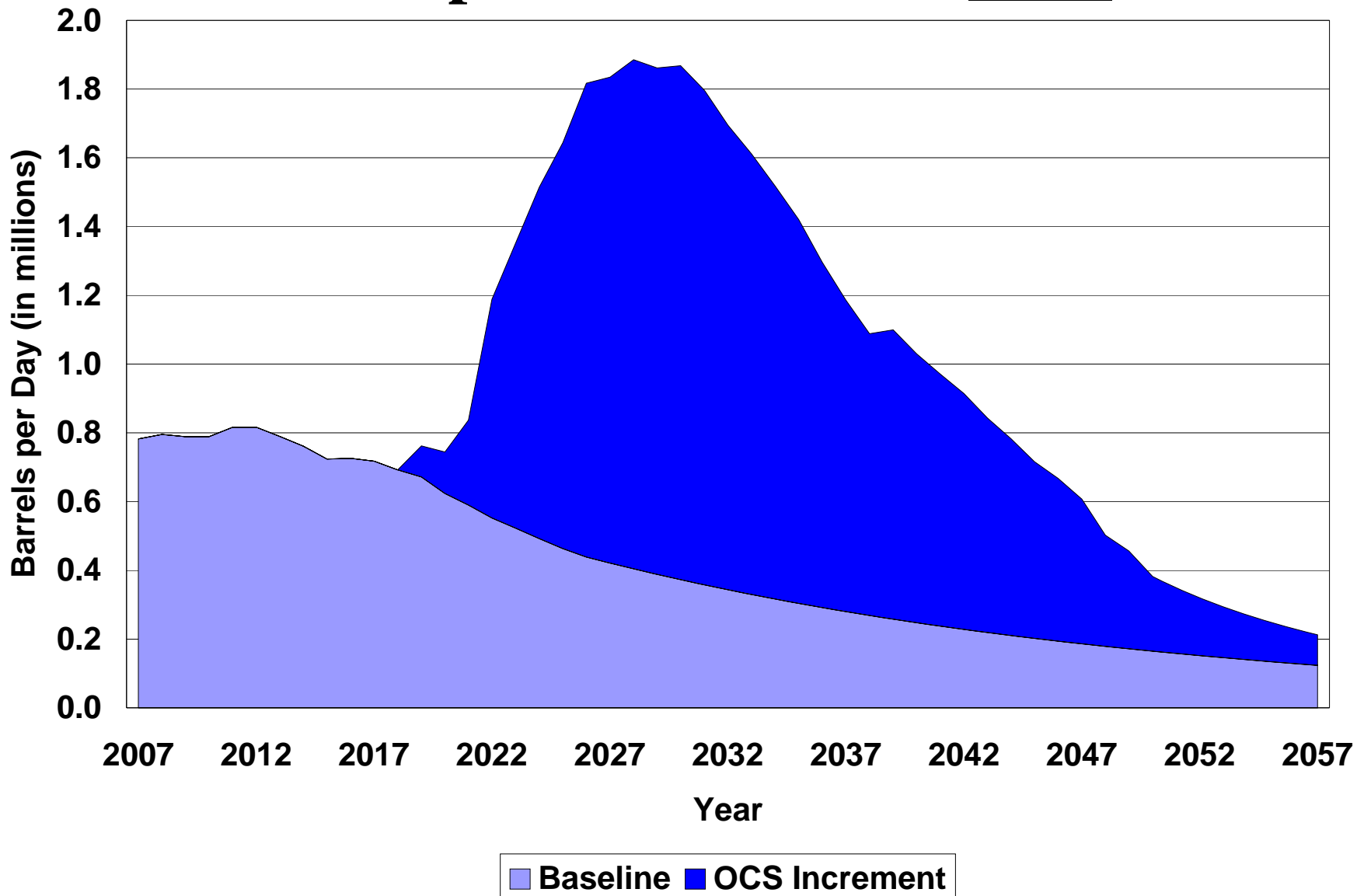


# *Production with Fields Under Dvlp & Evaluation*



Source: Department of Revenue

# North Slope Oil Production With OCS

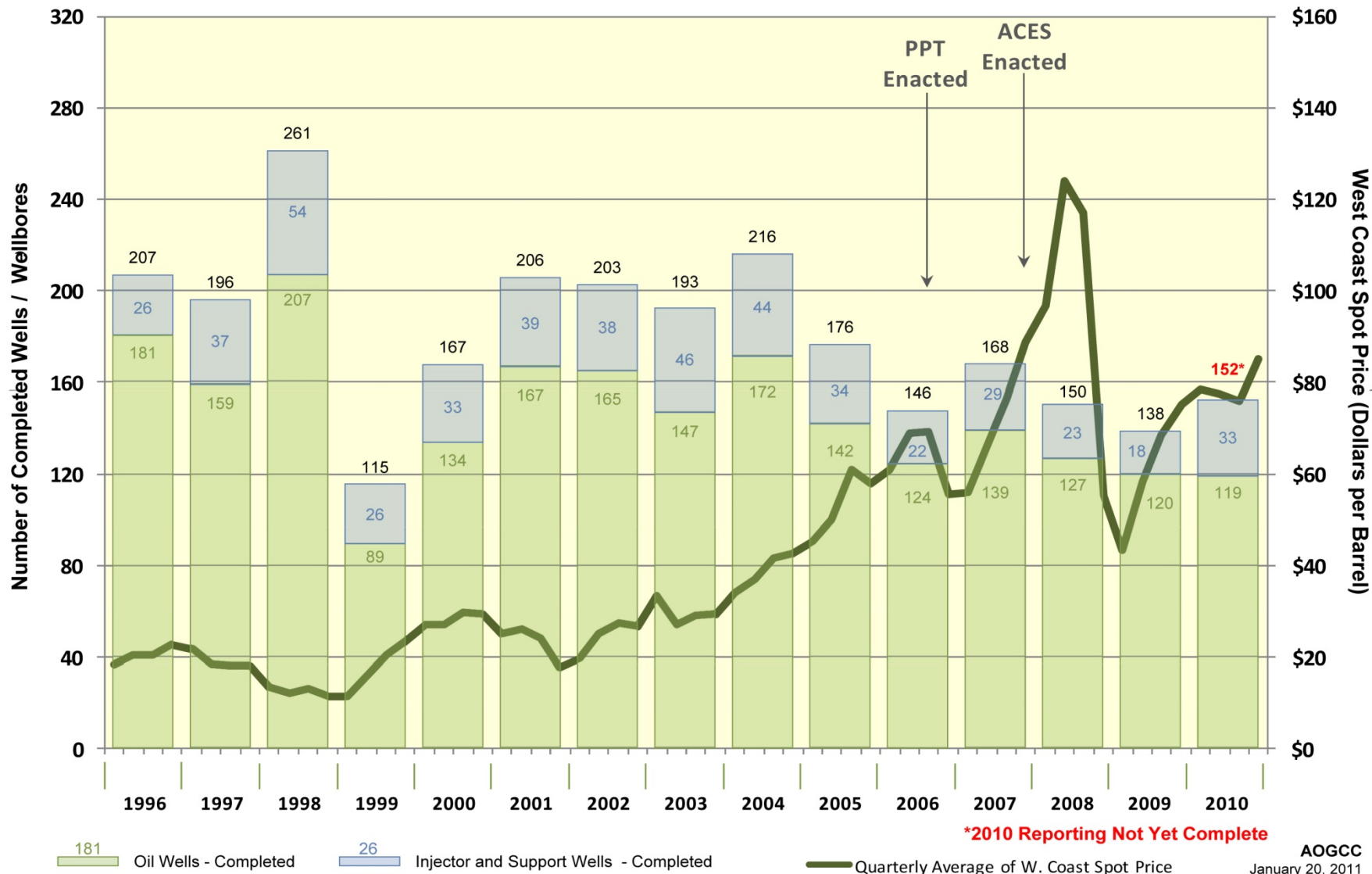


# Development Takes Time

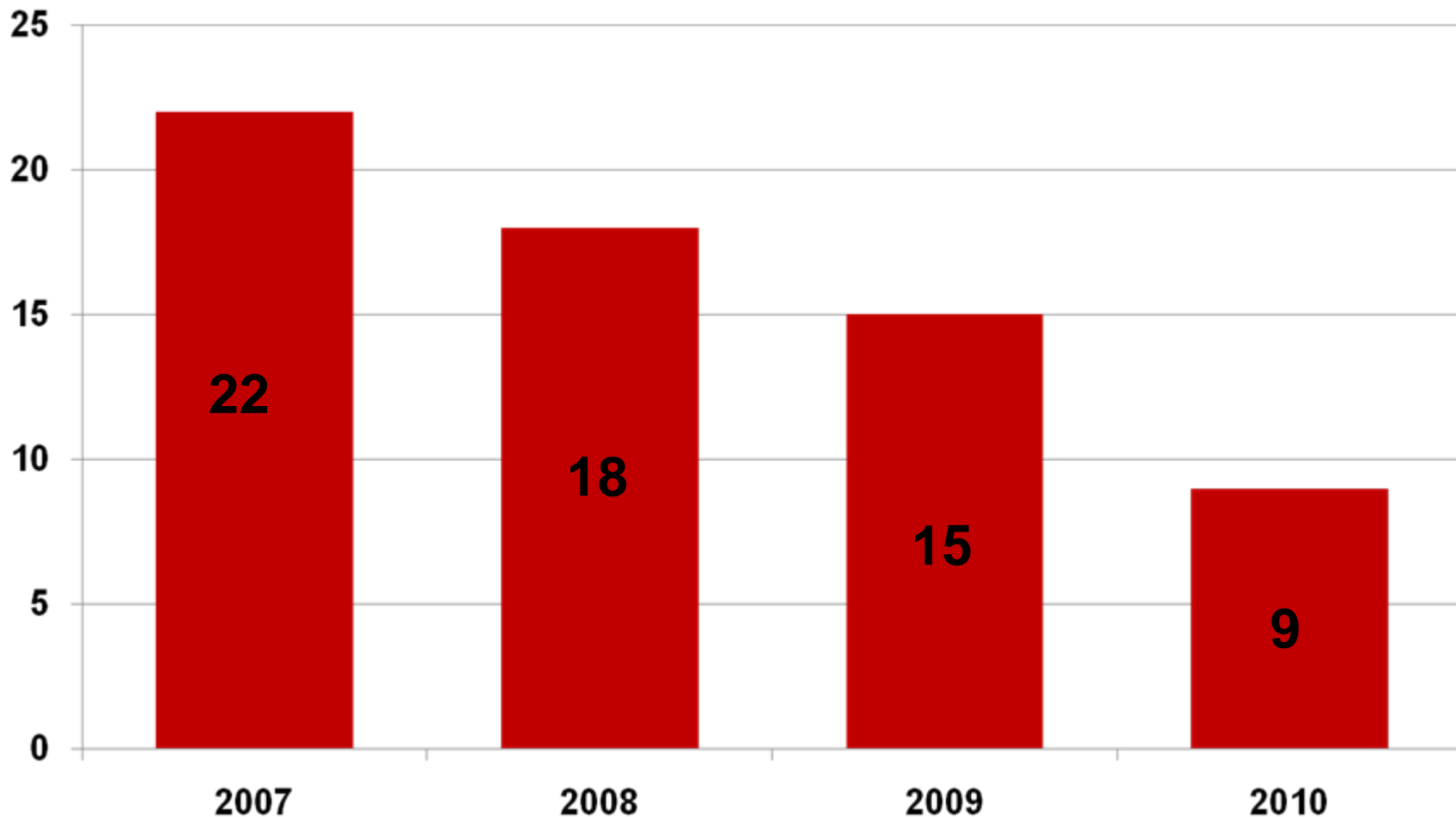
<u>Fields</u>	<u>Discovery</u>	<u>Sanction</u>	<u>First Oil</u>
Nikaitchuq	2004	2008	2011
Oooguruk	2003	2006	2008
Liberty	1997	2008	2013
Alpine West (CD 5)	2001	???	???
Fiord	1999	2004	2006
Nanuq	2001	2004	2006

# Completed North Slope Oil and Support Wells and Wellbores 1996 – 2010

## with Quarterly Average West Coast Spot Price for North Slope Crude Oil

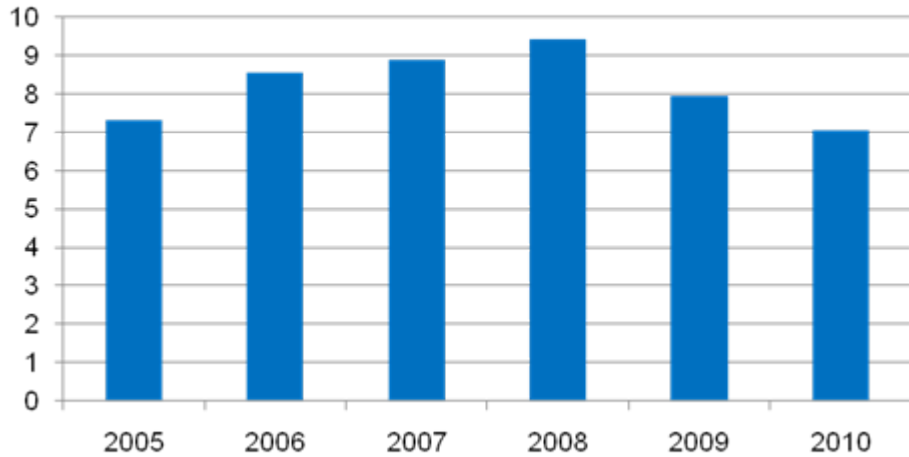


# Exploration Wells Drilled in Alaska

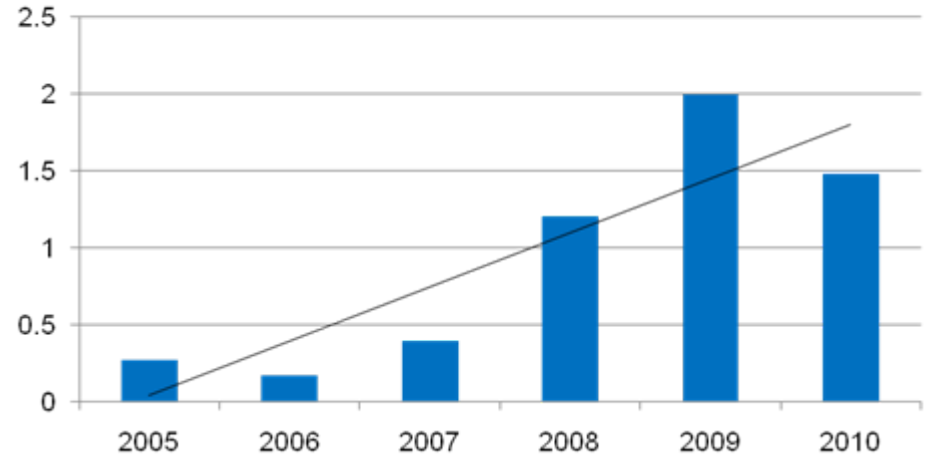


# State Arctic Lease Status

## Total Acres

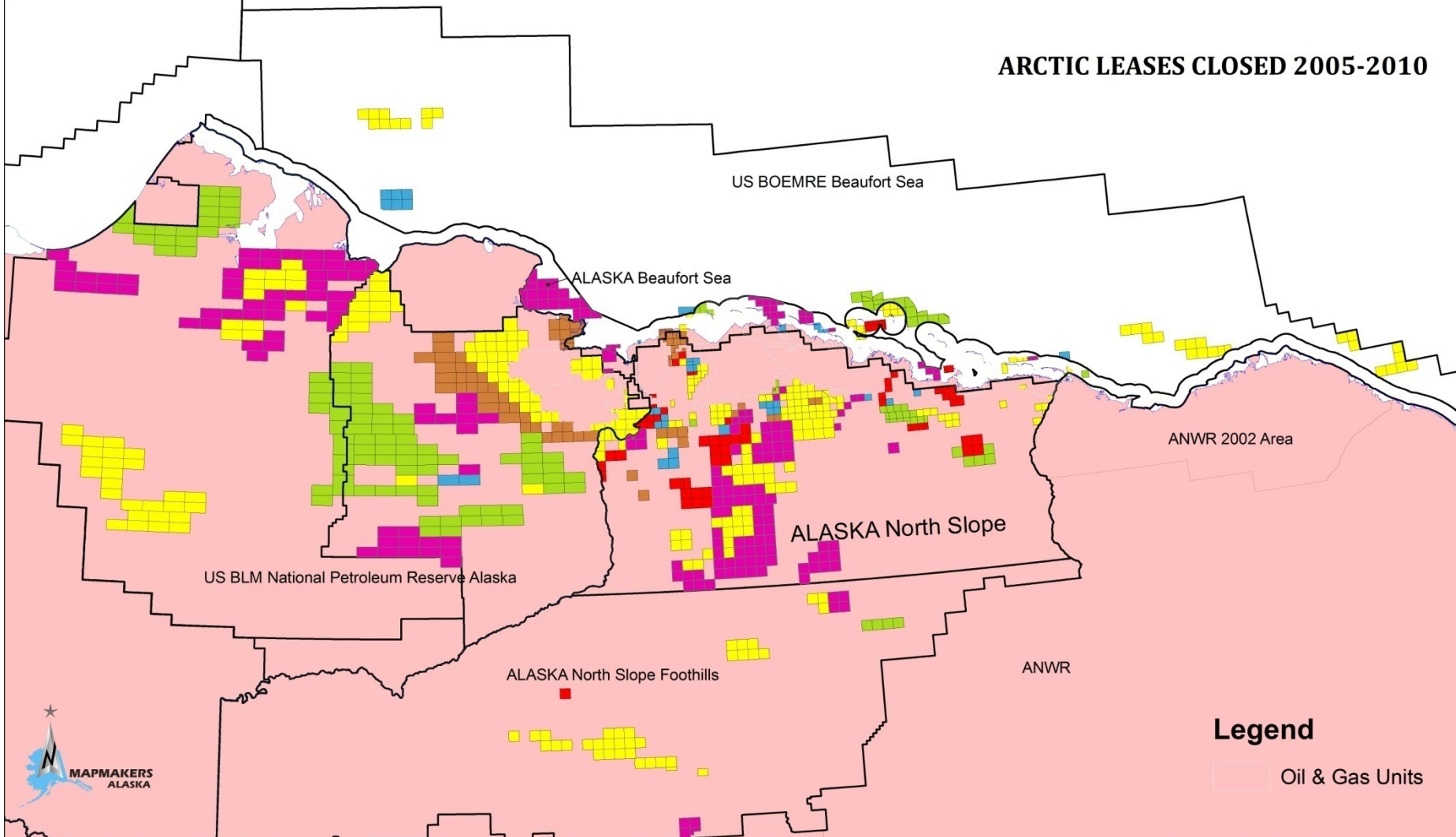


## Acres Closed





# ARCTIC LEASES CLOSED 2005-2010



**Active and Closed Leases By Year, 2005-2009 (Lessors: State of Alaska=Beaufort Sea, North Slope, North Slope Foothills, BLM=NPRA, BOEMRE=Beaufort Sea)**

Year	No. Leases Active	AK Leases Bid*	Acres Active	Acres Bid**	Total No. Leases	Total Acres	Total No. Leases Closed	Total Acres Closed
2005	1470	12	6,737,303.81	586,240	1482	7,319,543.81	80	271,225.82
2006	1779	58	8,329,643.49	210,560	1837	8,540,203.49	47	170,057.32
2007	1828	38	8,769,501.72	119,040	1866	8,888,541.72	76	395,116.24
2008	1842	92	9,087,761.50	313,600	1934	9,401,361.50	142	1,204,739.87
2009	1609	81	7,608,167.22	325,120	1690	7,933,287.22	371	2,004,075.75
2010	1447	168	6,325,608.00	729,920	1615	7,055,528.00	217	1,476,925.46

\* = State of Alaska Leases bid on during year, but not yet issued, acreage estimated. Where acreage was determined, lease bid is included in "Leases Active and excluded from "No. Leases Bid."

\*\* = Acreage estimated by State of Alaska prior to lease being issued

Source: Mapmakers Alaska "GIS-Arctic Oil & Gas©" database.

# Alaska Vs. North Dakota

## Tax Rate/Oil Price

**Alaska: \$90/barrel = 38% Production Tax Rate**

**North Dakota: \$90/barrel = 11.5% Total State Tax (minus Royalty)**

## Rigs Operating

**Alaska: As of Jan. 21, 2011: 12**

**North Dakota: As of Jan. 7, 2011: 164**

## Production

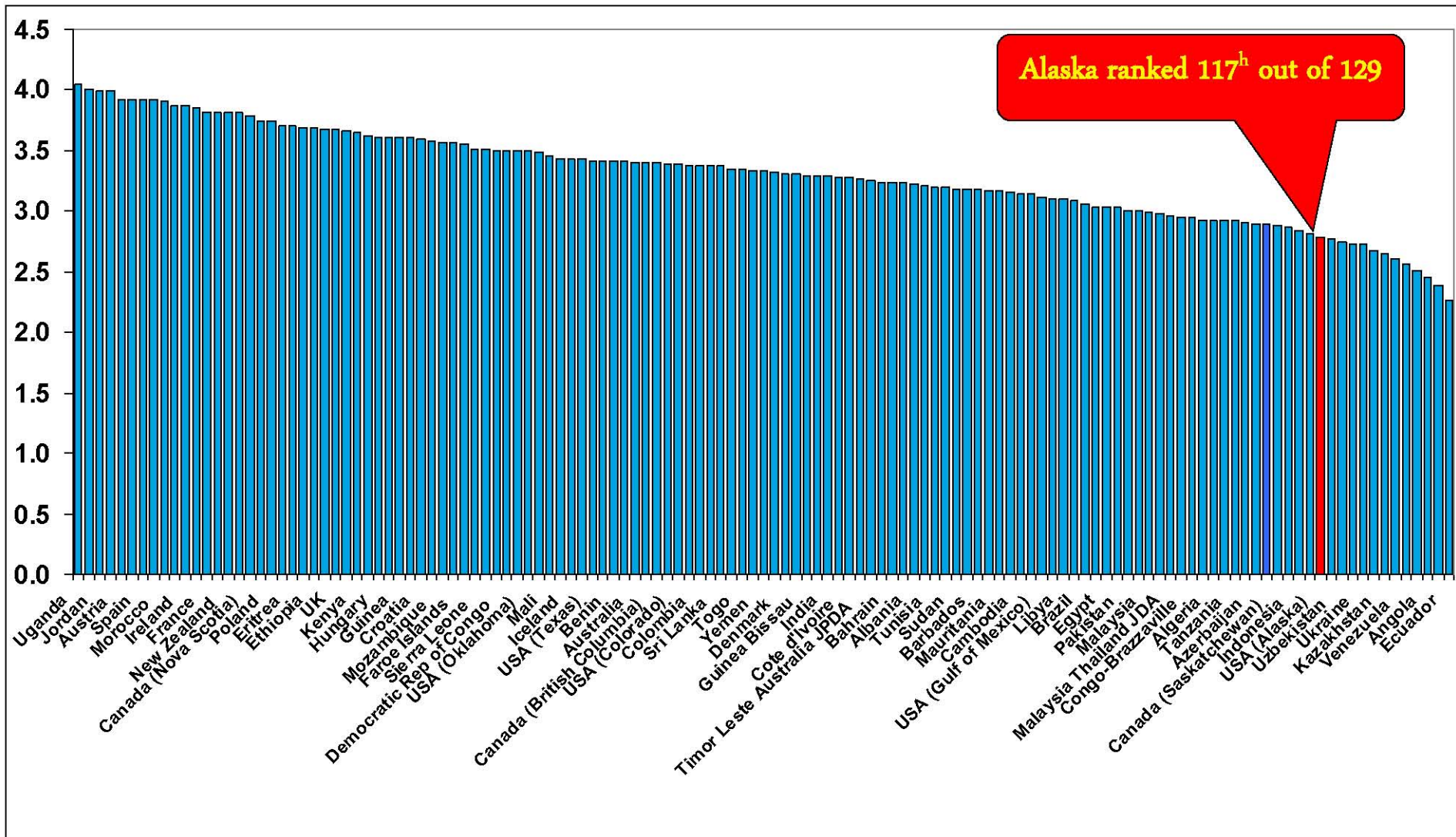
**Alaska Forecast 2015: 386,000 bpd – 608,000 bpd**

**North Dakota Forecast 2015: 430,000 bpd – 700,000 bpd**

**Alaska Forecast 2020: 255,000 bpd – 520,000 bpd**

**North Dakota Forecast 2020: 430,000 bpd – 700,000 bpd**

# Global Fiscal terms ranking



Source : Wood Mackenzie Petroleum Fiscal systems January 2010

# *AOGA Staff*

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