



**AOGA**

**OIL & GAS:  
FUELING  
ALASKA'S  
ECONOMY**

# **Oil & Gas Industry Update**

**Nov. 14, 2012**

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# AOGA Member Companies

**PIONEER**  
NATURAL RESOURCES ALASKA



petroleum



# Oil & Gas Has been Good to Alaska – Jobs & Revenue

**State of Alaska has collected \$160+ billion from oil & gas since 1959**

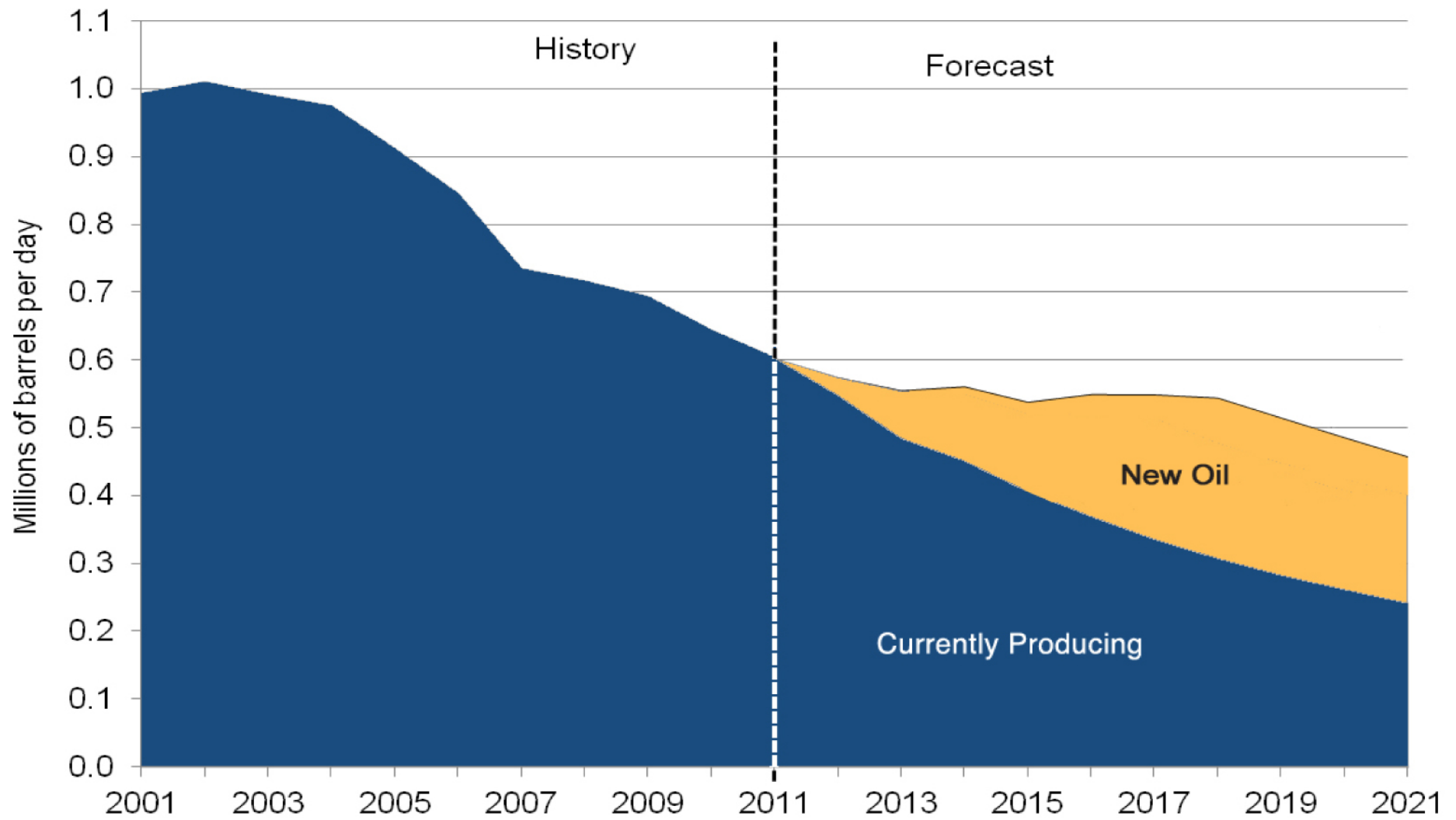
- Oil & gas continue to dominate state's unrestricted revenue, accounting for 92% (\$7 billion) in FY 2011
- State estimates 90% of its revenue will continue to come from oil and gas – even with falling production

**Industry creates jobs and provides income for many**

- 44,800 jobs and \$2.65 billion in annual payroll (does not include State jobs, or jobs related to capital budgets)

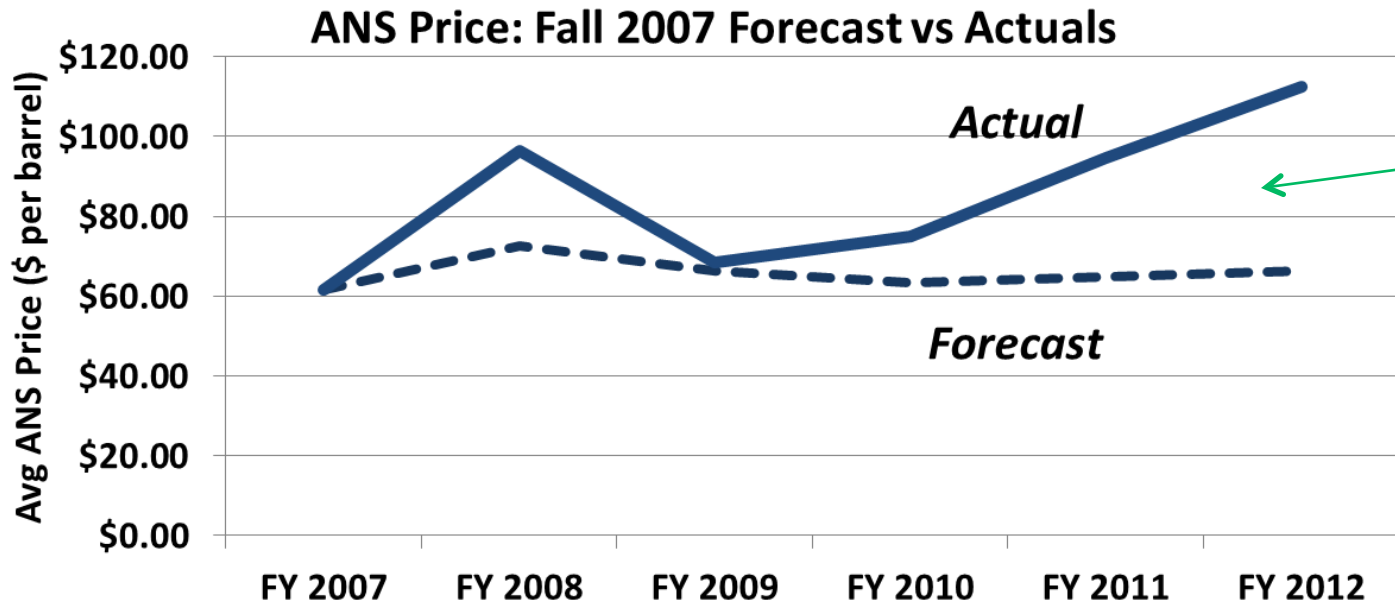
- **1 = 9 - Nine oil industry-related jobs created in Alaska for every primary company job**

# Production Decline Is Real



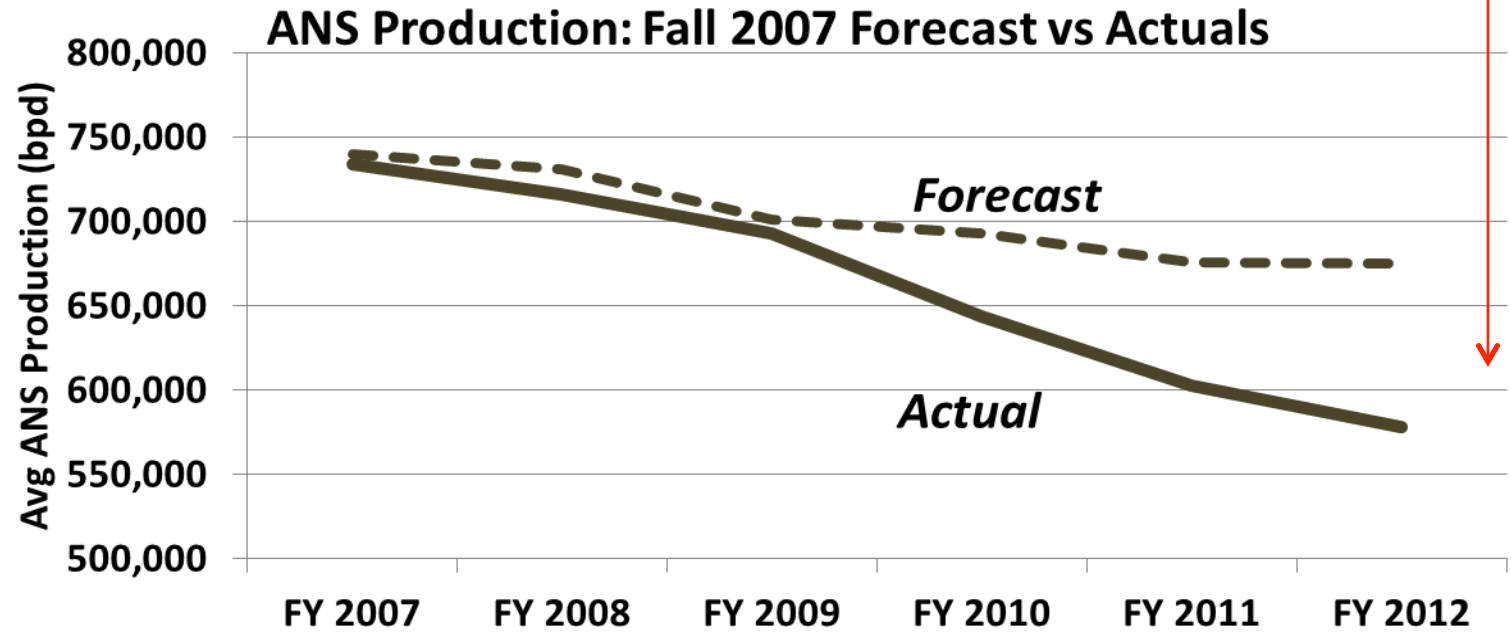
Source: State of Alaska

# ANS Production & Price Forecast Comparison



2012:  
Prices  
**UP** 70%

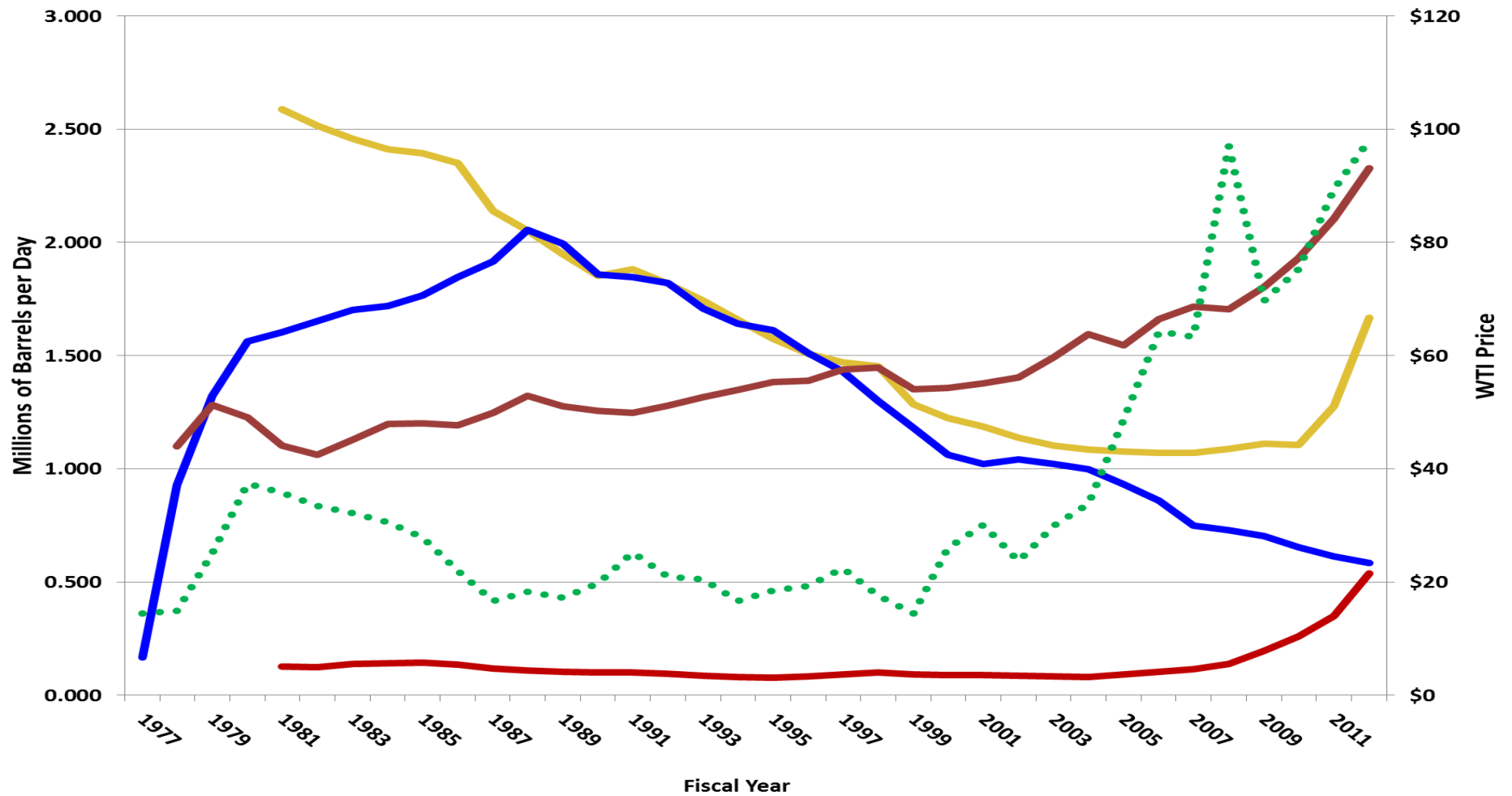
2012:  
Production  
**DOWN** 14%



Source: DOR Fall 2007 & Fall 2011 Revenue Sources Books; preliminary FY 2012 Actuals

# Competition at High Oil Prices

## Historical Oil Production Curves with Nominal WTI Price

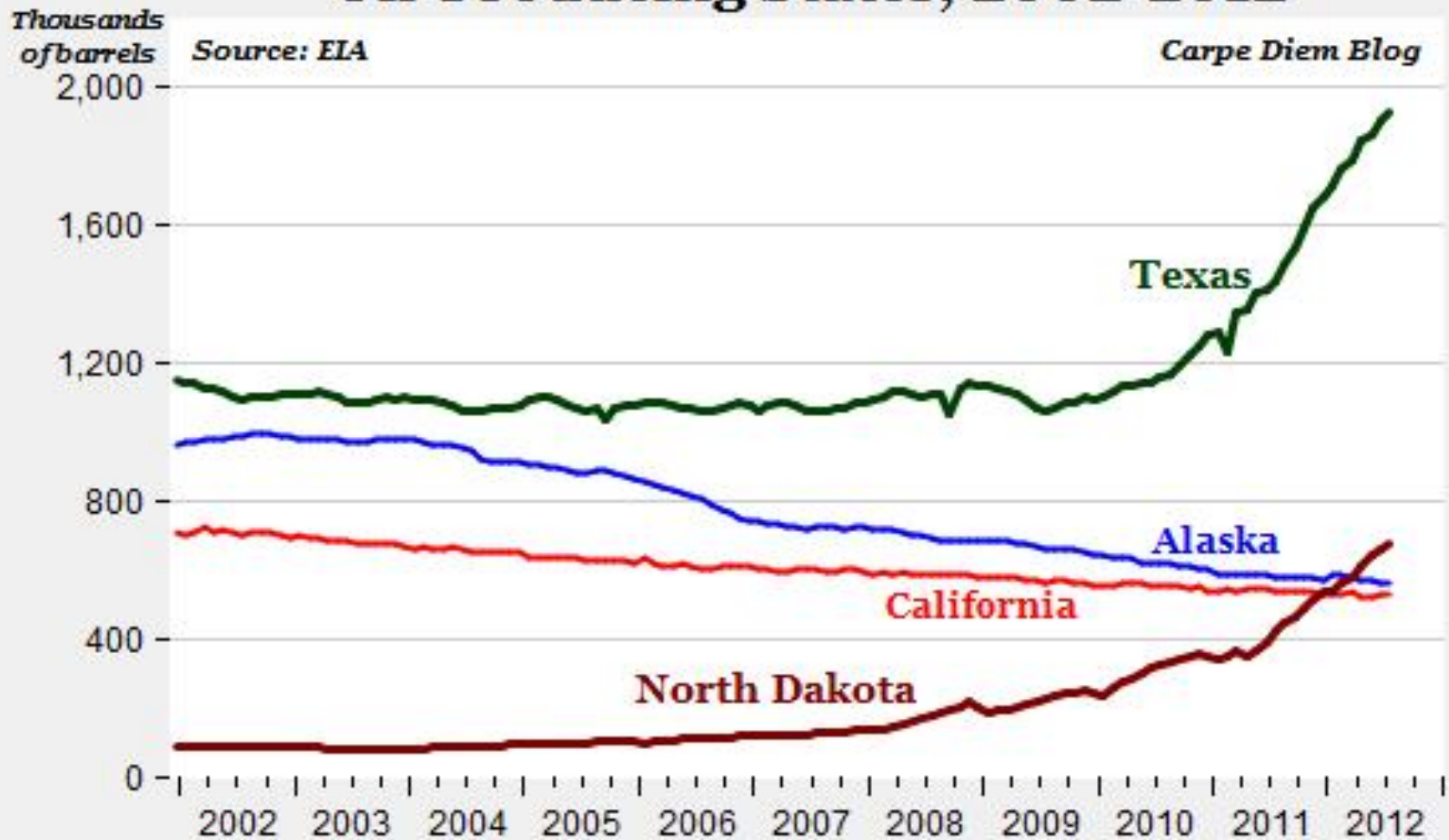


— Texas    — Alaska    — North Dakota    — Alberta    ••• Price - WTI nominal



# Alaska Headed Out of Medal Contention – 4th

## Daily Oil Production in the Top 4 U.S. Oil-Producing States, 2002-2012



# Where is Alaska's Boom?

	Anchorage, AK		Williston, ND	
<b>Population</b>	2005	273,297	2006	12,193
	2010	291,826	2011	16,006
<b>Unemployment</b>	2007	5.3%	2007	1.8%
	2012	5.9%	2012	0.9%
<b>Residential Building Permits</b>	2007	161	2007	45
	2012	111	2012	335
<b>Median Household Income</b>	2007	\$ 73,000	2007	\$ 30,000
	2012	\$ 81,640	2012	\$ 52,926



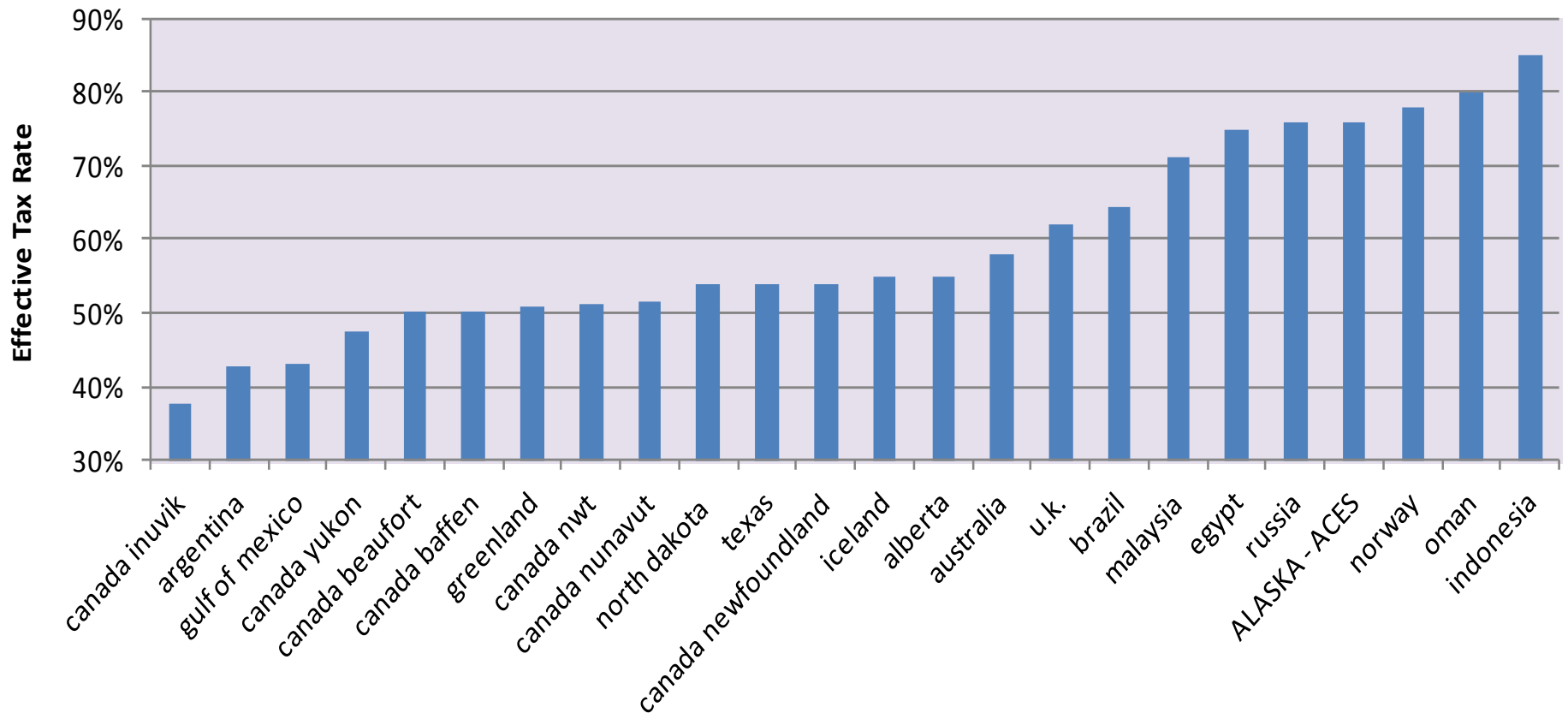
## Alaska's Tax Policy: How Bad is it?

“Your state has about the worst energy tax policy in the world. The only worse I could find is North Korea.”

- Economist Steve Forbes at the Anchorage Economic Development Corporation's economic forecast luncheon on January 25, 2012.

# Uncompetitive Tax Rates

## Effective Tax Rate at \$115/bbl Market Price (all taxes & royalties)



Source: Roger Marks, 2/8/12 Presentation

# A Grim Future Without Oil & Gas

## Sources of FY 2011 Unrestricted Revenue

Oil and Gas Royalties & Taxes (\$7B)	92%
Excise Taxes (\$165M)	2%
Corporate Income Taxes (\$157M)	2%
Mining Taxes (\$49M)	.6%
Licenses & Permits (\$43M)	.6%
Fisheries Taxes (\$23M)	.2%

Source: Alaska Department of Revenue – Fall 2011 Sources Book

# Work Together. Win Together.

- **Exploration does not guarantee production**
- **Projects underway are not stemming decline**
- **Legacy fields can not be ignored**
- **Alaska Needs a Strong Oil Tax Policy**

