



# RDC Conference 2017

## How to get more oil into TAPS

J. Patrick Foley, SVP Alaska Operations

# Potential

- North Slope Resource Potential

- ~25 MMBO North Slope oil potential
- ~125 TCF North Slope gas potential

- New development opportunities

- Willow 300 MMBO recoverable resources
- Nanushuk 500+MMBO recoverable resources
- Liberty 100 MMBO recoverable resources
- Nuna 180 MMBO recoverable resources
- Smith Bay 2BnBO potential resources



Source: USGS and company public statements



# People

- Talented company & contractor workforce
- Competent & efficient regulatory system & expertise
- World-class training institutions
- Oil's contribution to AK economy \*
  - 103,875 Jobs (primary company & all other support)
  - ~ 1/3 of all wage and salary jobs in Alaska
  - ~\$6.0 billion in wages (all)
  - Every primary company job supports 9 private & 13 public

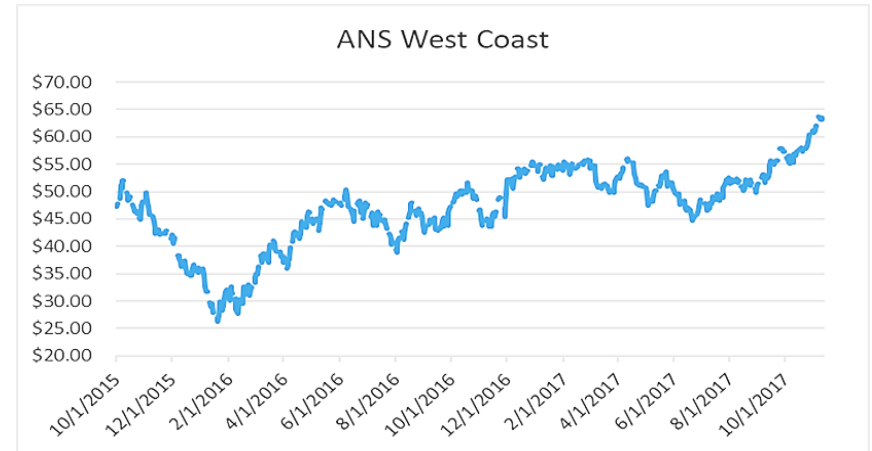


\* Source: AOGA, The role of the Oil and Gas Industry in Alaska's Economy, May 2017



# Price

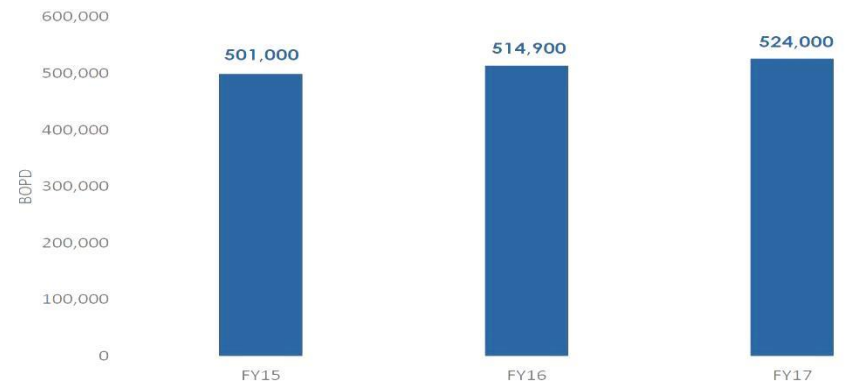
- Low price ‘benefits’
  - Increased efficiencies
- Increasing and stabilizing ??
- \$60 helps AK – really helps L48
  - EIA: Shale operators ramping up 9x more quickly than first time



# Production

- Stemmed the decline!
  - Policy matters
  - Legacy and new fields
- Future production opportunities
  - NPRA
  - Current unit
  - New developments

## 2 Years of Production Increases



Source: DNR, Prelim 2017 Fall Production Forecast, Oct 25, 2017

# Problem(s)

- Reputation
  - Perception of AK = “Toxic”
    - Changing tax policy (7 changes in 12 years)
    - Poor credit payment history
    - \$736 MM un-paid tax credit liability
    - HB 247 / 111 stripped way all assistance to new players
- Budget / Fiscal
  - Fragile credit rating
  - Government revenue shortfalls of \$300 – 600MM
- Workforce Capacity
  - Shrinking & struggling oilfield service providers
  - Brain drain of qualified workers
- Investment
  - Outside investment has ‘dried up’
  - Dramatic need for outside investment



# Plan forward

- Repair reputation
  - Get AK fiscal house in order
  - Refund earned credits
  - Fortify tax credit secondary market
  - Pledge to stabilize production taxes
- Restart Economy – Now!
  - Oil production remains critical
  - Jobs & Revenue for Alaskans
  - Ensure a competitive tax system - for all
  - Responsibly fast track new developments
- What else can State do?
  - Infrastructure development (ASTAR program)
  - Find way to assist w/ low-cost financing
  - Ensure capable workforce (private/public)

