

AOGA

Industry Overview

Fall 2022

Rachel Bylsma
External Affairs Manager



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Petroleum.



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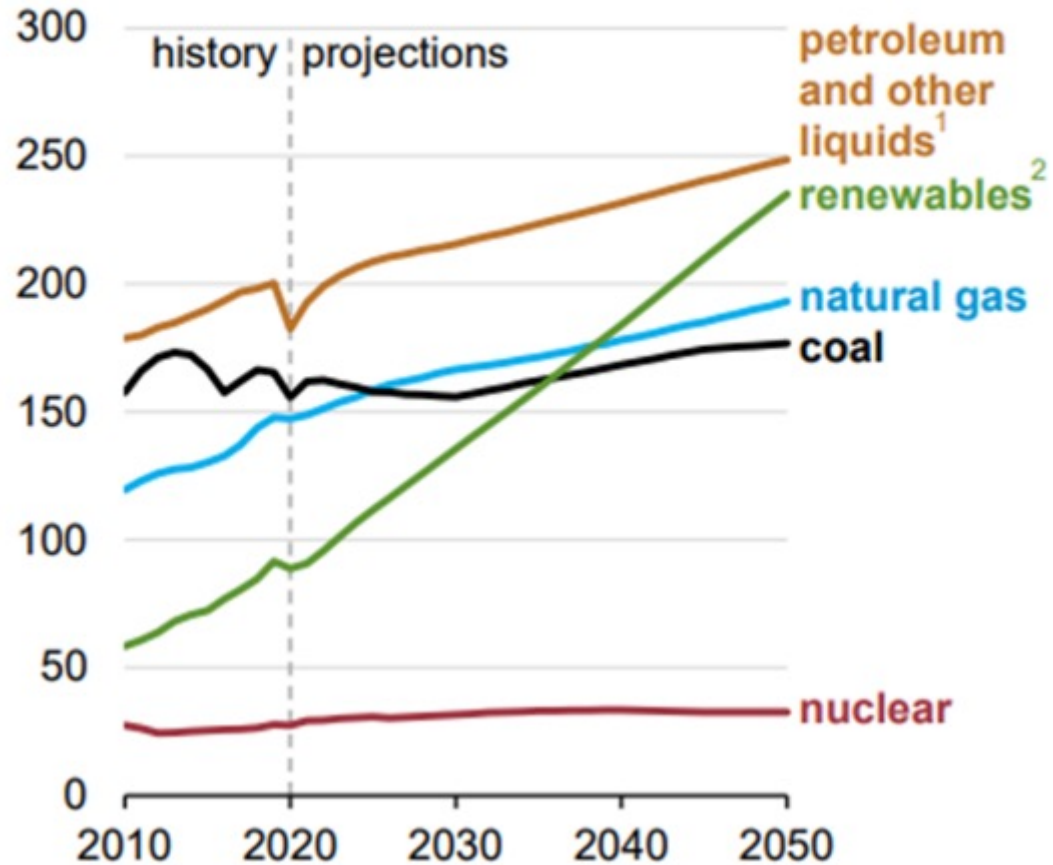


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Primary energy consumption by energy source, world
quadrillion British thermal units



OPEC and Russia might compensate for reduced U.S. supply. But there could still be an enormous oil shortage if U.S. and European giants scale back global production . . .

\$11.8 trillion

in new oil investment will be needed through 2045 to meet demand growth and compensate for production declines at existing fields.”

Wall Street Journal, Sept. 30, 2021

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AOGA
Alaska Oil and Gas Association

PRODUCTS MADE FROM OIL AND NATURAL GAS

Adhesive	Computer monitors	Guitar strings	Paint brushes	Solvents
Air mattresses	Coriander	Hair coloring	Paint roller	Space suits
Ammonia	Crayons	Hair curlers	Pajamas	Sports car bodies
Antifreeze	Credit cards	Hand lotion	Panty hose	Sunglasses
Antibacterials	Curtains	Heating aids	Parachutes	Surf boards
Antiseptics	Dashboards	Heart valves	Perfumes	Swimming pools
Artificial limbs	Denture adhesives	House paint	Permanent press	Synthetic rubber
Artificial turf	Dentures	Hula hoops	Petroleum jelly	Telephones
Asphalt	Deodorant	Ice buckets	Pharmaceuticals	Tennis rackets
Aspirin	Detergent	Ice chests	Pillow filling	Tents
Awnings	Dice	Ice cube trays	Plastic toys	Tires
Backpacks	Dishwashing liquid	Ink	Plastics	Tool boxes
Balms	Dog collars	Insect repellent	Plywood adhesive	Tool racks
Ballpoint pens	Drinking cups	Insecticides	Propane	Toothbrushes
Bananas	Dyes	Insulation	Purses	Toothpaste
Beach umbrellas	Electric blankets	iPad/iPhone	Putty	Transparent tape
Boats	Electrical tape	Kayaks	Refrigerants	Trash bags
Cameras	Enamel	Laptops	Refrigerator linings	Truck and automobile parts
Candles and gum	Epoxy paint	Life jackets	Roller skate wheels	Tubing
Candles	Flycatchers	Light-weight aircraft	Racing	TV cabinets
Car battery cases	Fan belts	Lipstick	Rubber cement	Umbrellas
Car enamel	Faucet washers	Loudspeakers	Rubbing alcohol	Unbreakable dishes
Cassettes	Fertilizers	Lubricants	Safety glasses	Upholstery
Caulking	Fishing boots	Luggage	Shampoo	Vaporizers
CDs/computer disks	Fishing lures	Model cars	Shaving cream	Vinyl flooring
Cell phones	Flour wax	Mugs	Shaw punch	Vitamin capsules
Clothes	Food preservatives	Motorcycle helmets	Shoes/sandals	Water pipes
Clothesline	Football	Movie film	Shower curtains	Wind turbine blades
Clothing	Fuel tanks	Nail polish	Skateboards	Yam
Coffee makers	Glue	Noise insulation	Skiis	
Cold cream	Glycerin	Nylon rope	Soap dishes	
Combs	Golf bags	Oil filters	Soft contact lenses	
Computer keyboards	Golf balls	Packaging	Solar panels	

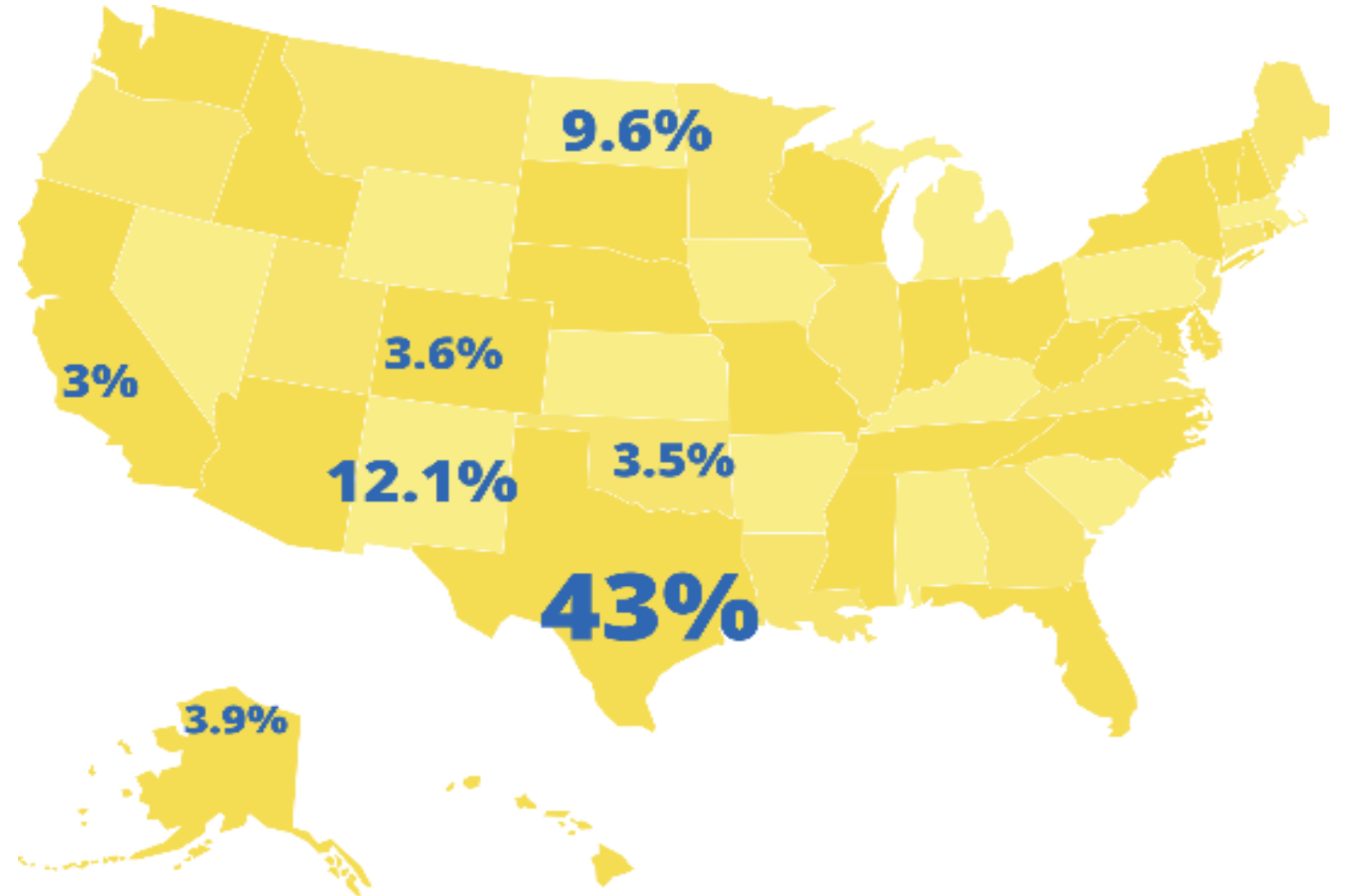


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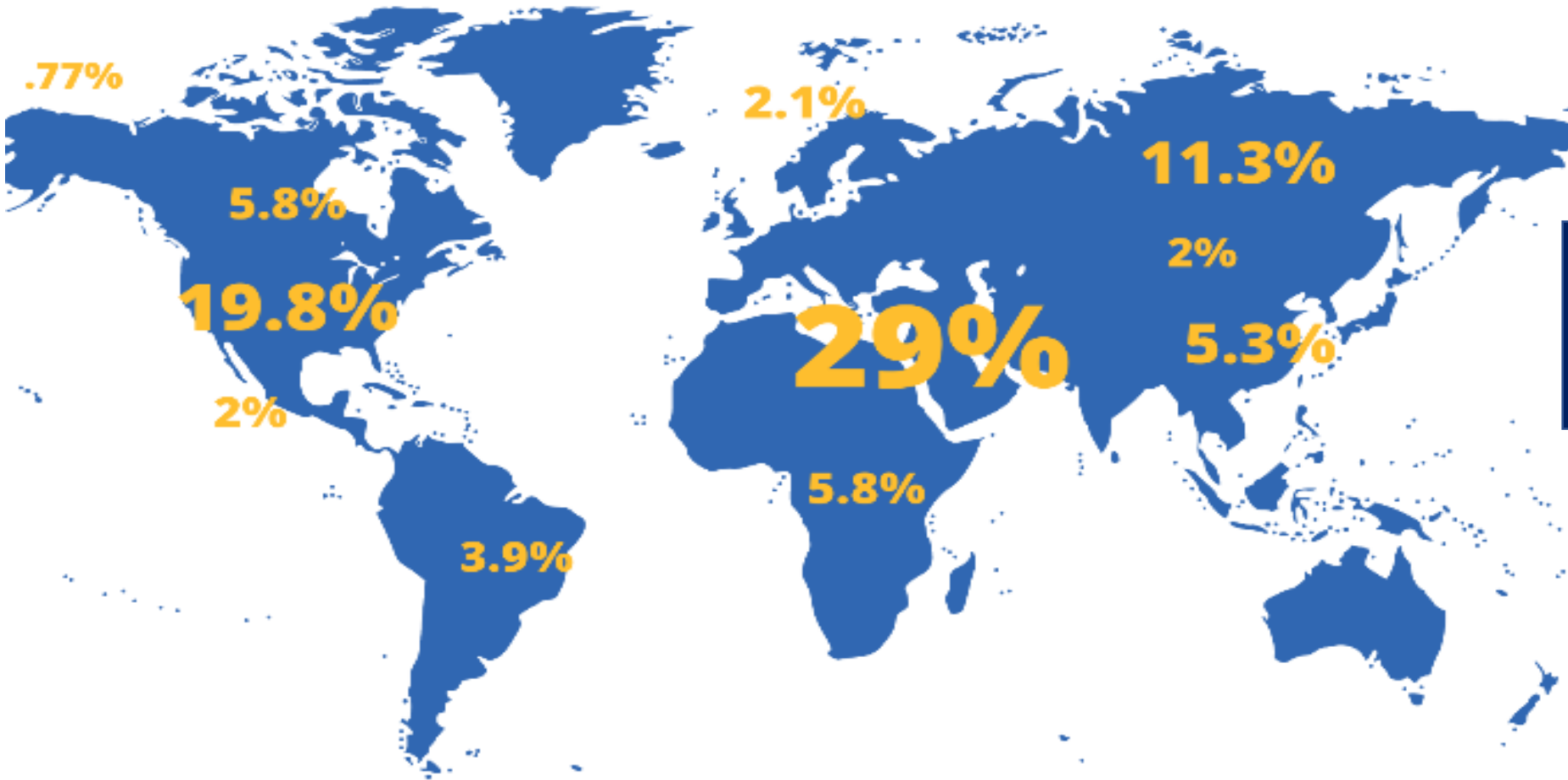
**Alaska:
3.9% US Oil Production**



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**Alaska:
.77% World Oil
Production**

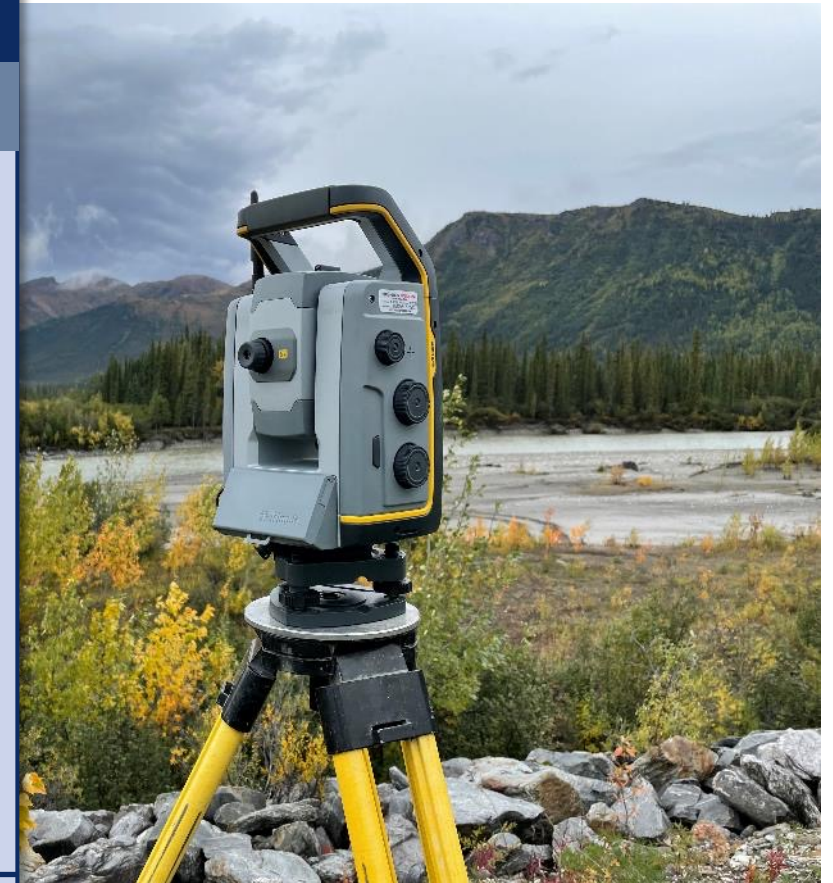
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RESOURCE POTENTIAL

STATE LAND	FEDERAL LAND
<p>Cook Inlet 599 mbo and 19 tcf gas</p> <hr/> <p>Onshore North Slope</p> <p><u>Conventional</u> 5 bbo and 35 tcf gas</p> <p><u>Heavy/Viscous</u> 24-33 bbo</p> <p><u>Unconventional</u> 2 bbo and 12 tcf gas</p>	<p>Offshore Arctic 27 bbo and 132 tcf gas</p> <hr/> <p>NPR-A 8.8 bbo and 39.2 tcf gas</p> <hr/> <p>ANWR 10 bbo and 3.5 tcf gas</p>
<p>mbo - million barrels of oil bbo - billion barrels of oil tcf - trillion cubic feet</p>	



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Cook Inlet: Alaska's Original Oil and Gas Basin

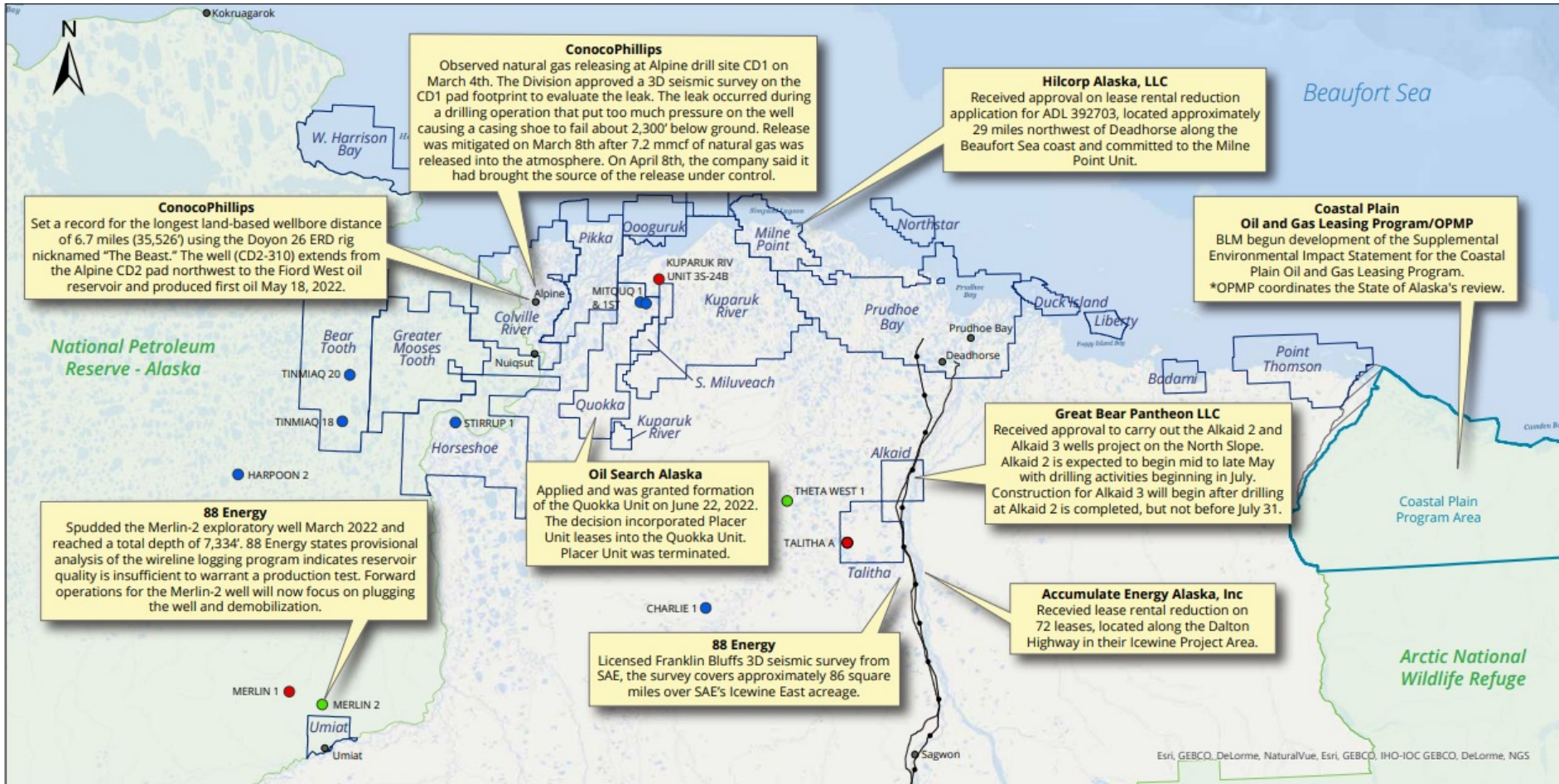


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Alaska's North Slope Resource Potential Remains



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“Since startup on June 20, 1977, TAPS has transported more than 18 billion barrels of Alaska North Slope crude from the North Slope to Valdez.”

-- Alyeska Pipeline Service Company



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Marathon Nikiski Refinery



- 68,000 barrel/day refinery
- Primary products include gasoline, gasoline blend stocks, jet fuel, diesel fuel, heavy fuel oils, propane and asphalt
- 300 Alaskans employed

Petro Star Valdez Refinery



- 60,000 barrel/day crude distillation unit
- 12,000 barrel/day distillate hydrotreater and associated process units (Clean Fuels Unit)
- Primary products are commercial & military spec jet fuels and ULSD (JP-5 for USCG Kodiak)

Petro Star North Pole Refinery



- 22,000 barrel/day crude distillation unit
- Primary products include commercial and military spec jet fuels, home heating oil, low-sulfur diesel, asphalt oil and turbine fuel

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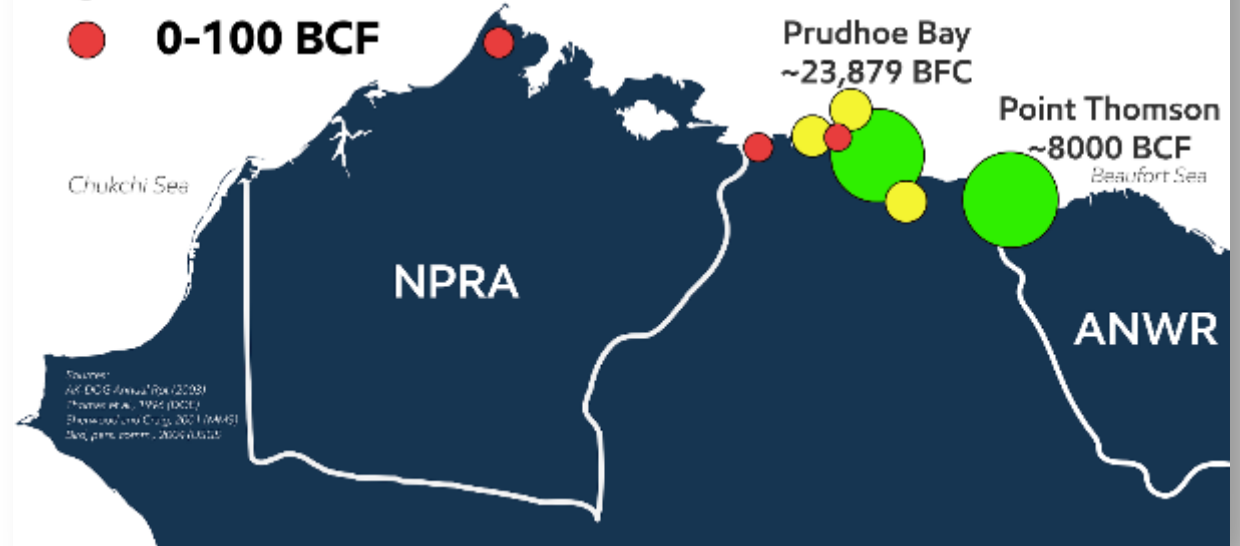
Massive Natural Gas Resource

Alaska North Slope Gas Potential

Known Reserves: Unit and Gas Reserves

Total Resource =
35 TCF Proven
200 TCF Potential

-  **5,000 - 25,000 BCF**
-  **400 - 1000 BCF**
-  **0-100 BCF**

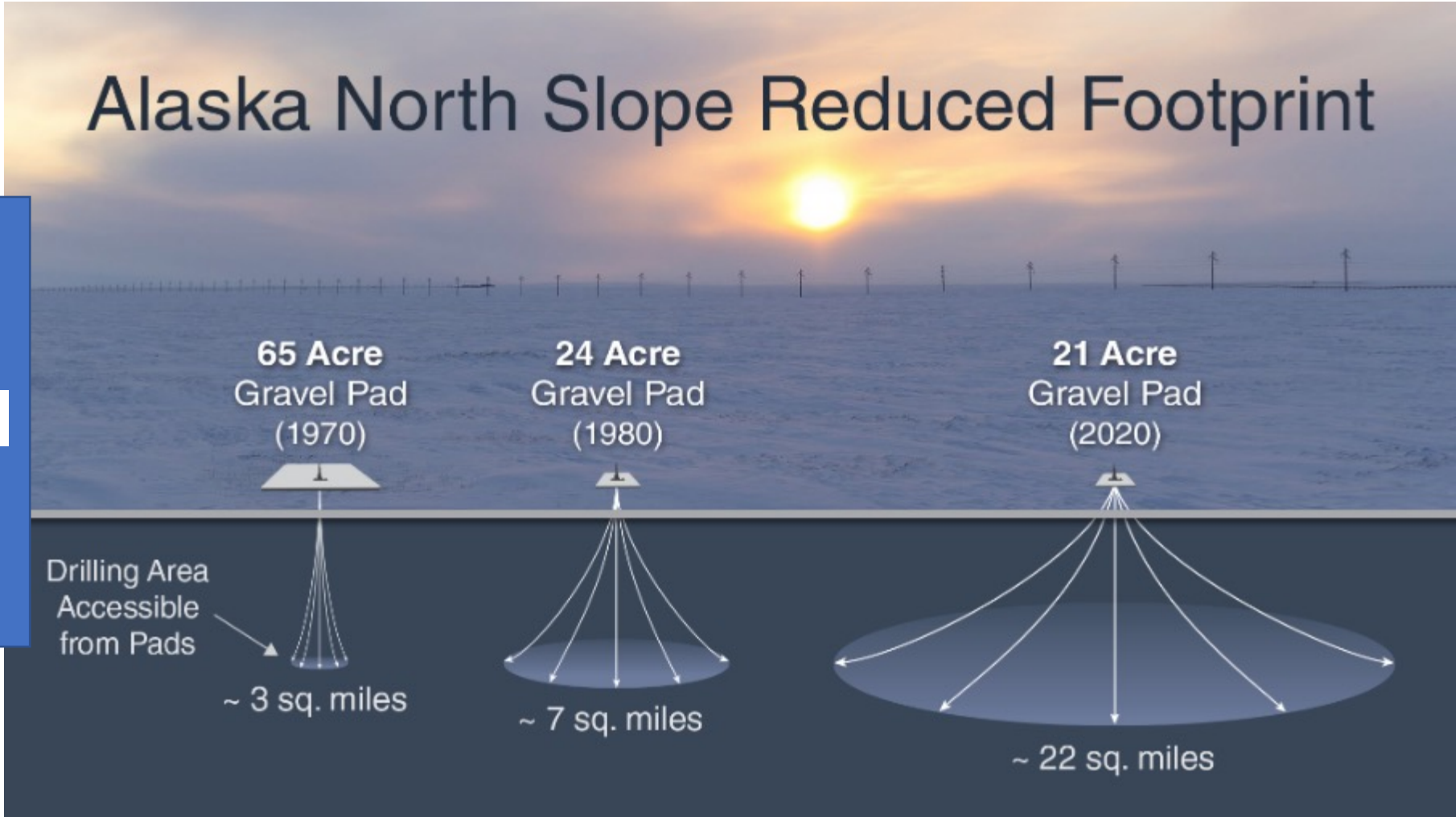


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Reducing Environmental Impact



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Alaska's portion of total United States GHG Emissions



Alaska's portion of total Global GHG Emissions



Alaska Emissions Less Than 1%

Source: <http://dec.alaska.gov/air/anpms/projects-reports/docs/ghg-inventory-report-overview-013018.pdf>

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Oil and Gas Fuels Alaska's Economy



77,600 Alaska Jobs and \$4.8 Billion in Alaska Wages in 2018



\$4.4 Billion Spent Annually with 1000+ Alaska Businesses



\$3.1 Billion to state and local governments in 2018

BIG TAKE AWAY:

Alaska's oil and gas remains the single most important economic engine in the state.

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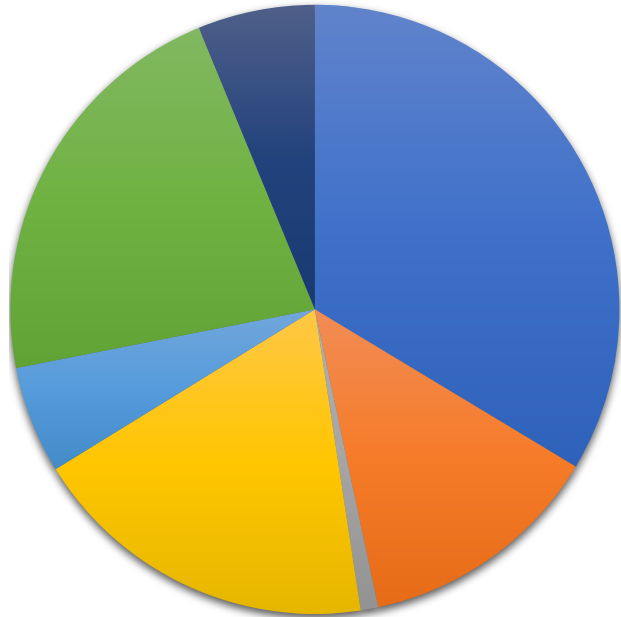
Fiscal Year 2021

Average Oil Price: \$54.14/barrel

Total Revenue to State:

\$2.051 Billion

(does not include federal taxes)



- Royalties General Fund \$702.9 million
- Royalties Permanent Fund \$272.3 million
- Corporate Income Tax \$-19.4 million
- Production Tax \$389 million
- Property Tax State \$119.2 million
- Property Tax Local \$457 million
- Other \$104.1 million

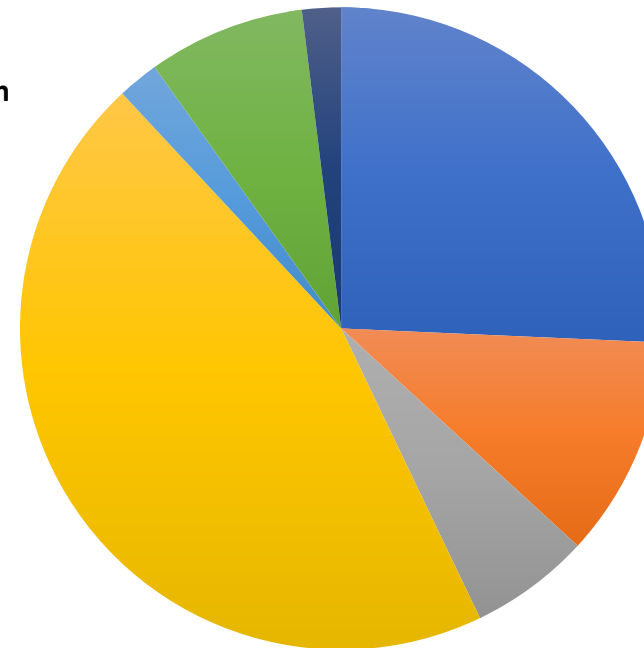
Fiscal Year 2023 (Forecasted 3/15/22)

Average Oil Price: \$101/barrel

Total Revenue to State:

\$5.61 Billion

(does not include federal taxes)

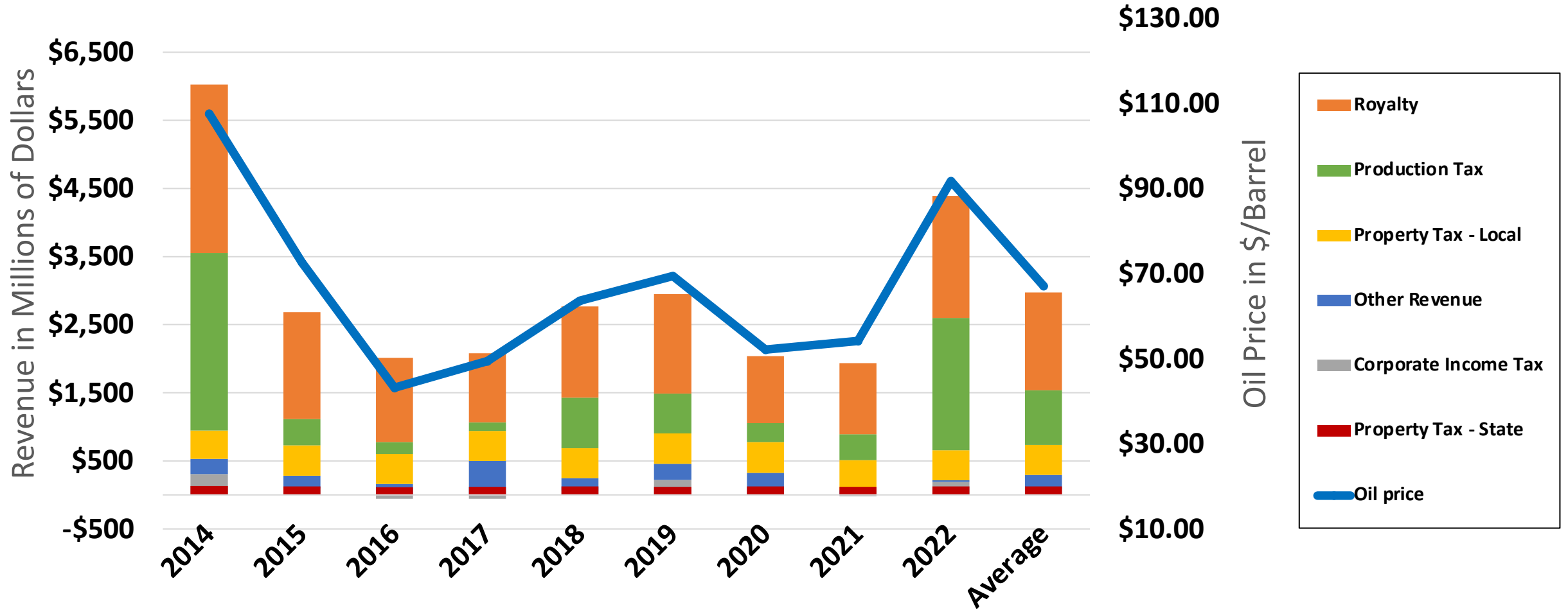


- Royalties General Fund \$1.4 billion
- Royalties Permanent Fund \$624.2 million
- Corporate Income Tax \$340 million
- Production Tax \$2.53 billion
- Property Tax State \$116.2 million
- Property Tax Local \$443.4 million
- Other \$109.9 million

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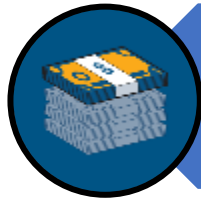
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\$20 Billion
in royalties from oil and gas production



\$27.3 Billion
total distributed



23 Million
paid applications



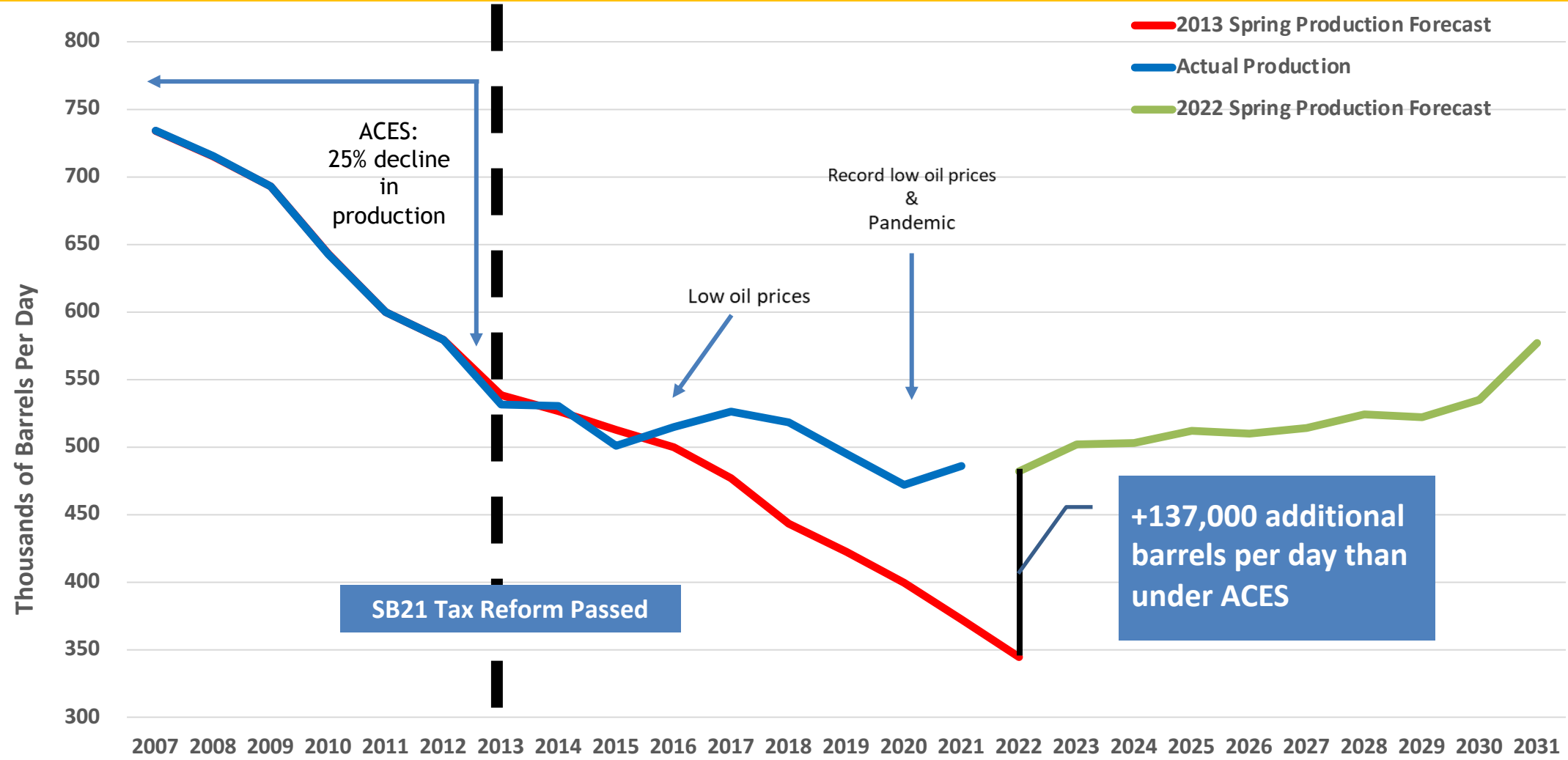
\$49,817.41
to individual Alaskans



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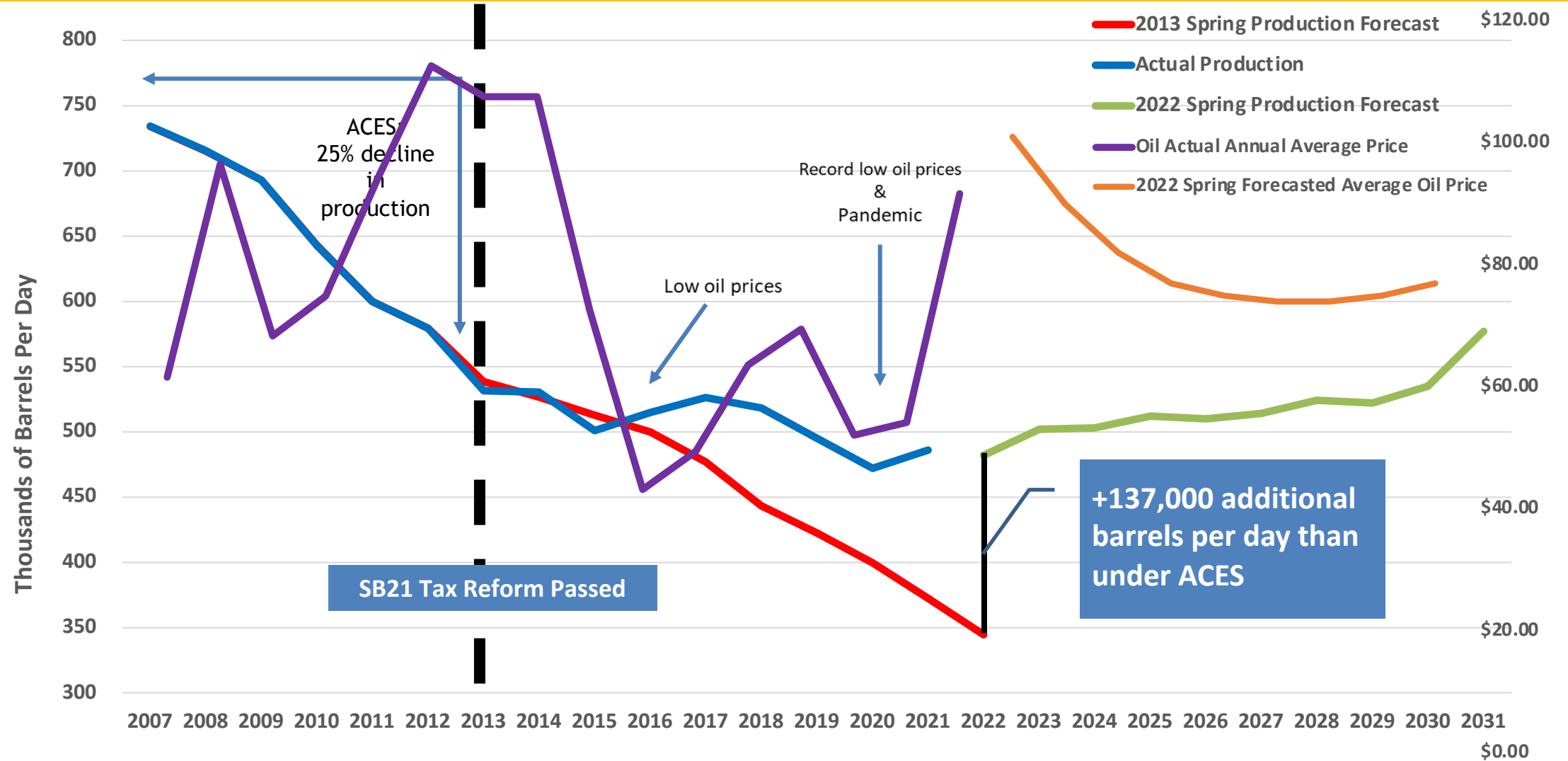
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Iditarod welcomes Harvest Midstream a Partners



**Alaskans
Supporting
Alaskans

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Sign up for our newsletter!

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Thank you!

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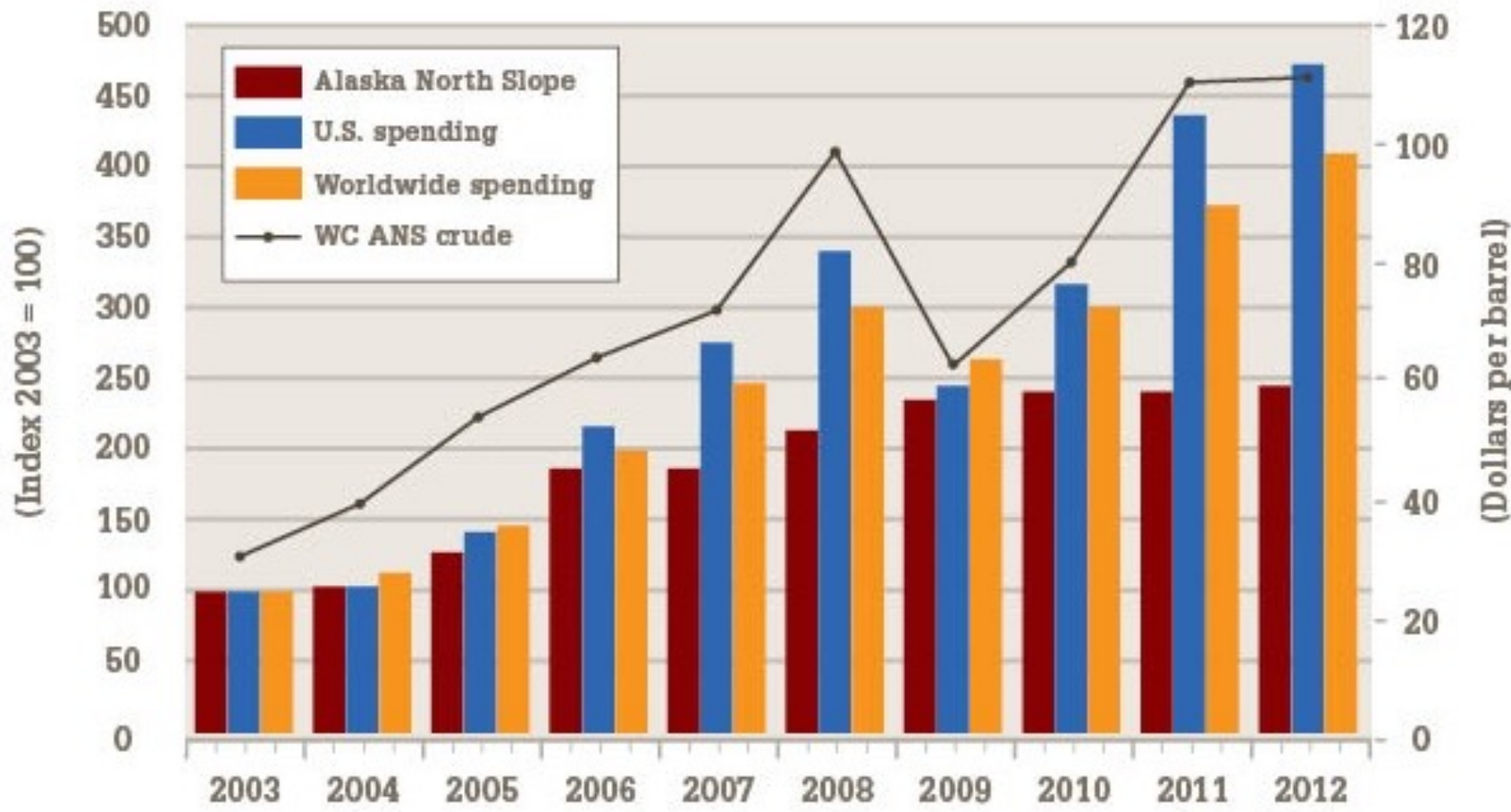
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Appendix

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*North Slope figures based on tax return information; U.S. based on top 50 public companies; worldwide based on top 75 public companies
 Source: Econ One Research

Lagging Investment:

Estimated Capital Spending* for exploration and development Alaska North Slope vs. US and Worldwide for 2003 -2012

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**Tax Policy
Instability:
13 changes or
proposed
changes in 17
years**

Dates	Tax Policy Change	Increase/Decrease	AOGA Position
Feb. 2005 – March 2006	Aggregated ELF – Administrative decision altering gross production tax	Tax Increase	Opposed
April 2006 – July 2007	Petroleum Production Tax (PPT)	Tax Increase	Opposed Final Version
July 2007 – 2013	Alaska’s Clear and Equitable Share (ACES)	Tax Increase	Opposed
2010	Cook Inlet Recovery Act	Incentives for Industry	Supported
2014	SB 21	Both	Supported with Concerns
2016	HB 247	Tax Increase	Opposed
2017	HB 111	Tax Increase	Opposed
2018	Several Tax Increase Proposed but not passed	Tax Increase	Opposed
2019	Several Tax Increase Proposed but not passed	Tax Increase	Opposed
2020	Alaska’s Fair Share Ballot Measure	Tax Increase	Opposed
2021	Several Tax Increase Proposed but not passed	Tax Increase	Opposed
2022	Several Tax Increase Proposed but not passed	Tax Increase	Opposed

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Figure 2. Change in Life Expectancy at Birth by County, 1980 to 2014



Compared with the national average, counties in central Colorado, Alaska, and along both coasts experienced larger increases in life expectancy between 1980 and 2014, while some southern counties in states stretching from Oklahoma to West Virginia saw little, if any, improvement over this same period.

“On May 18, 2021, the International Energy Agency (IEA) released . . . plans for the global energy sector to reach “net zero” greenhouse gas emissions by 2050 . . . **And today, in real-world Africa, this goal is not feasible.** Nor is it advisable. While I agree with their data on many topics, the IEA’s conclusion is flat-out wrong on this issue.

Africa needs oil and gas.”

-- NJ Ayuk, The African Energy Chamber

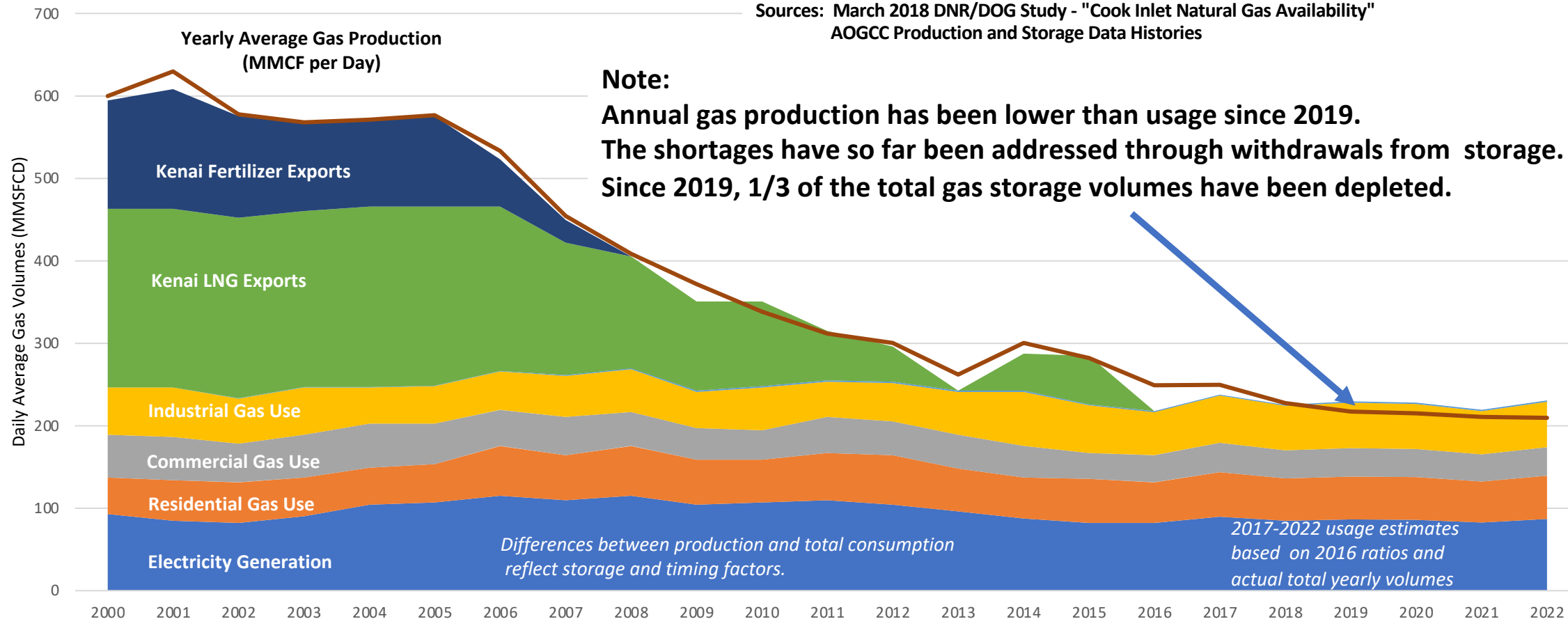
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Cook Inlet Historical Natural Gas Production and Consumption By End-Use January 2000 - June 2022

Sources: March 2018 DNR/DOG Study - "Cook Inlet Natural Gas Availability"
AOGCC Production and Storage Data Histories



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