

# Alaska's Oil & Gas Industry -- Making 40 More Years Happen



Meet Alaska 2017  
Alaska Support Industry Alliance

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# The First 40 and Beyond

- Discoveries that launched a state & changed a nation
- “I” is for ... Investment & Innovation
- The Ups and Downs – Fiscal Policy Over Time
- Keeping our industry going strong



# Discovery That Launched A State

- Swanson River Field, Cook Inlet – 1957
  - Propelled Alaska into statehood
  - Peak production of 40,000 bopd in 1969
  - 2012 Hilcorp acquires field
  - Cumulative production:
    - +233Mbbbls oil & ~2.8Bcf gas



# Discovery That Changed A Nation

- Prudhoe Bay Field, North Slope – 1968
  - N. America's largest oilfield (~25B bbls OOIP)
  - Production started 1977 (TAPS completion)
  - Peak production 1989 at 1.5M bopd
  - Cumulative production = 12.7B bbls



# “The Age of Great Dreams” (David Farber)

- 1960's -- Alaska's dreams come true
  - 1960-61 - Oil revenue jumps from \$10M to \$26M
  - 1963 – Chevron refinery opens; Middle Ground Shoal discovered
  - 1964 – First Prudhoe Bay Area lease sale
  - 1965 – More CI discoveries (Granite Pt, McA Rvr, TB)
  - 1968 – CI fertilizer plant opens; Prudhoe Bay is discovered; Oil revenue \$52M (~46% UGF)
  - 1969 – CI LNG Terminal opens; Tesoro refinery comes on-line; Kuparuk & Milne Point discovered; NS Lease Sale = \$900M Bonus Bids

# “I” is for Investment

- Investment in Alaska Drives Innovation
  - Construction, Transportation & Process Technology
  - Trans Alaska Pipeline System



# “I” is for Innovation

- Innovation continues today...

- Production Technologies



- Enhanced Oil Recovery



- Drilling Technology

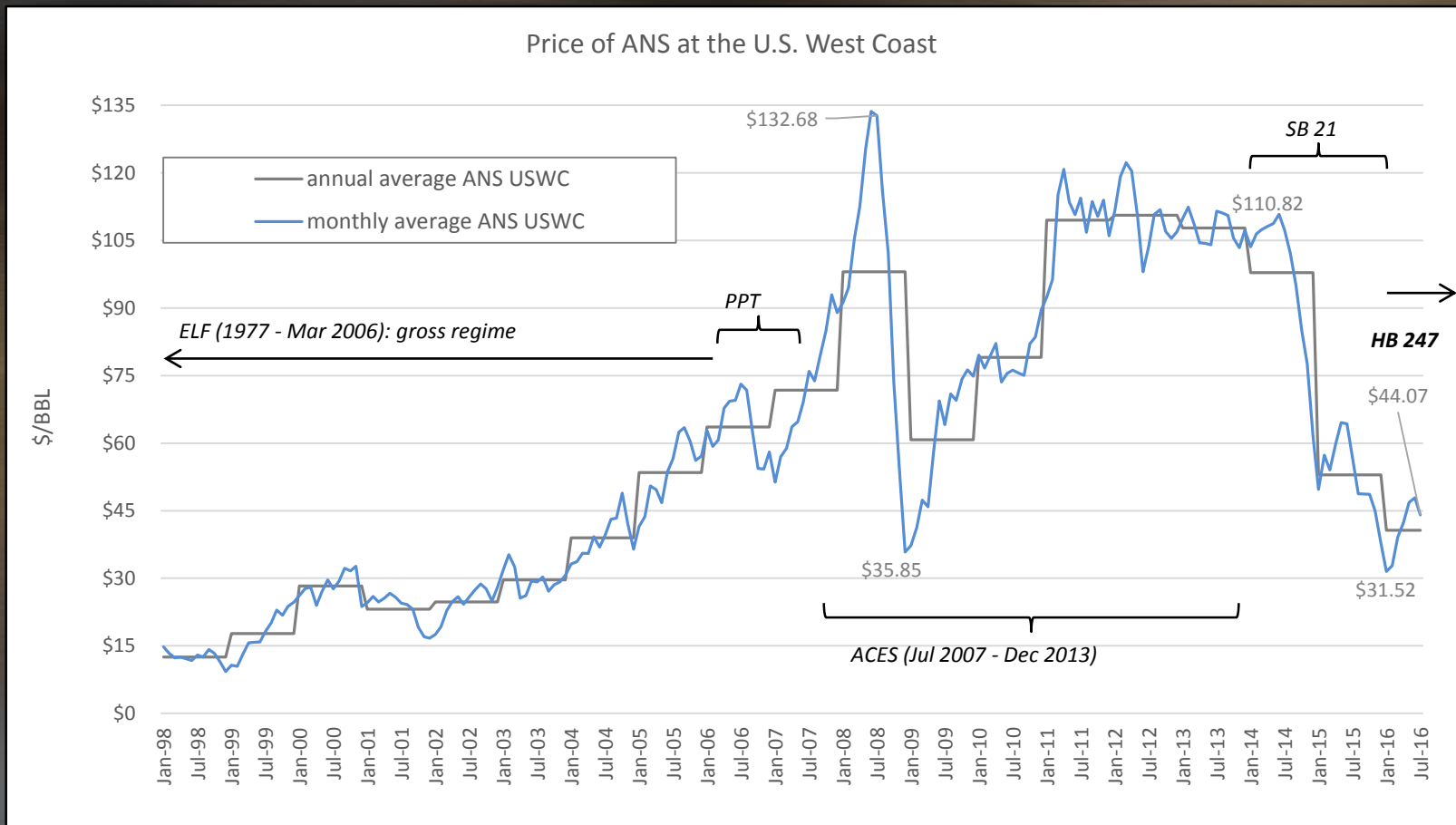


- Well Completions

- New Plays & New Discoveries




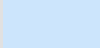




# Oil Taxes Over Time





# Weathering the Storm

- 2017 is Looking Up
  - Oil prices slowly recovering
    - ANS crude averaged \$53.50 in December
  - North Slope Lease Sale 2016 -- \$17M Bonus Bids

Apparent High Bidder	
	Accumulate Energy Alaska, Inc. and Burgundy Xploration, LLC.
	Alliance Exploration, LLC.
	Armstrong Energy, LLC.
	Burgundy Xploration, LLC.
	Caracol Petroleum, LLC. and TP North Slope Development, LLC.
	ConocoPhillips Alaska, Inc.

State of Alaska DNR – Div of Oil & Gas

- Unit work continues – no new rig laydowns

# Weathering the Storm

- Down But Not Out – 2017 Exploration Activity
  - North Slope (NS,BS,FH): ~60 state lessees
    - Armstrong – Horseshoe #1 exploration well
    - Accumulate – Icewine #2 exploration well
  - Cook Inlet: ~20 state lessees
    - Glacier Oil & Gas – Sabre #1 exploration well



# 40 More Years – It's Possible!

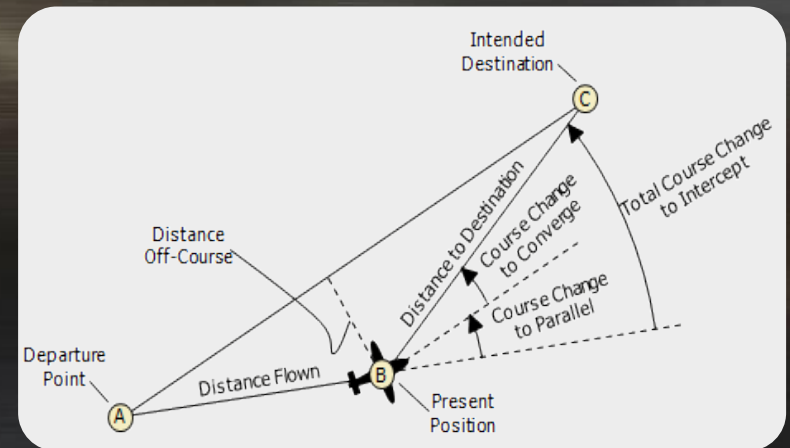
- “Chase the vision...the money will follow.” ~Tony Hsieh

Stable, Business-minded  
Fiscal Policy



# 40 More Years – It's Possible!

- Course correction is required to ease uncertainty
  - Engage finance community & correct the path
  - Timeline & plan for credit certificate payouts



# 40 More Years – It's Possible!

- Keep Alaska Ready for Business
  - State agencies continue to make improvements
    - DNR & AOGCC updating applications and regs
  - University of Alaska prioritizing programs
    - Workforce development & Business enterprise
  - New Federal Administration means opportunities to correct overreach that is harming Alaska (OCS, EPA)



# We Can Make It Happen!

