



Global Petroleum Survey 2010

ALLIANCE MEET ALASKA

January, 2011

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The Fraser Institute**

Project Objectives Are To:



- Rank jurisdictions according to barriers to upstream investment.
- Identify issues that jurisdictions need to address in order to attract more greater shares of investment.
- Identify year-to-year changes to jurisdictions' apparent relative attractiveness for upstream investment. (Valuable information for both business planners and policy makers)

The Survey Questions



Factors Addressed by Questions (1)



1. Fiscal Terms
2. Taxation Regime
3. Environmental Uncertainty
4. Regulatory Uncertainty
5. Cost of Regulatory Compliance
6. Protected Areas
7. Socio-economic Agreements
8. Trade Barriers

Factors Addressed by Questions (2)



9. Labour Regulations and Employment Agreements
10. Quality of infrastructure
11. Geological Database
12. Labor Availability
13. Disputed Land Claims
14. Political Stability
15. Security
16. Regulatory Duplication and Inconsistencies
17. Legal system

Possible Responses to Each Question:

1. Encourages investment
2. Is not a deterrent to investment
3. Is a mild deterrent to investment
4. Is a strong deterrent to investment
5. Would not invest due to this criterion

- **Scoring Methodology**



Composite Indices

(Used to Facilitate Comparison)



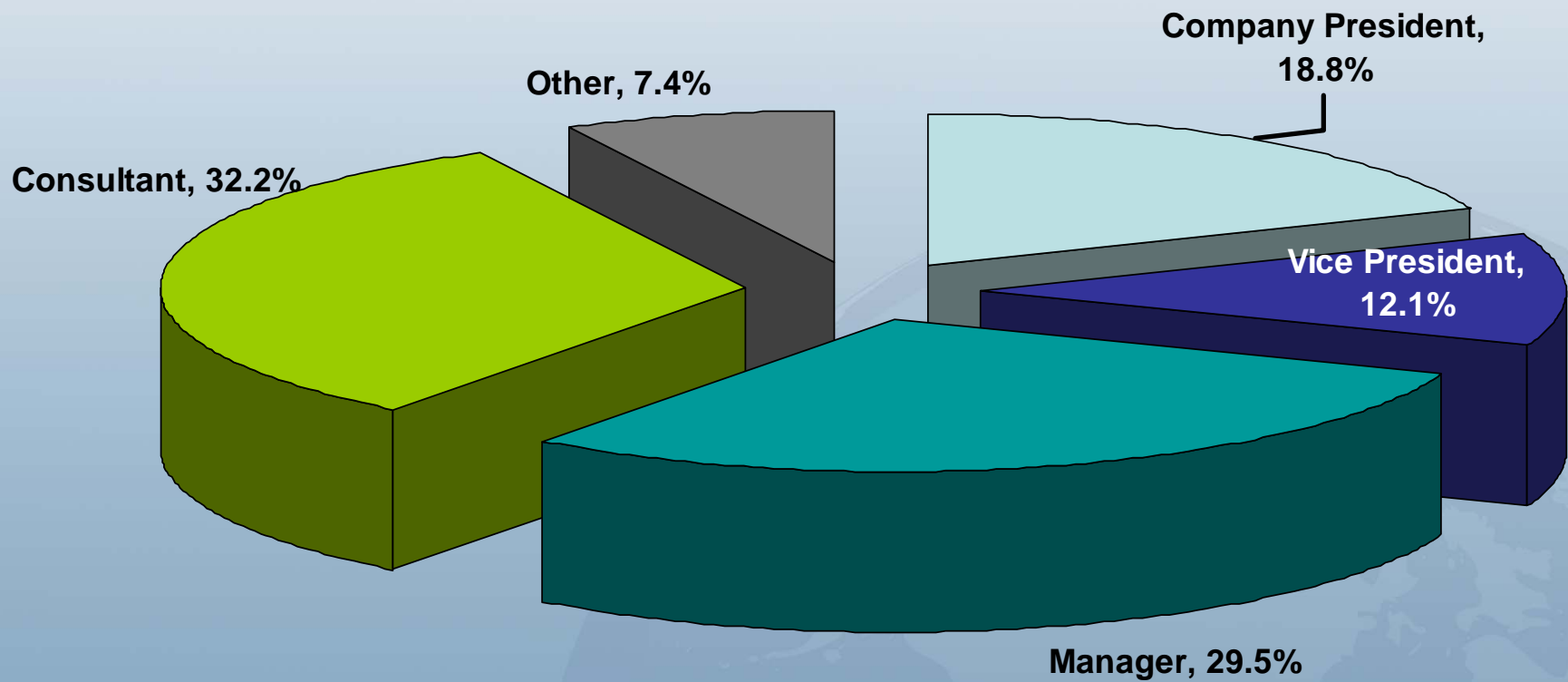
- All-Inclusive Composite Index
 - Based on average of responses to all 17 questions
- Commercial Environment Index
 - Fiscal terms, taxation, trade barriers, quality of infrastructure, & labor availability
- Regulatory Climate Index
 - Based on average of responses to the 6 regulatory questions
- Geopolitical Risk Index
 - From “Political Stability” and “Security” questions

2010 Participation



- 645 questionnaires received; up from 577 in 2009
- Over 364 companies represented.
- Participating upstream petroleum companies responsible for more than half of global 2009 E&P expenditures according to International Energy Agency estimates.
- 133 jurisdictions ranked (vs. 143 in 2009, 81 in 2008, 54 in 2007).

Position Held by Respondent

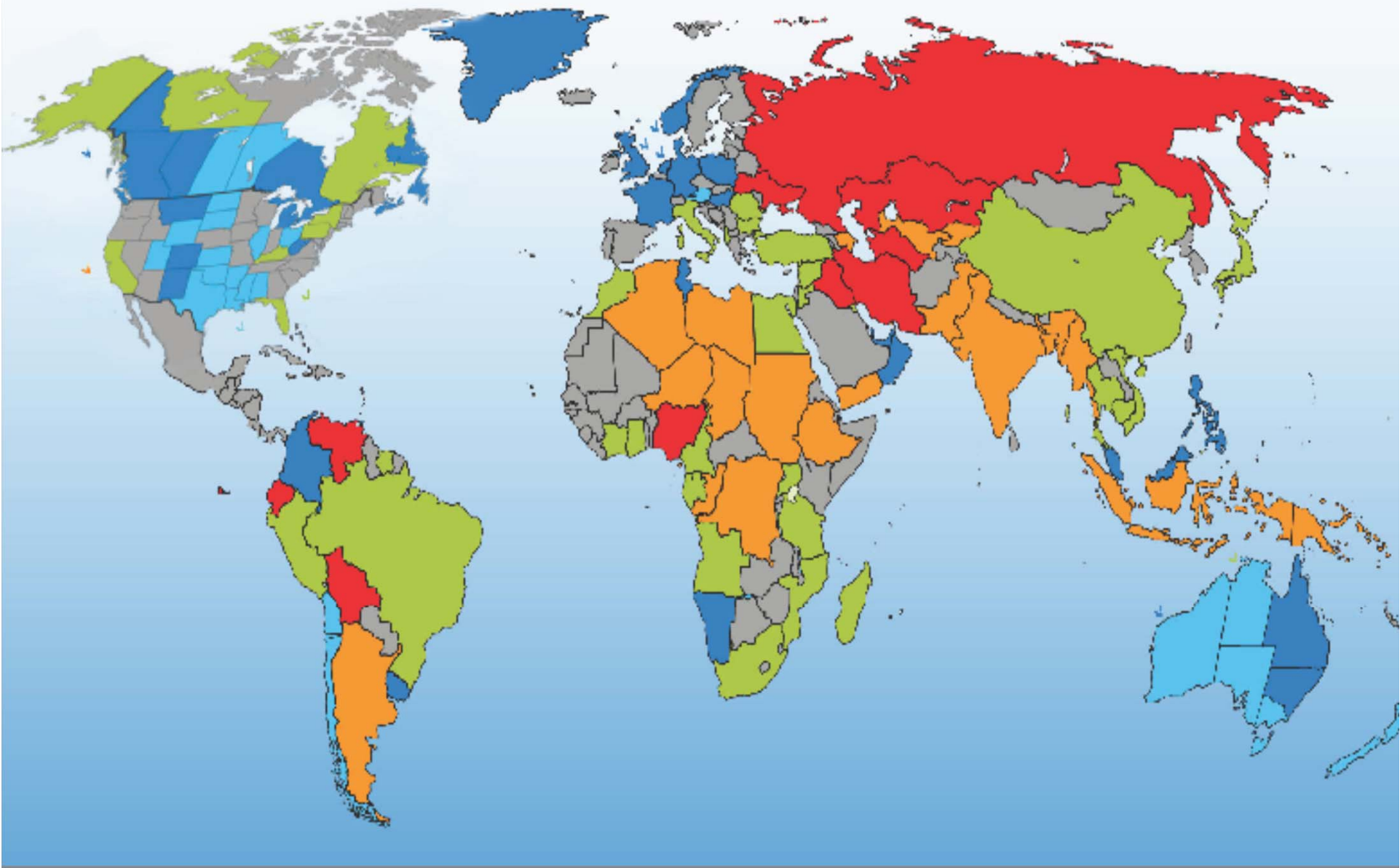


The Global Picture



Most attractive ■ 2nd Quintile ■ 3rd Quintile ■ 4th Quintile ■ Least attractive ■ Unmeasured ■

The Global Results Map

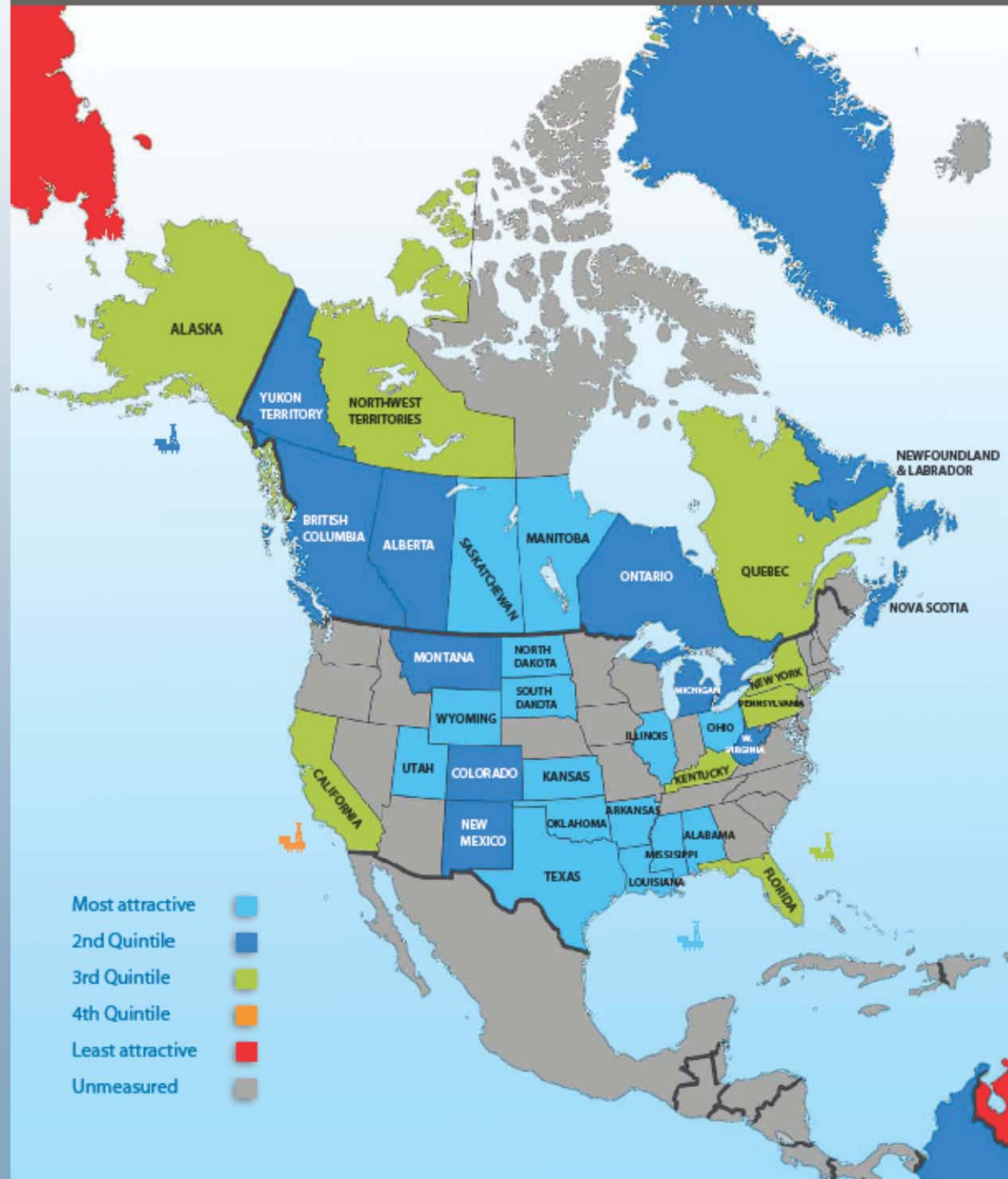


Focus on Alaska

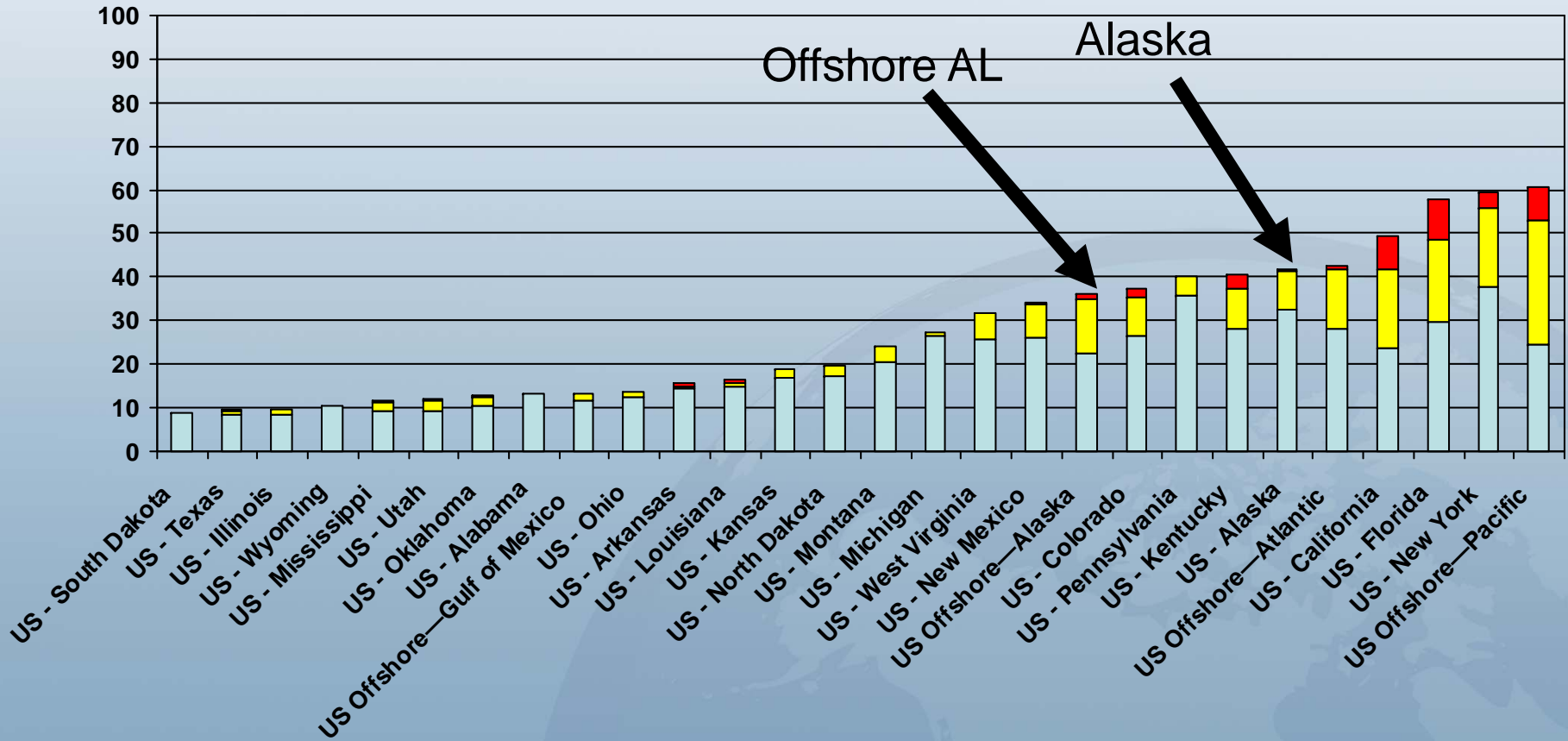


Figure 7: NORTH AMERICA

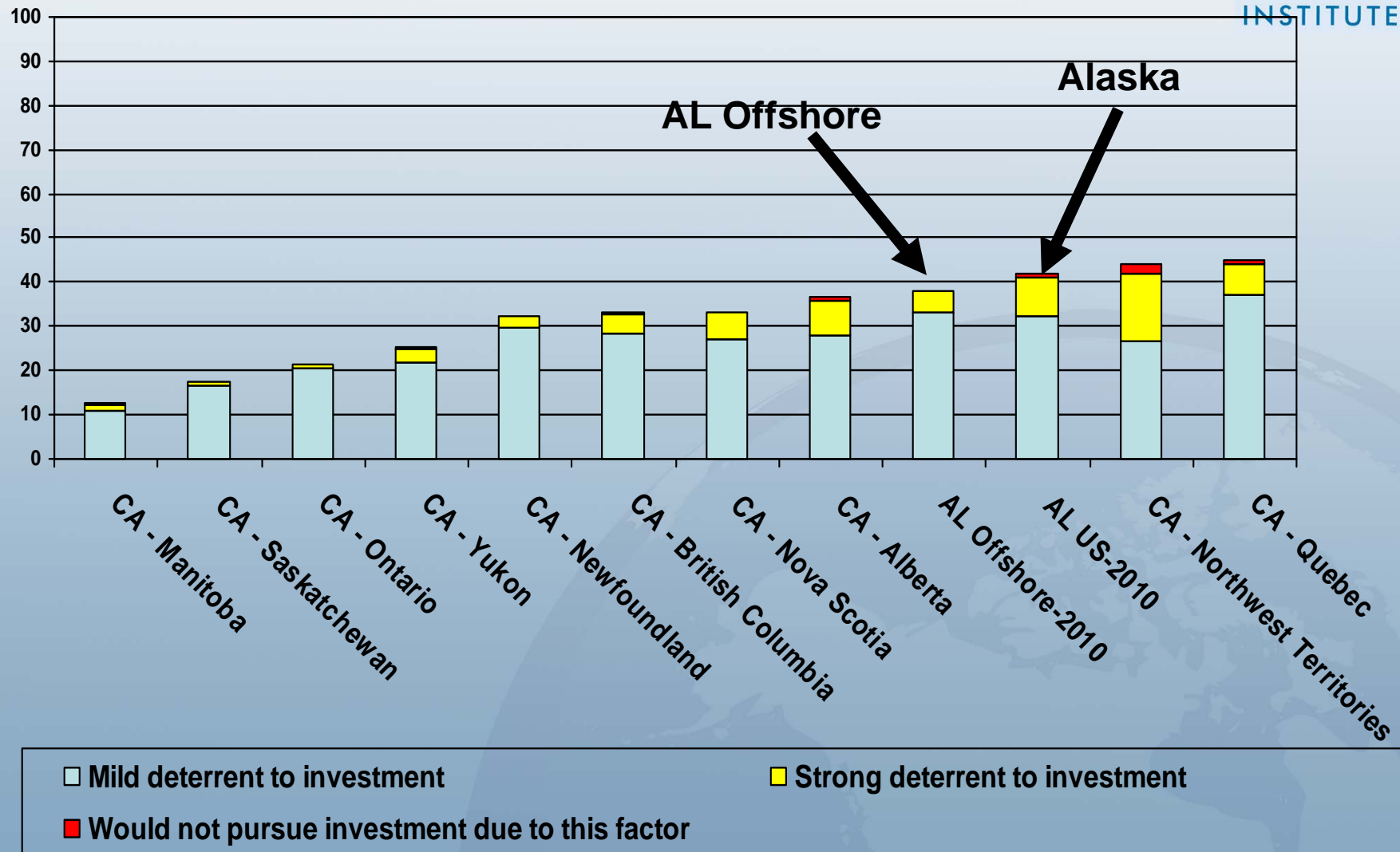
2010



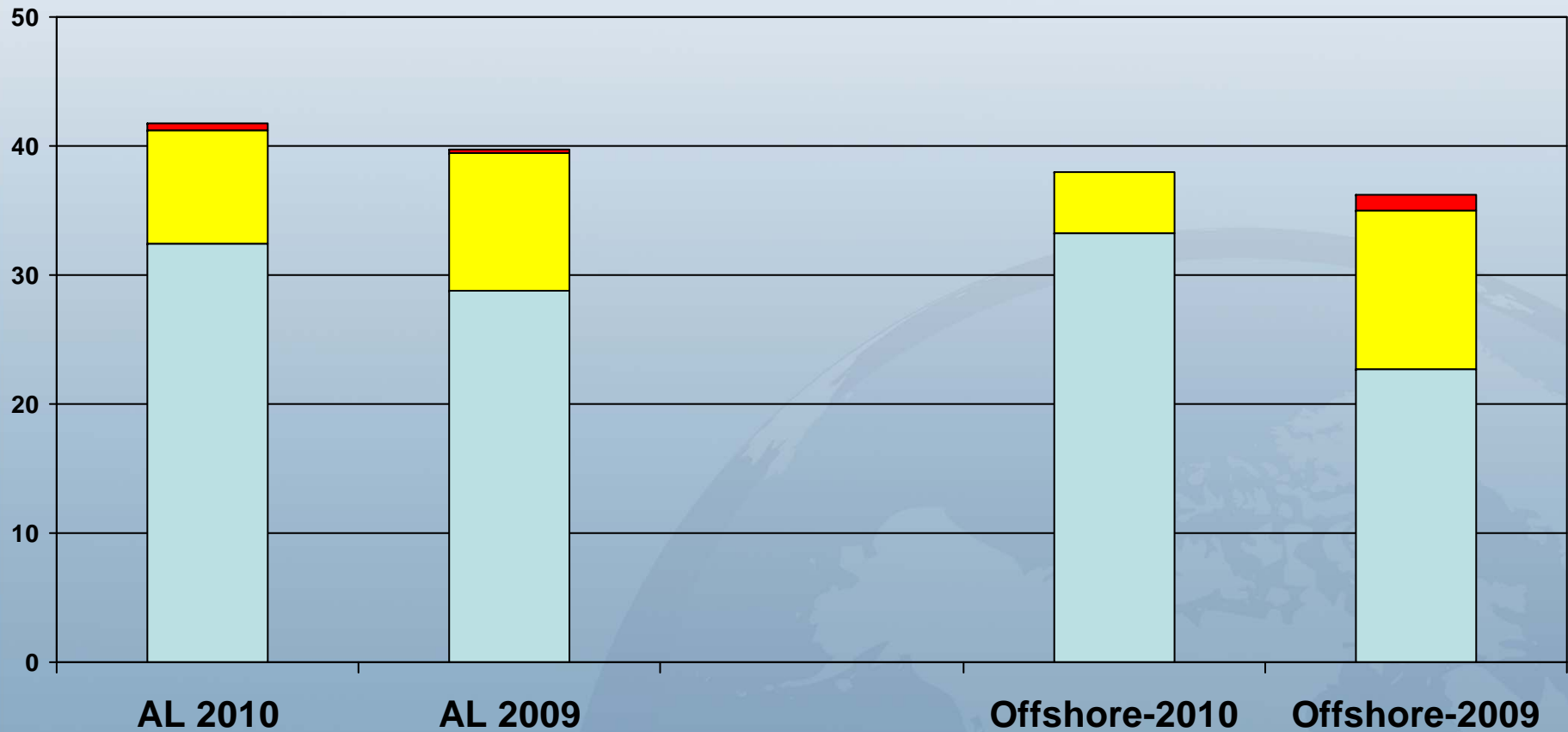
All-Inclusive Composite Index: US



All inclusive: Canadian Comparison



All-Inclusive Composite Index: 2010 and 2009



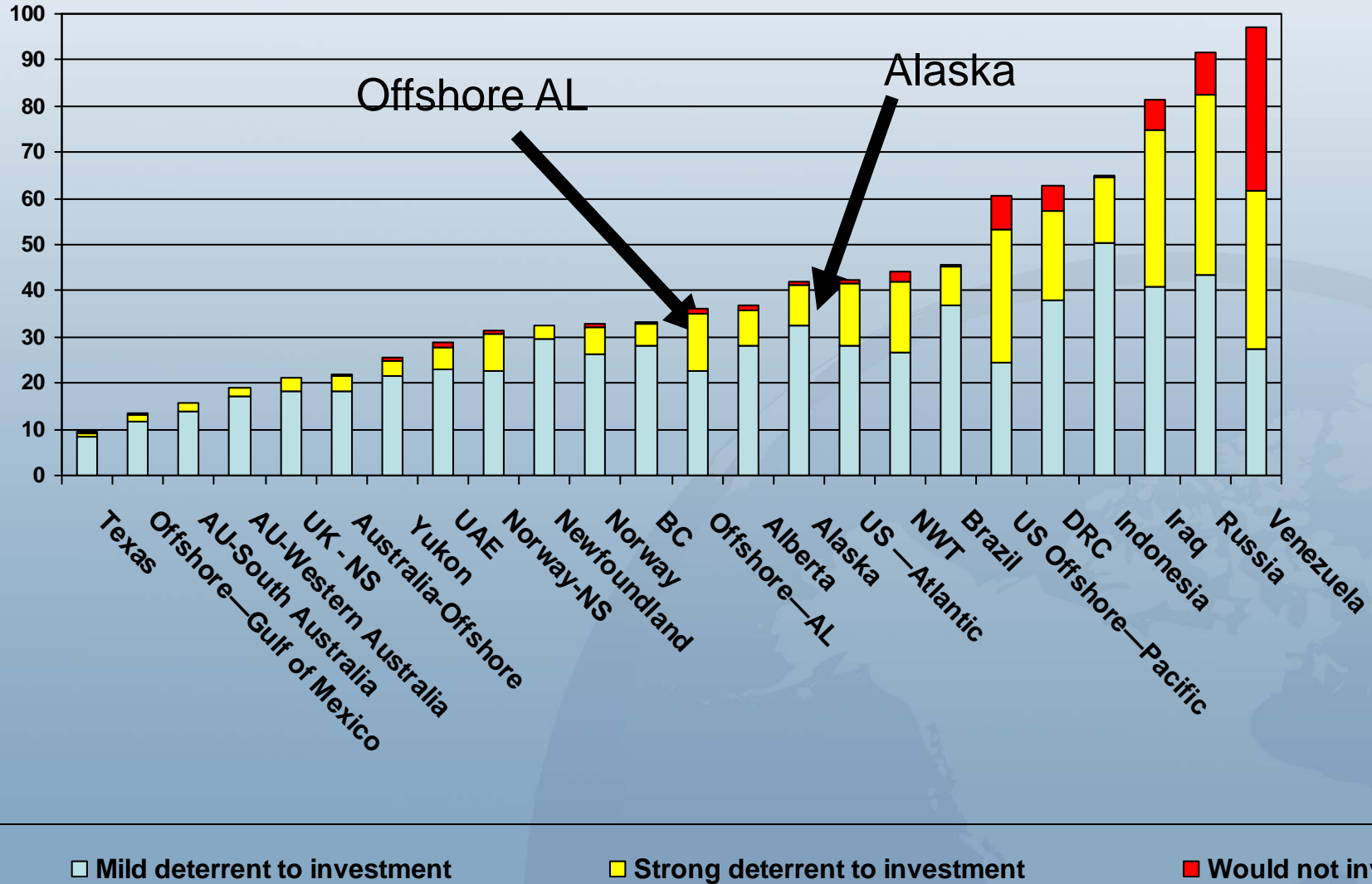
□ Mild deterrent to investment □ Strong deterrent to investment □ Would not pursue investment due to this factor

Focus on Alaska

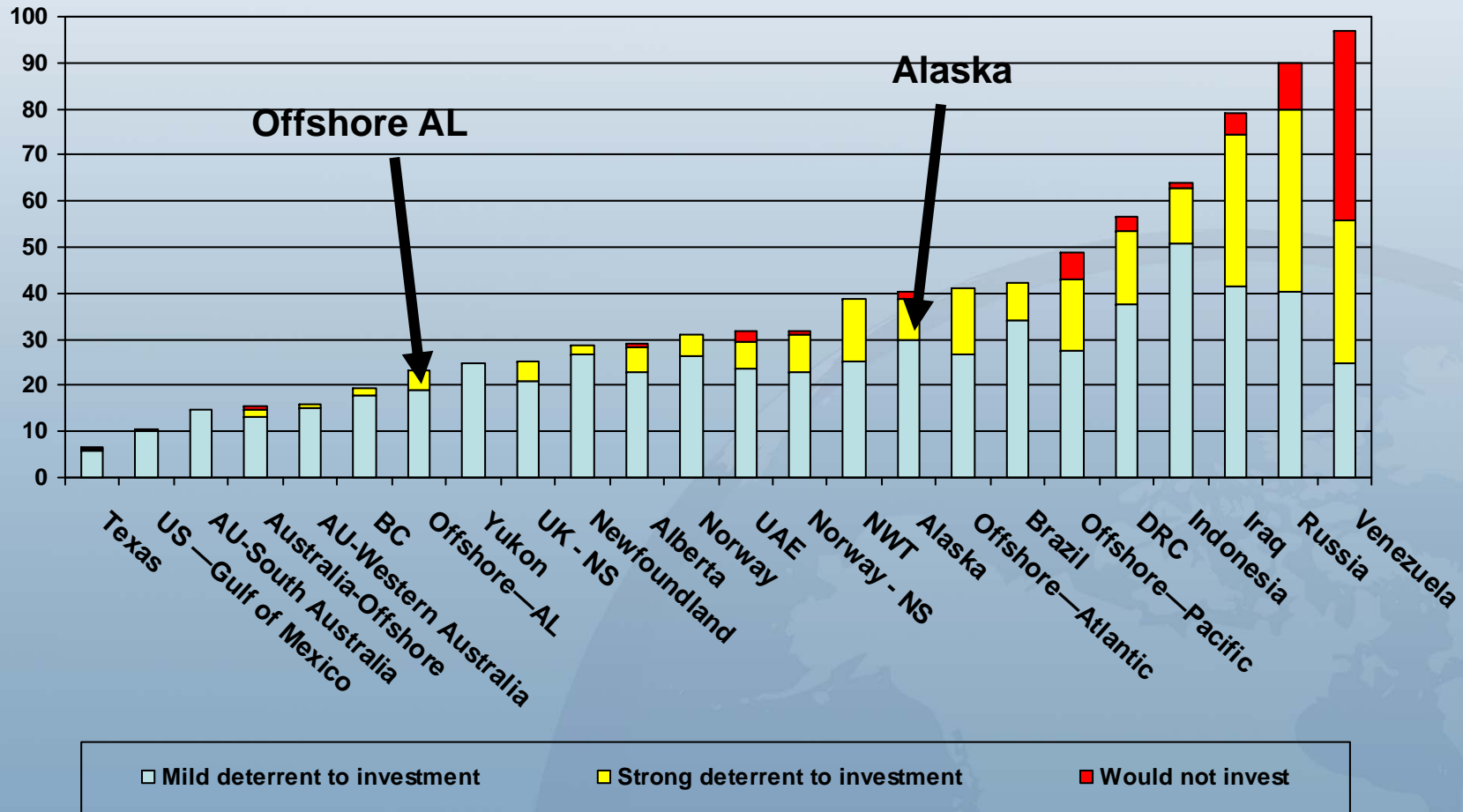


- Alaska
- US—Alaska (Offshore AL)
- South Australia
- Western Australia
- Australia Offshore
- Indonesia
- Alberta
- BC
- Newfoundland
- Yukon
- NWT
- Texas
- US— Atlantic
- US—Pacific
- US—Gulf of Mexico
- Norway—North Sea (Norway-NS)
- Norway
- United Kingdom—North Sea (UK-NS)
- Russia
- DRC
- Iraq
- UAE
- Venezuela
- Brazil

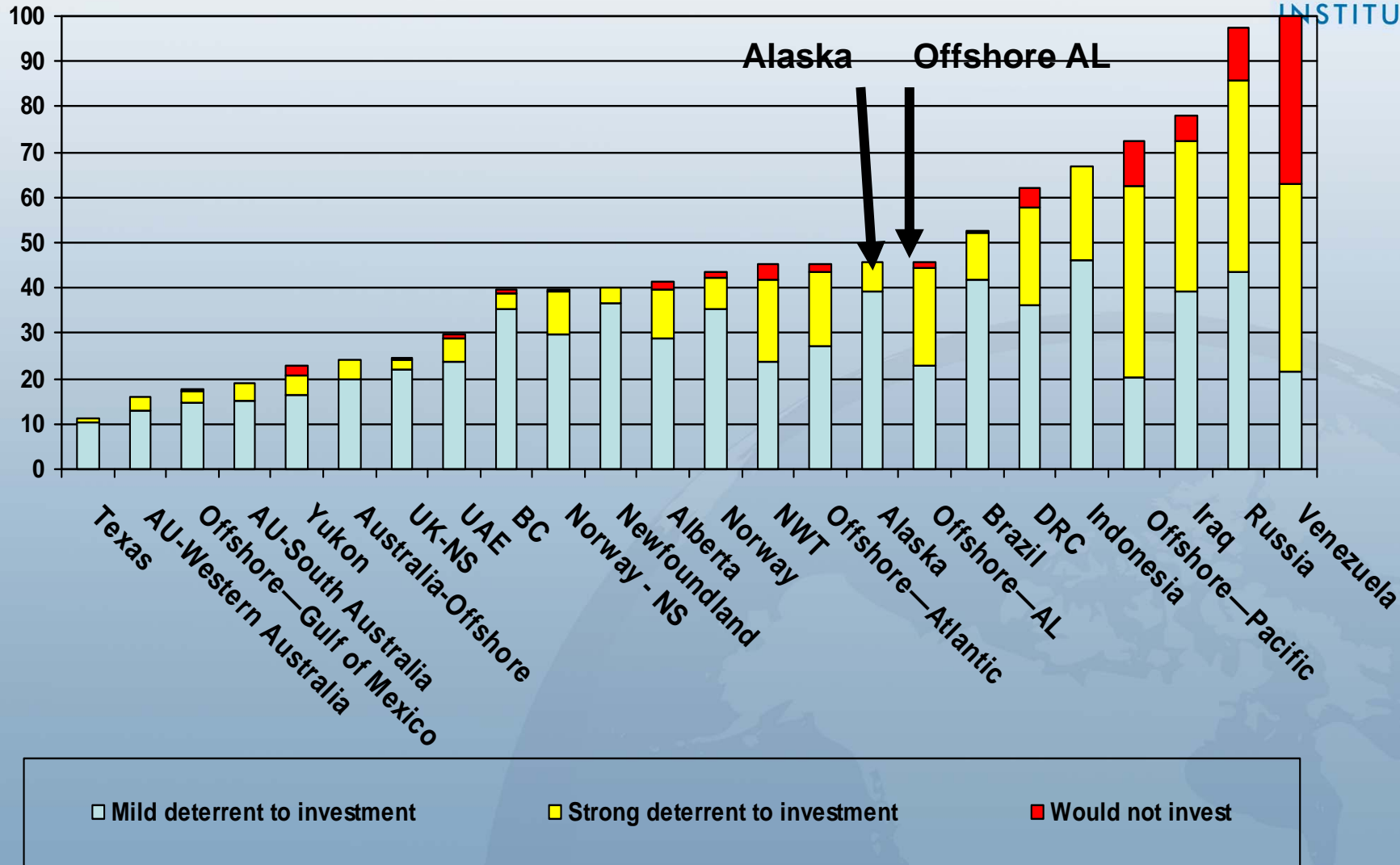
All-Inclusive Composite Index



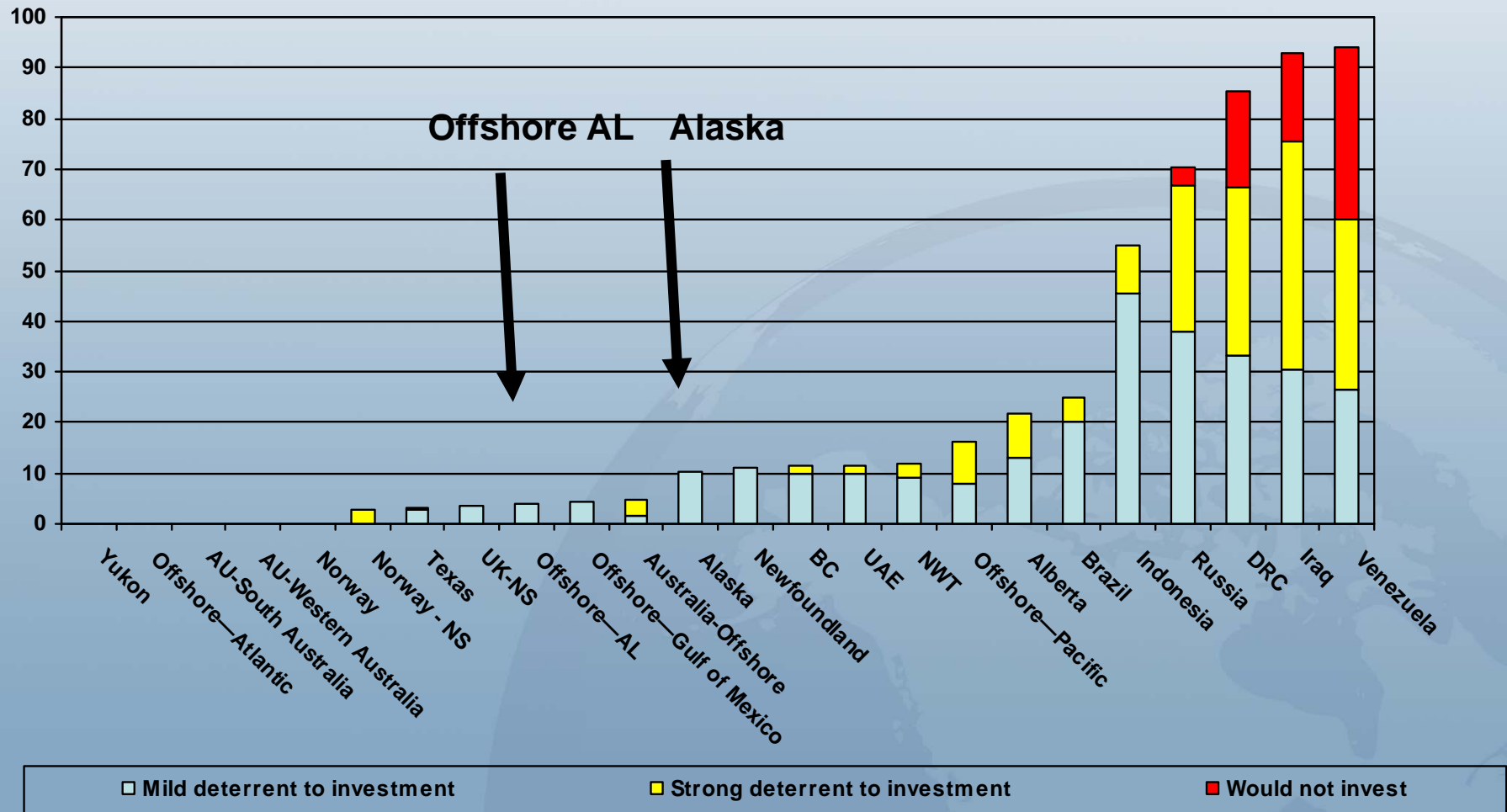
Commercial Environment Index



Regulatory Climate Index



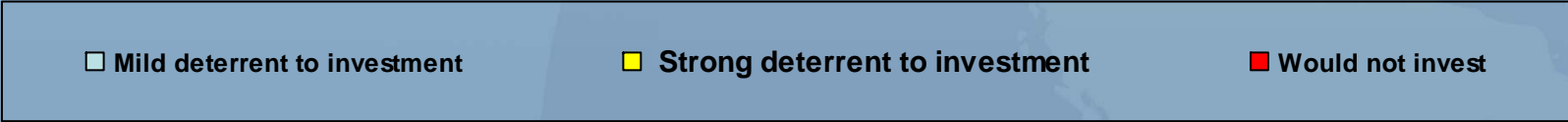
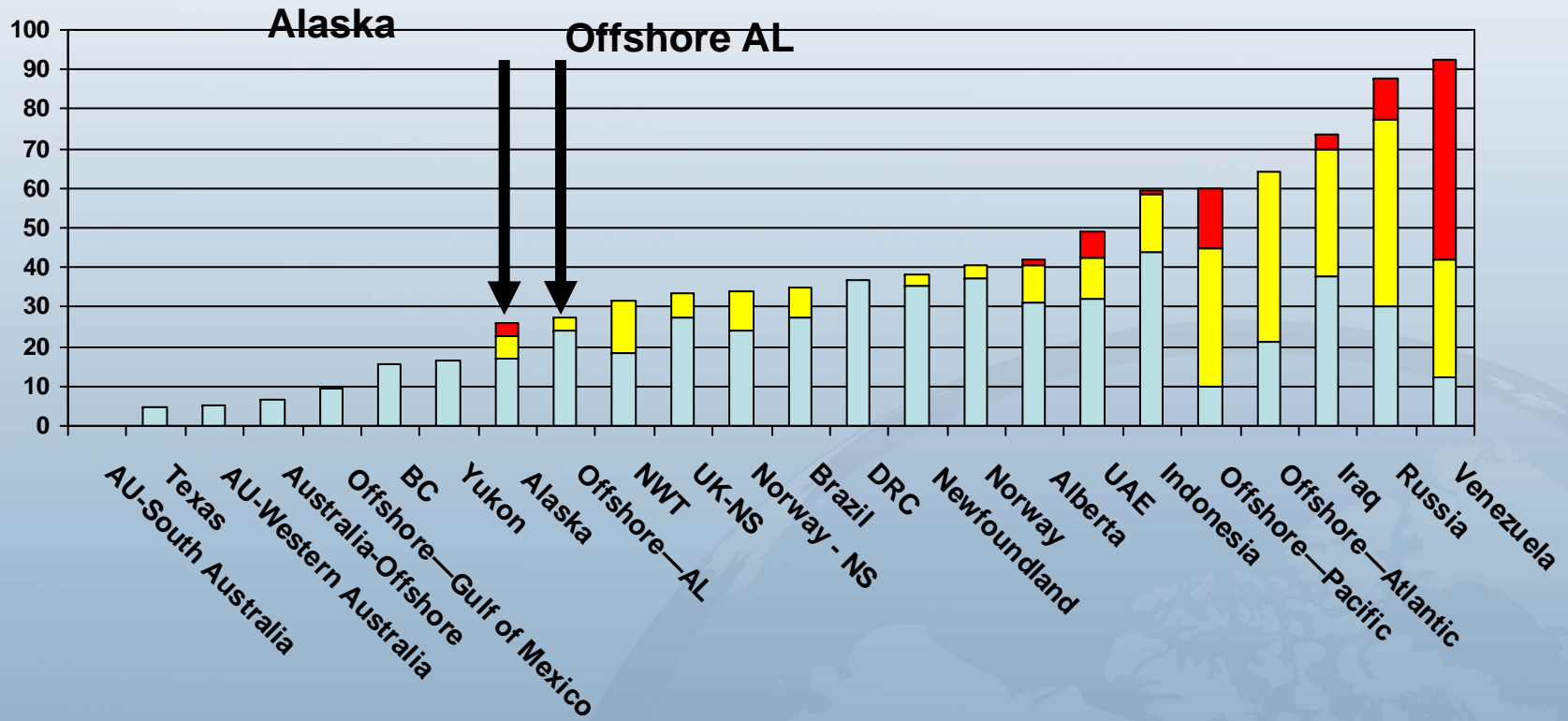
Geopolitical Risk Index



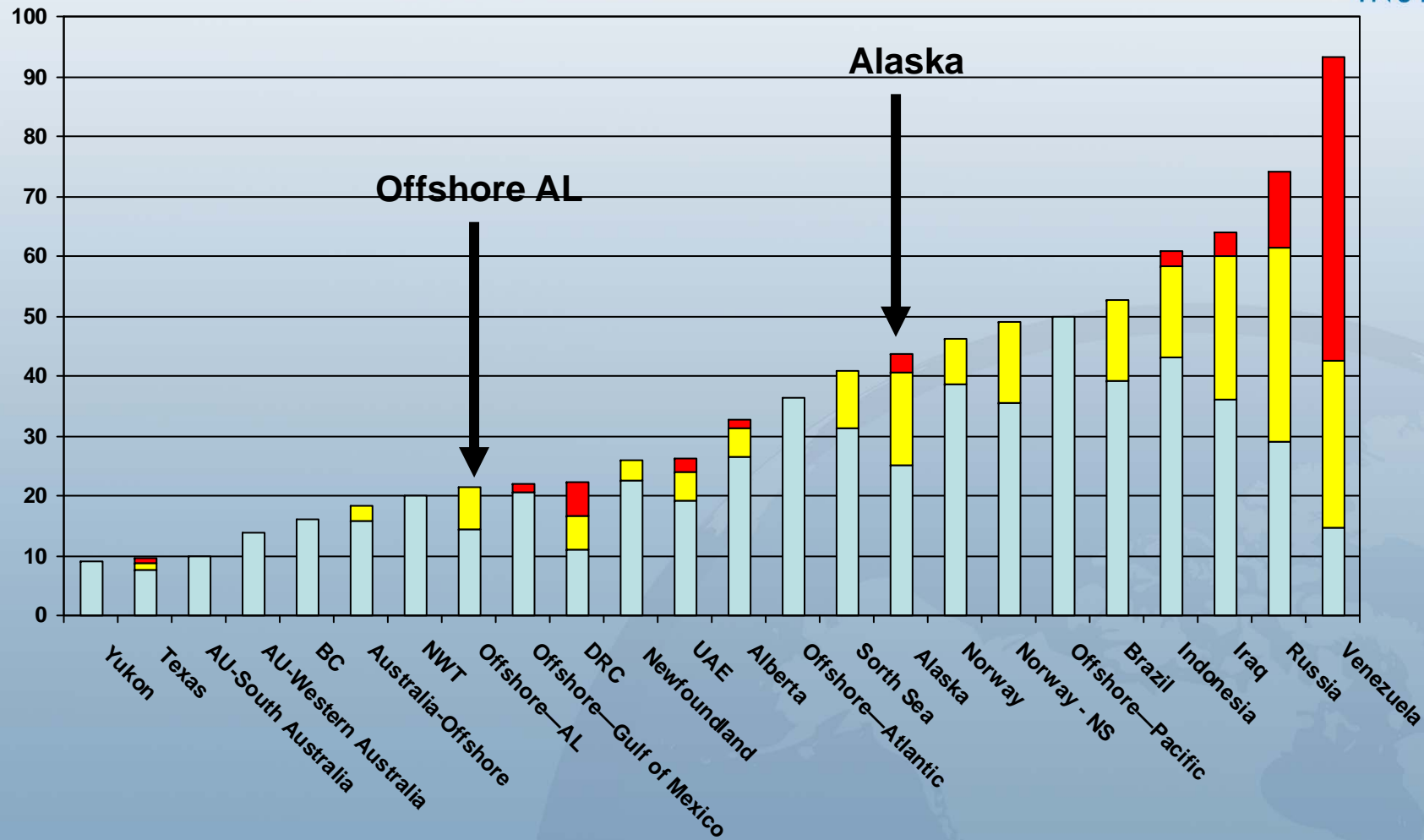
Individual questions

A large, faint, light blue globe is visible in the background, showing the outlines of continents and oceans. It is positioned in the lower right quadrant of the slide, partially obscured by the text.

Fiscal Terms



Taxation

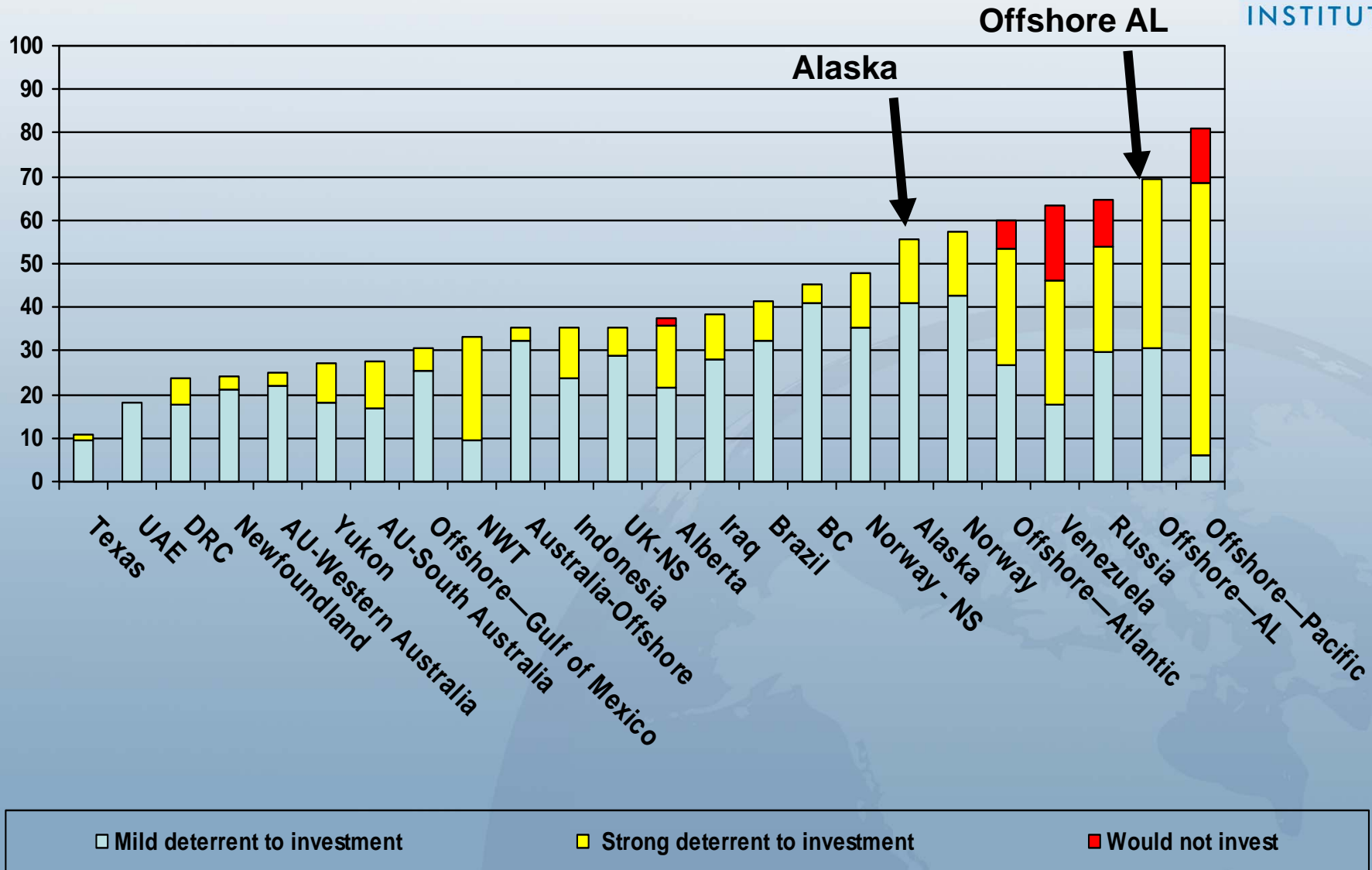


□ Mild deterrent to investment

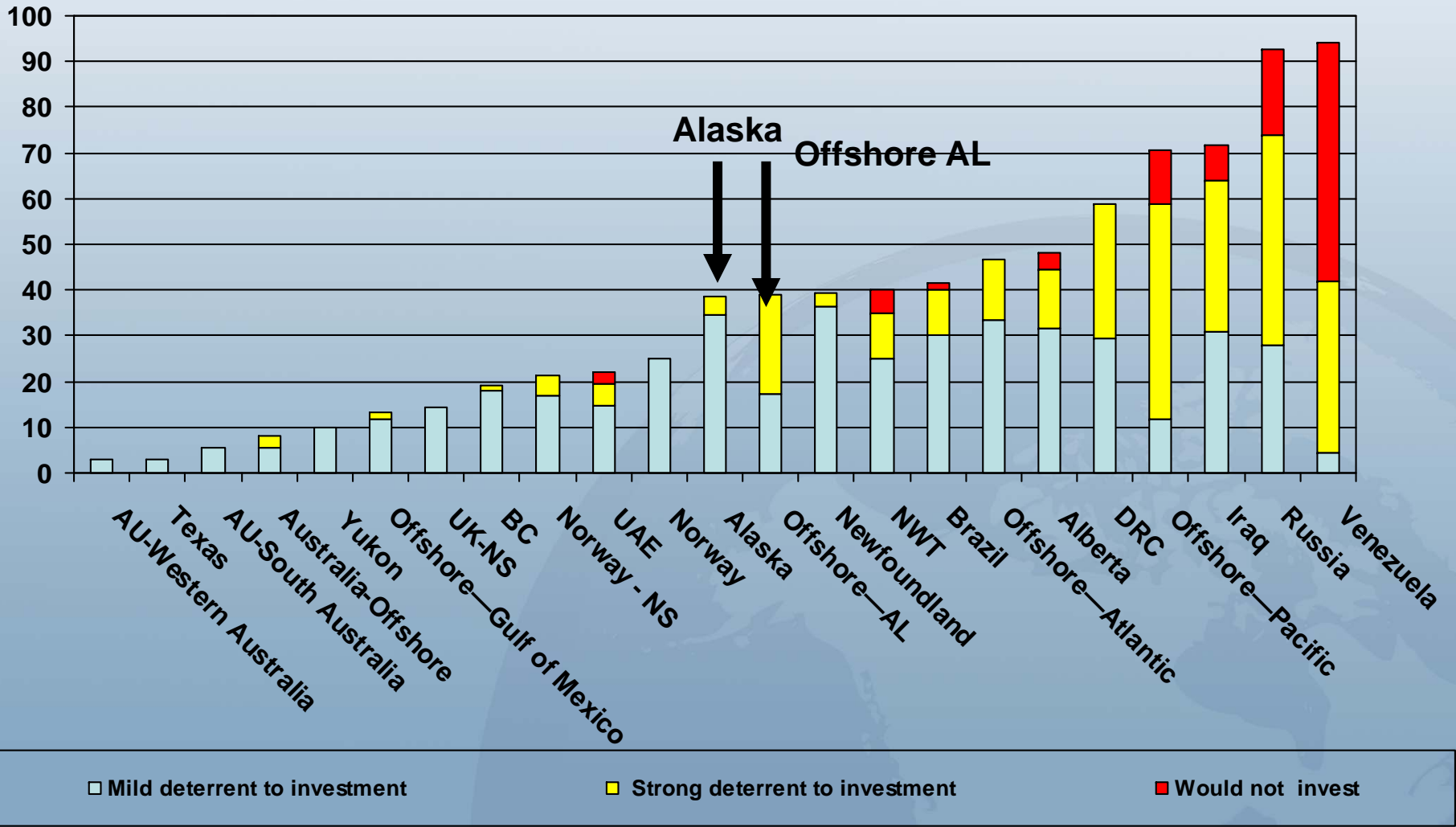
■ Strong deterrent to investment

■ Would not invest

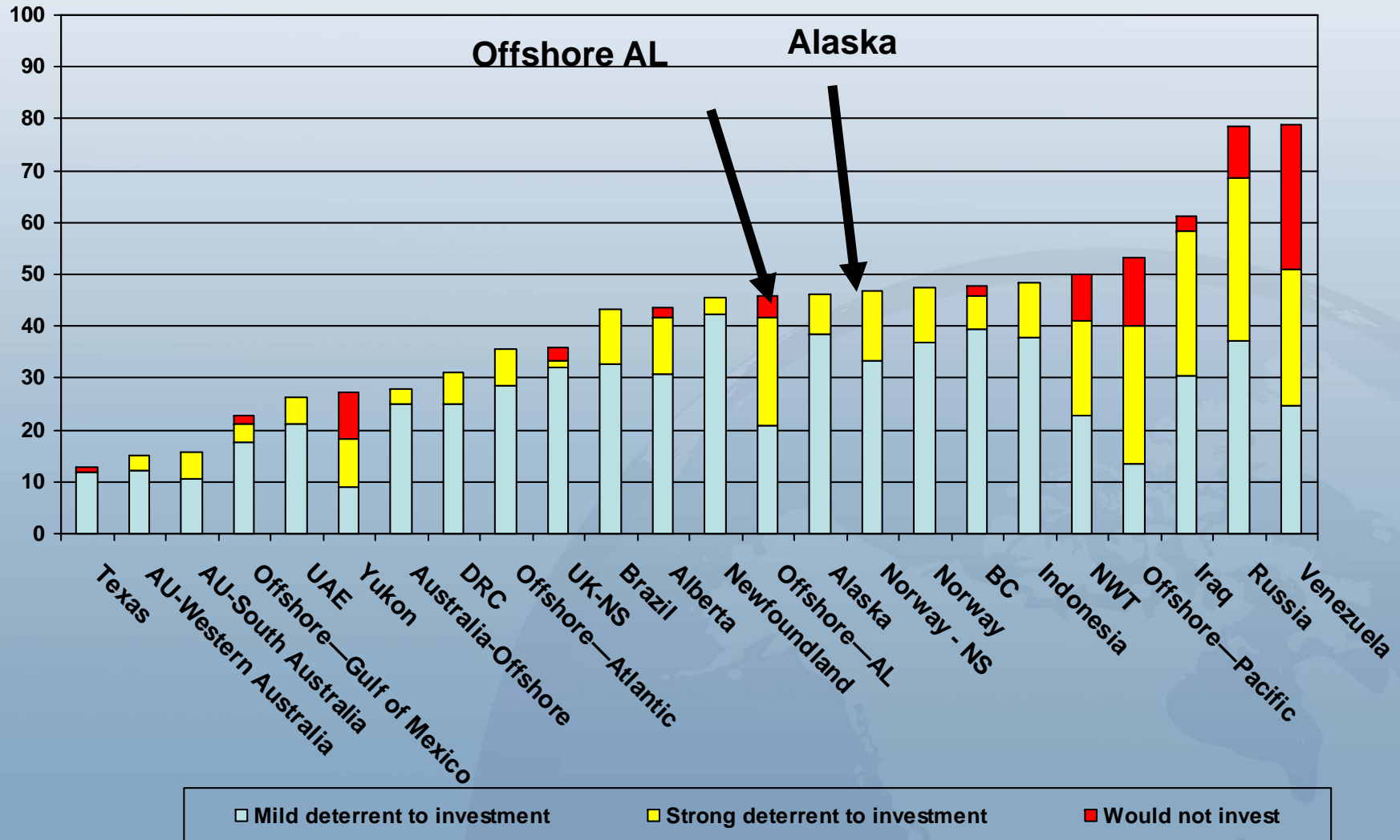
Environmental Regulations



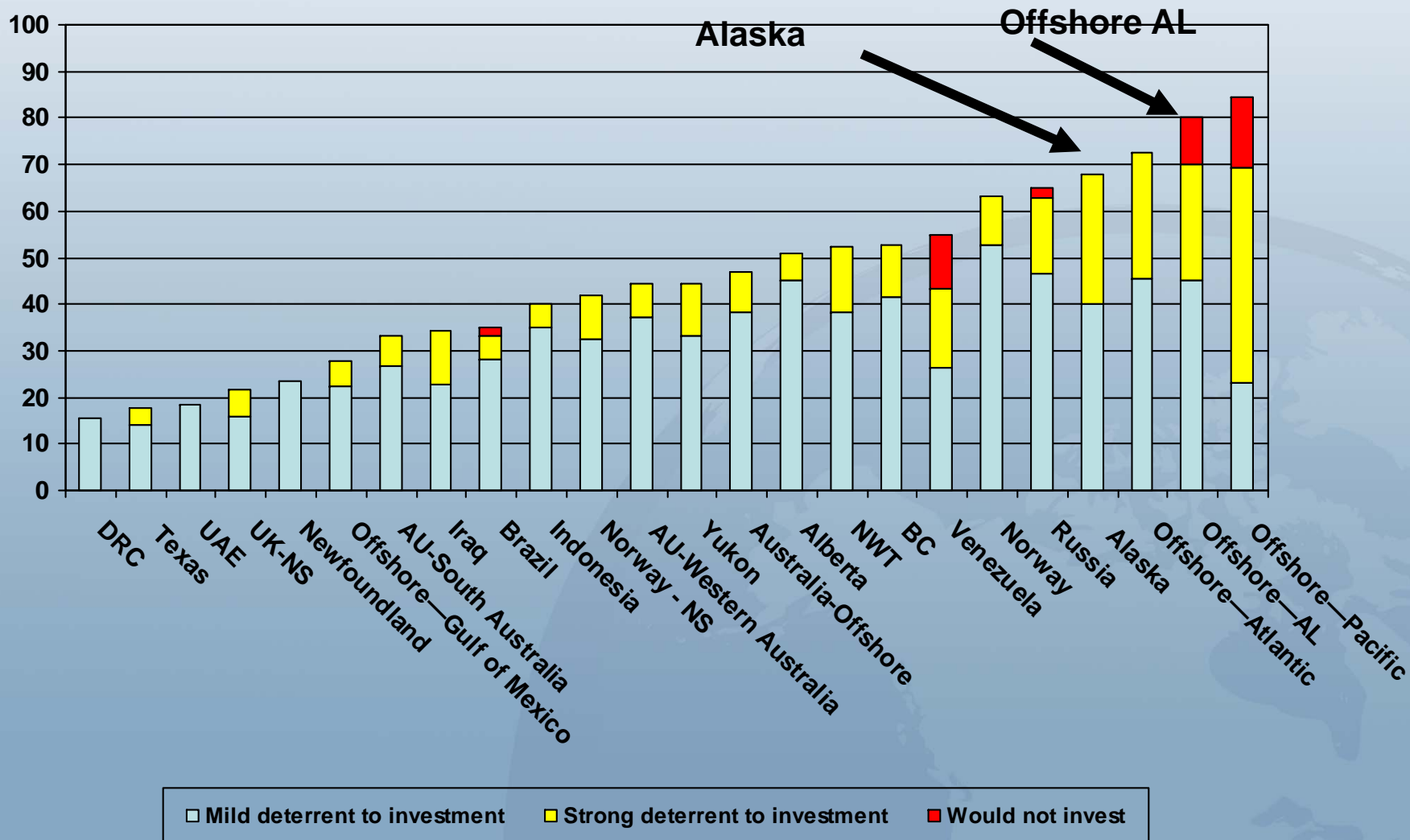
Regulatory Uncertainty



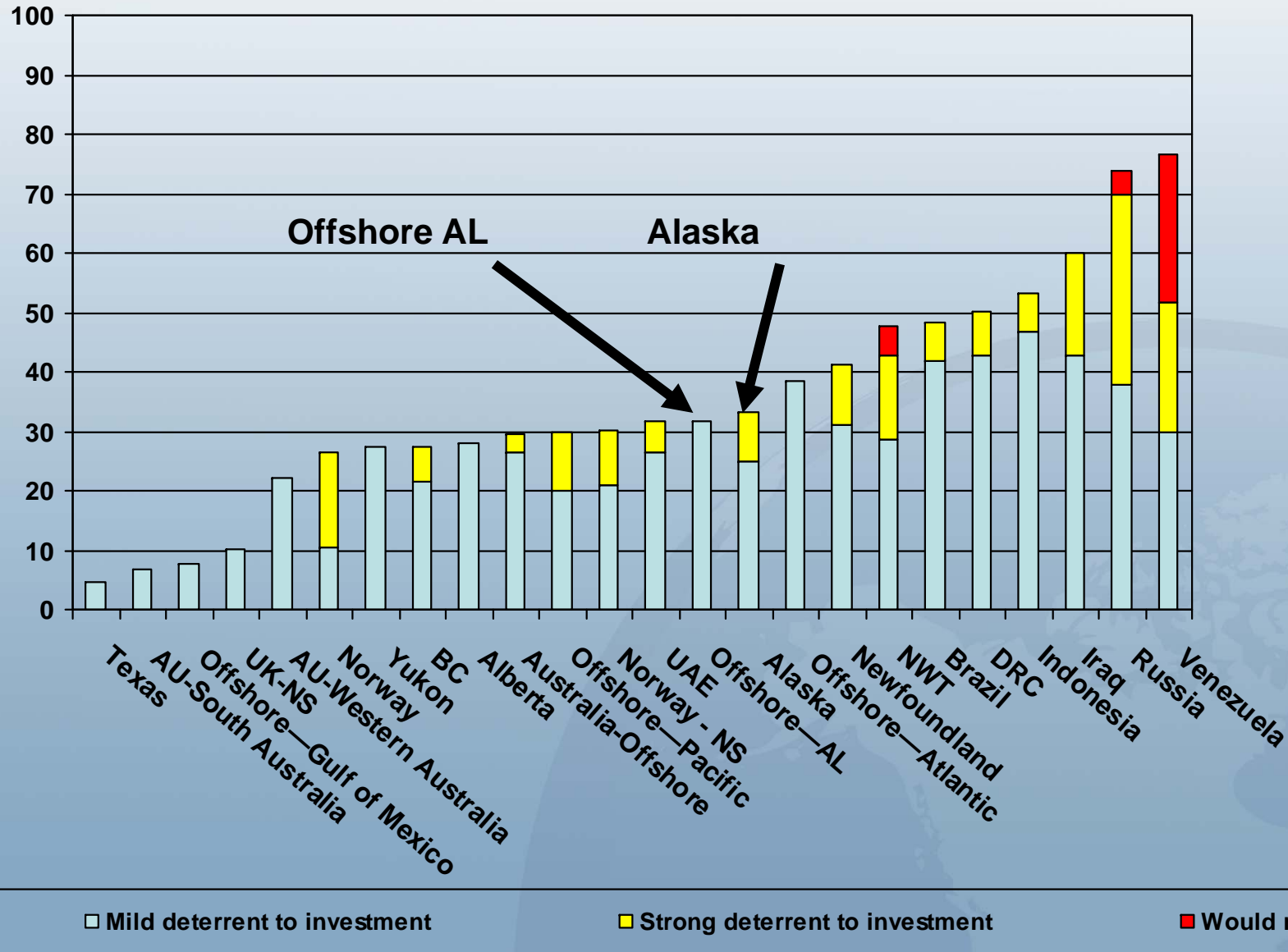
Cost of Regulatory Compliance



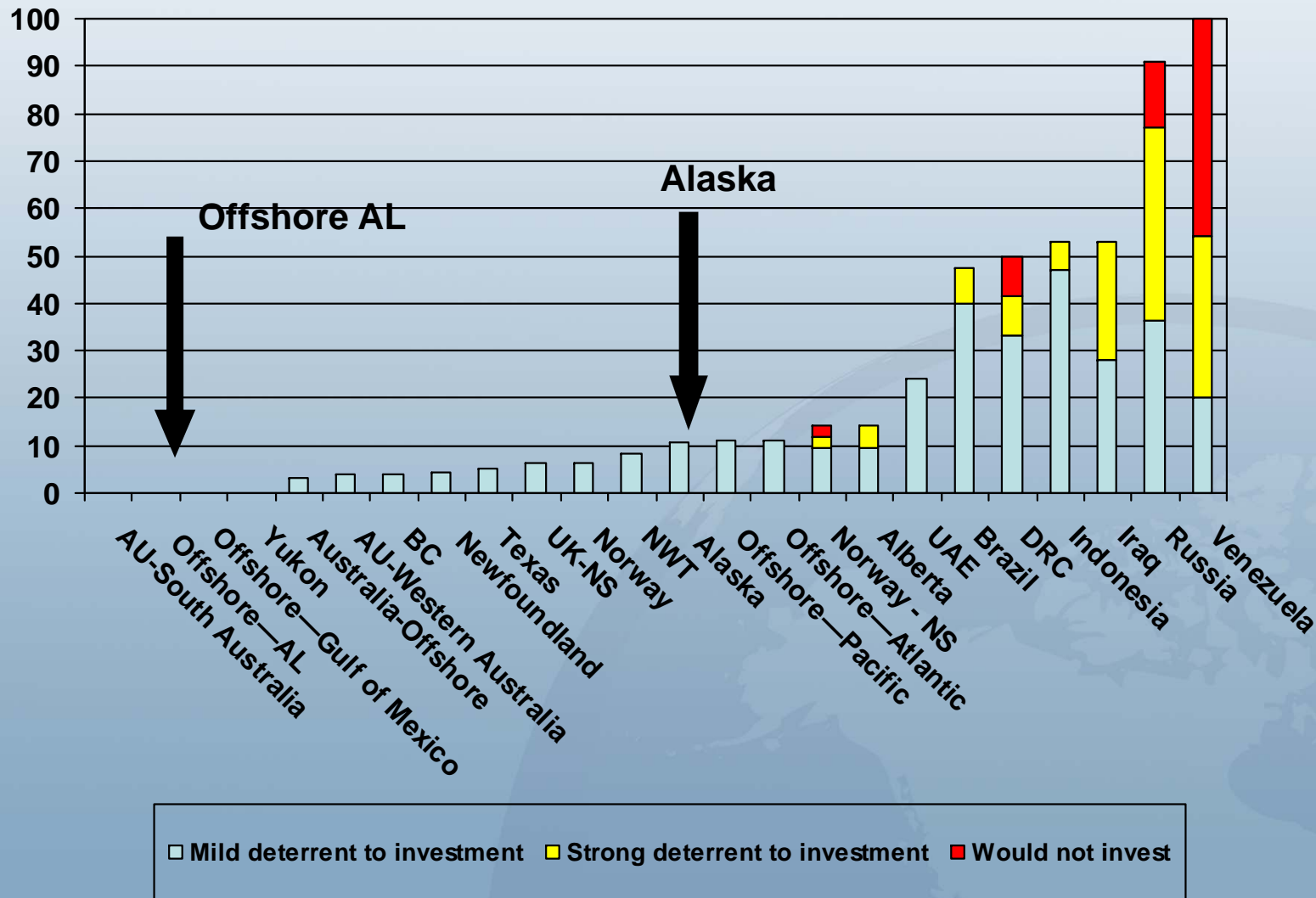
Uncertainty concerning what areas will be protected as wilderness or parks, marine life preserves, or archeological sites.



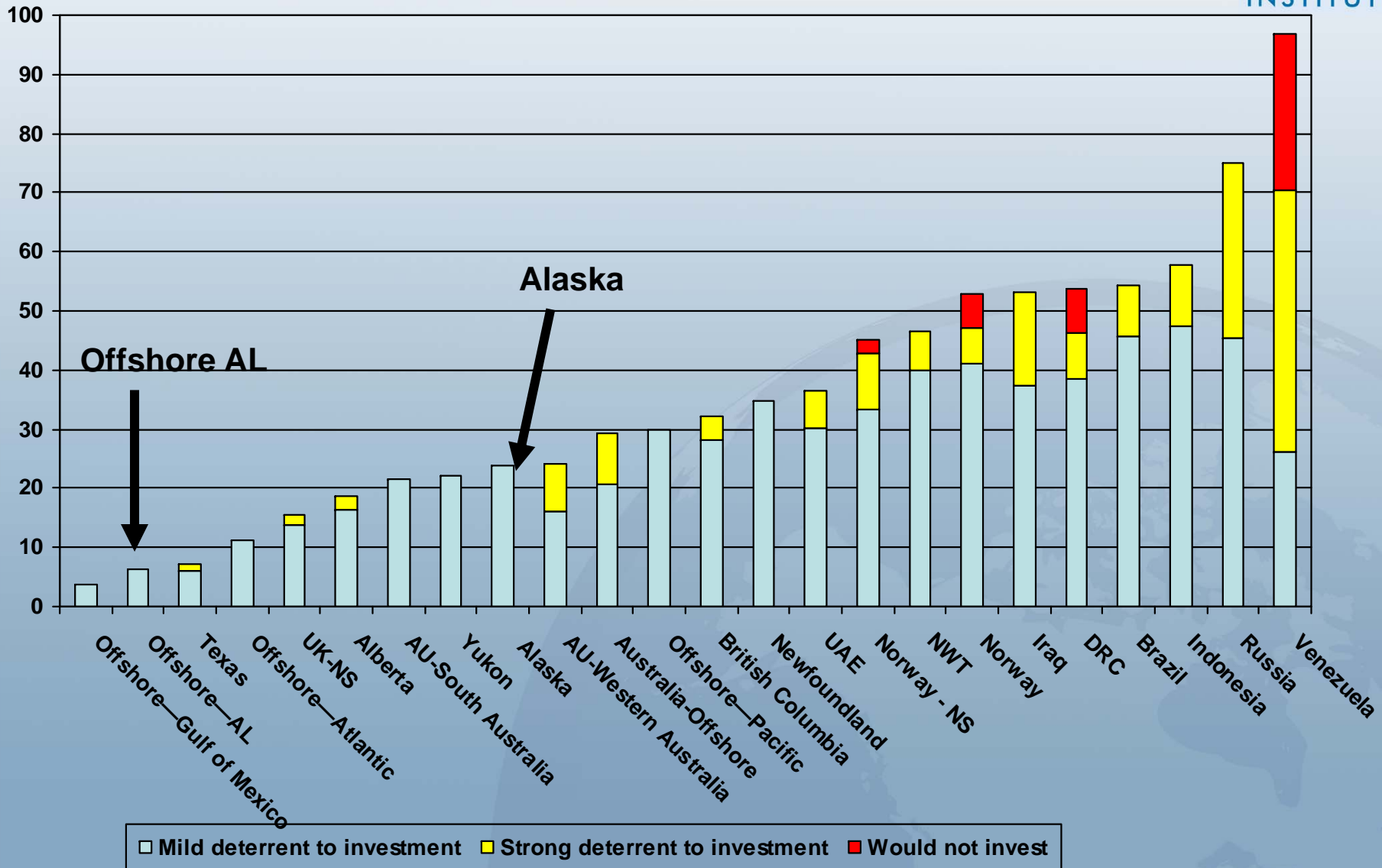
Socioeconomic agreements



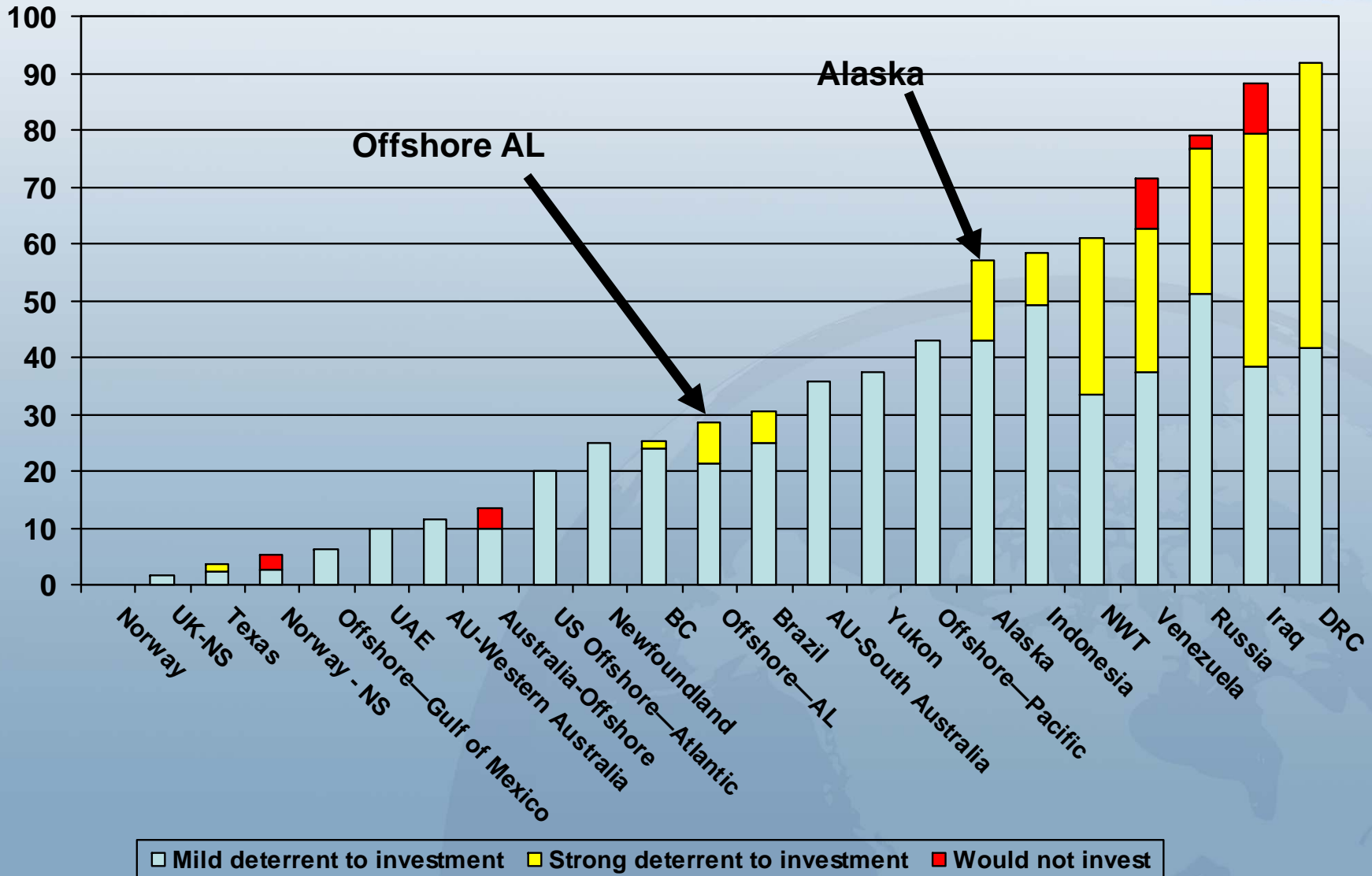
Tariff and Non-tariff Barriers



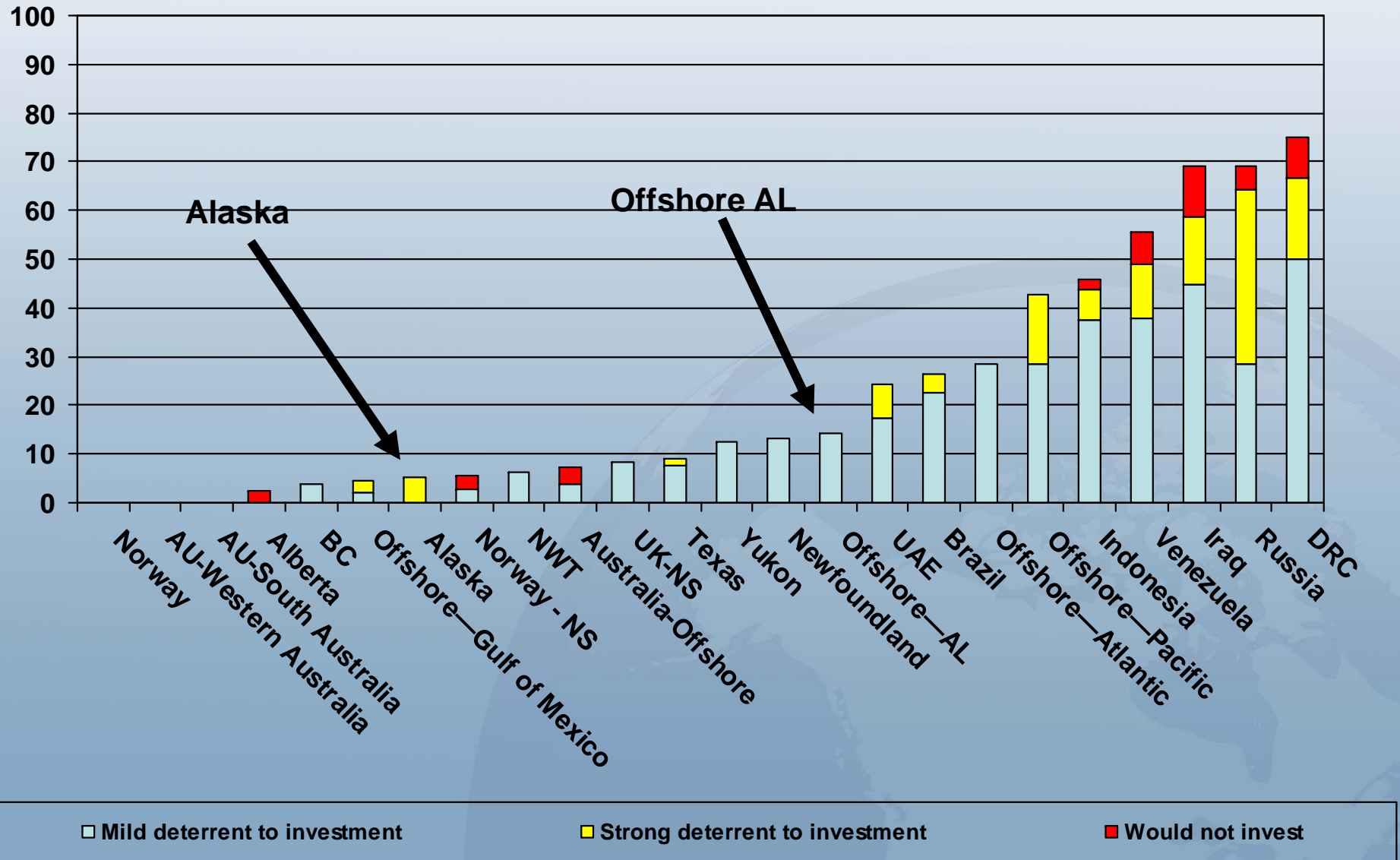
Labor Regulations and Employment Agreements



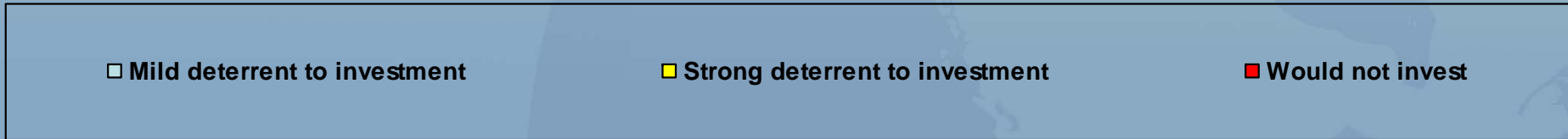
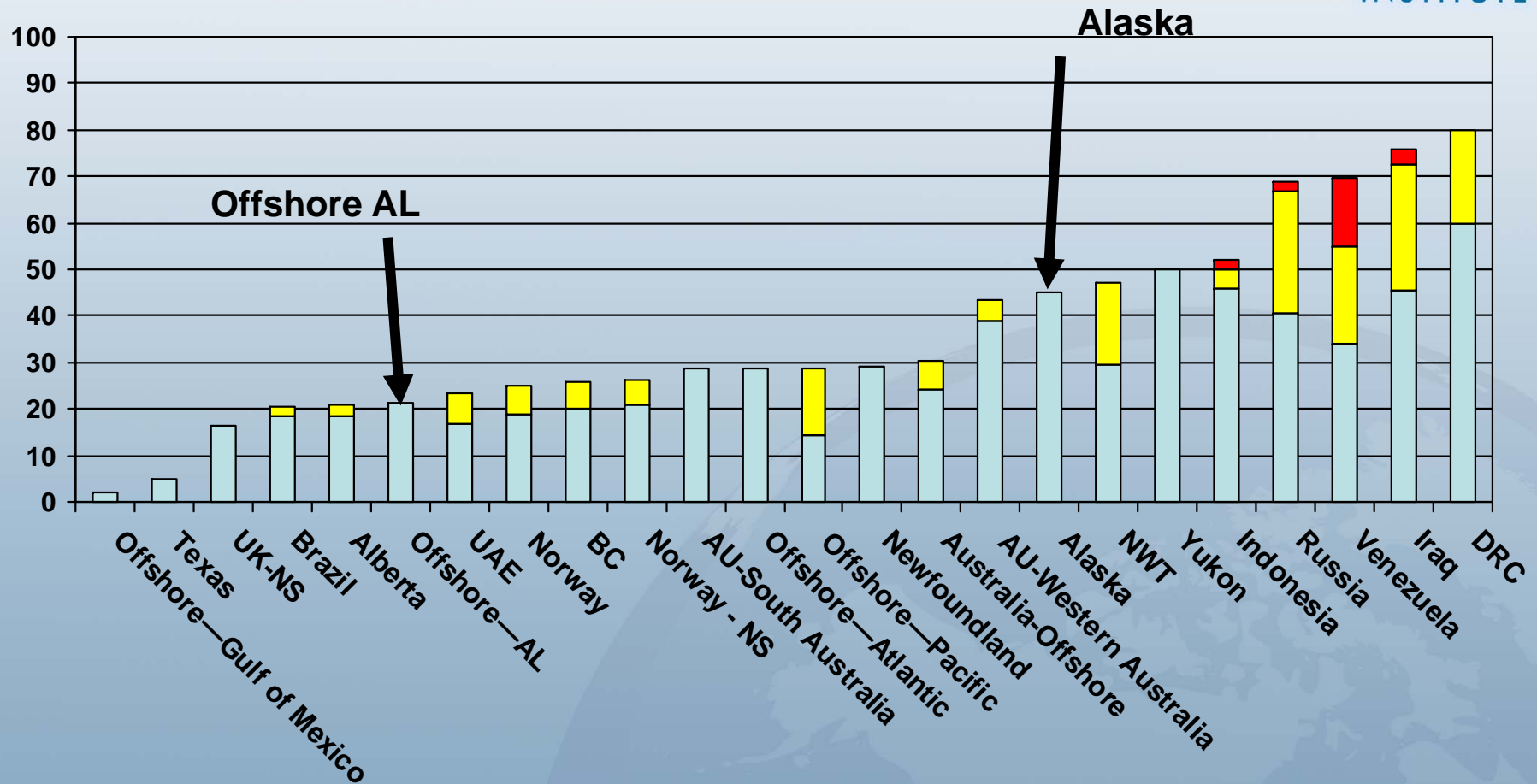
Quality of Infrastructure



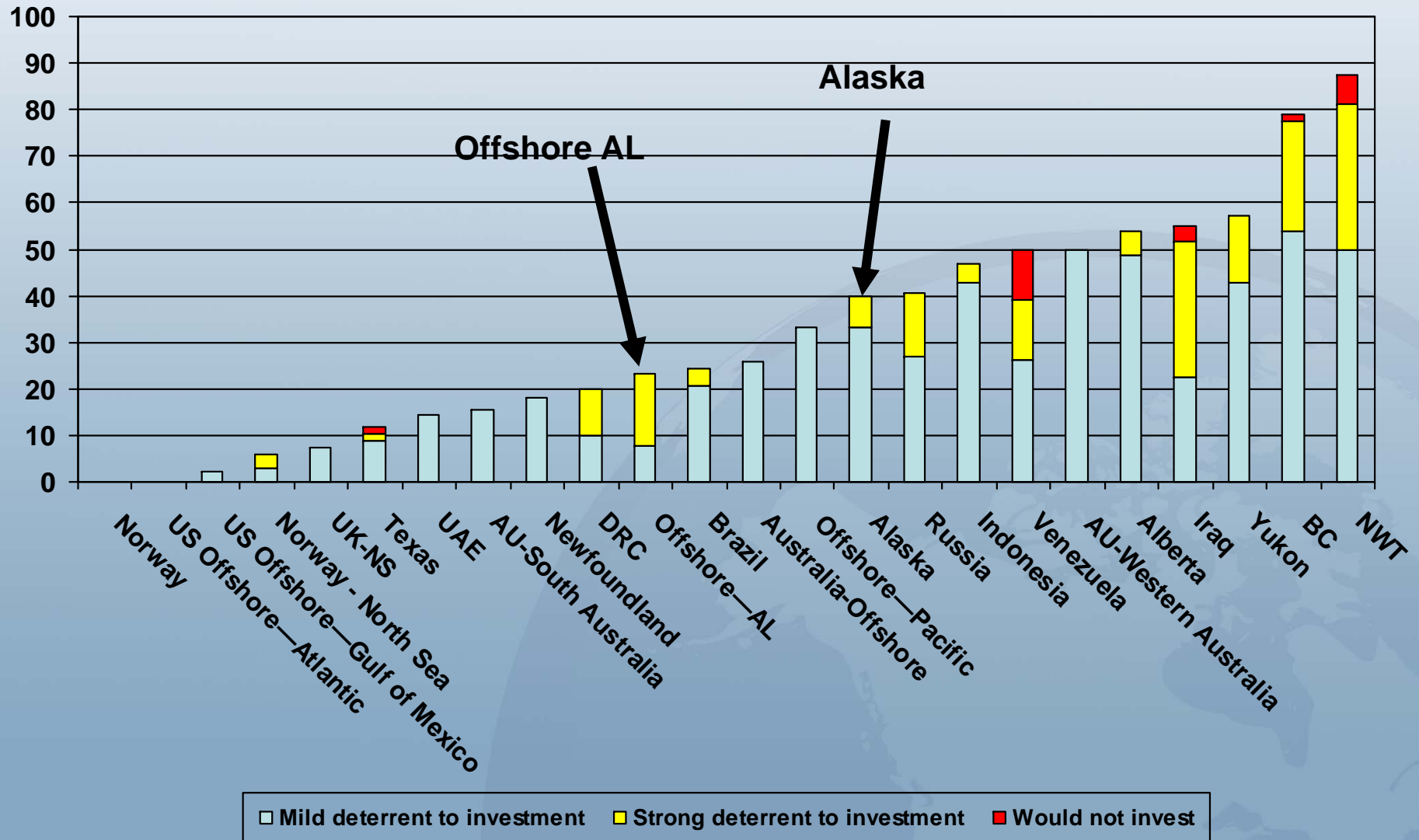
Geological Database



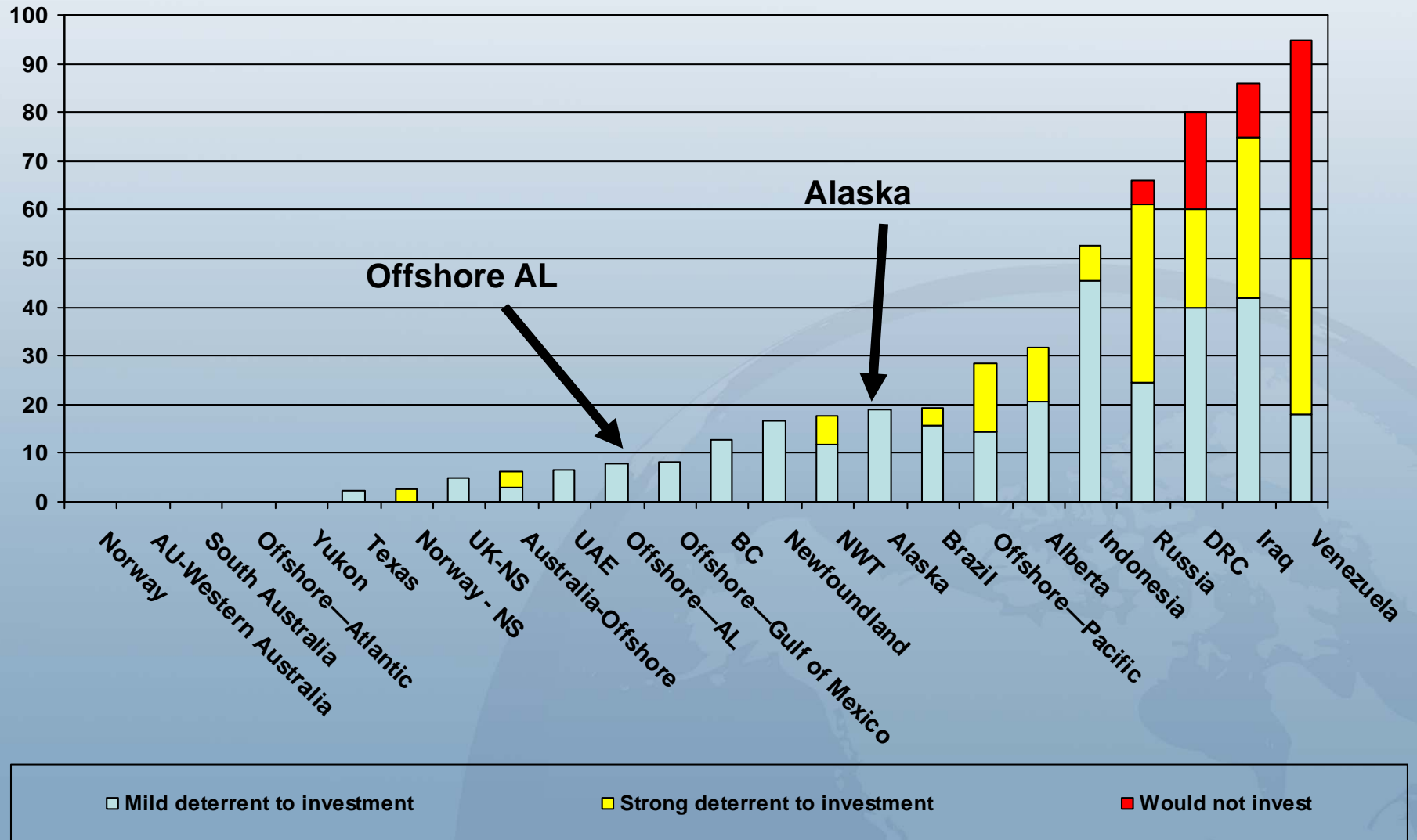
Labor Availability



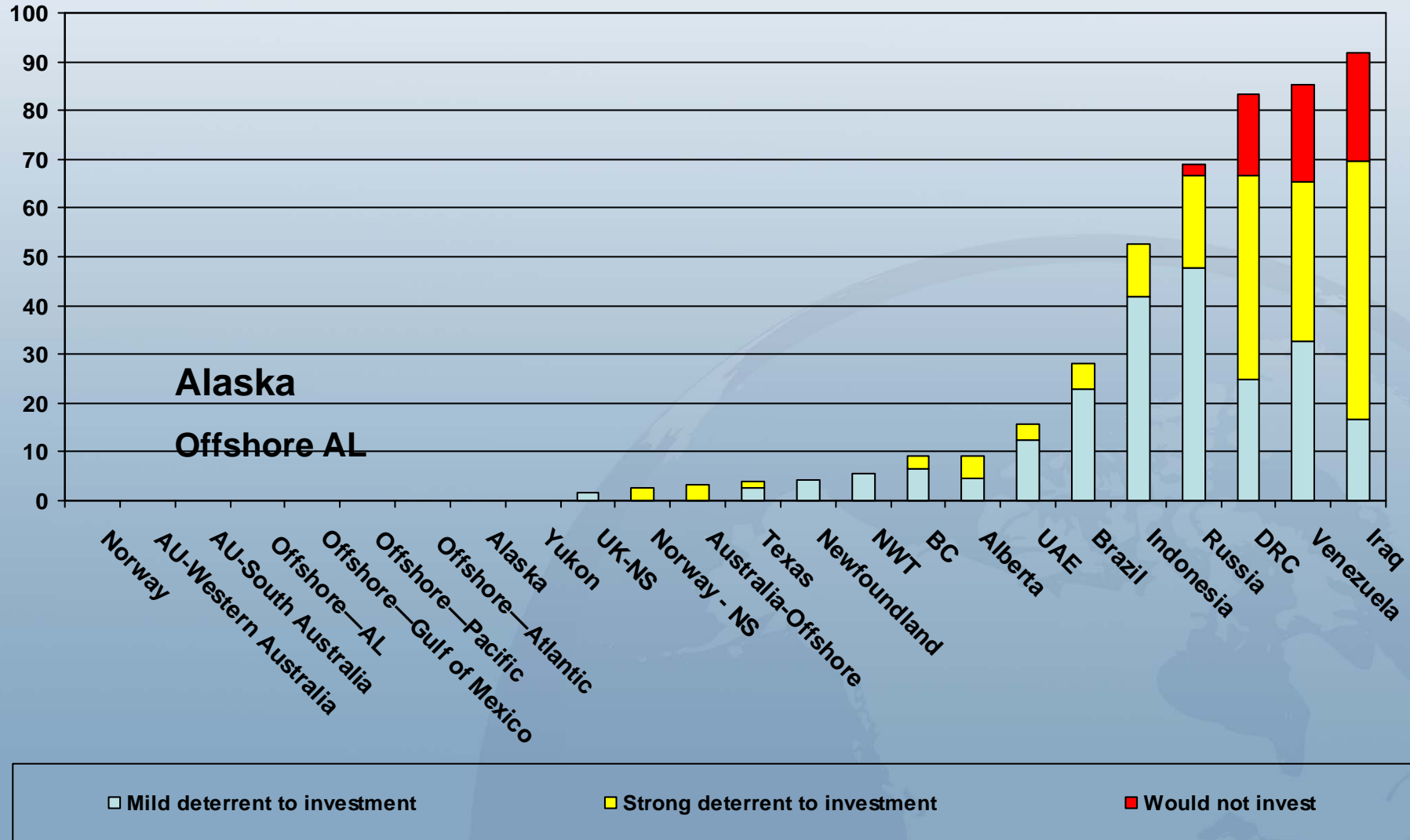
Disputed Land Claims



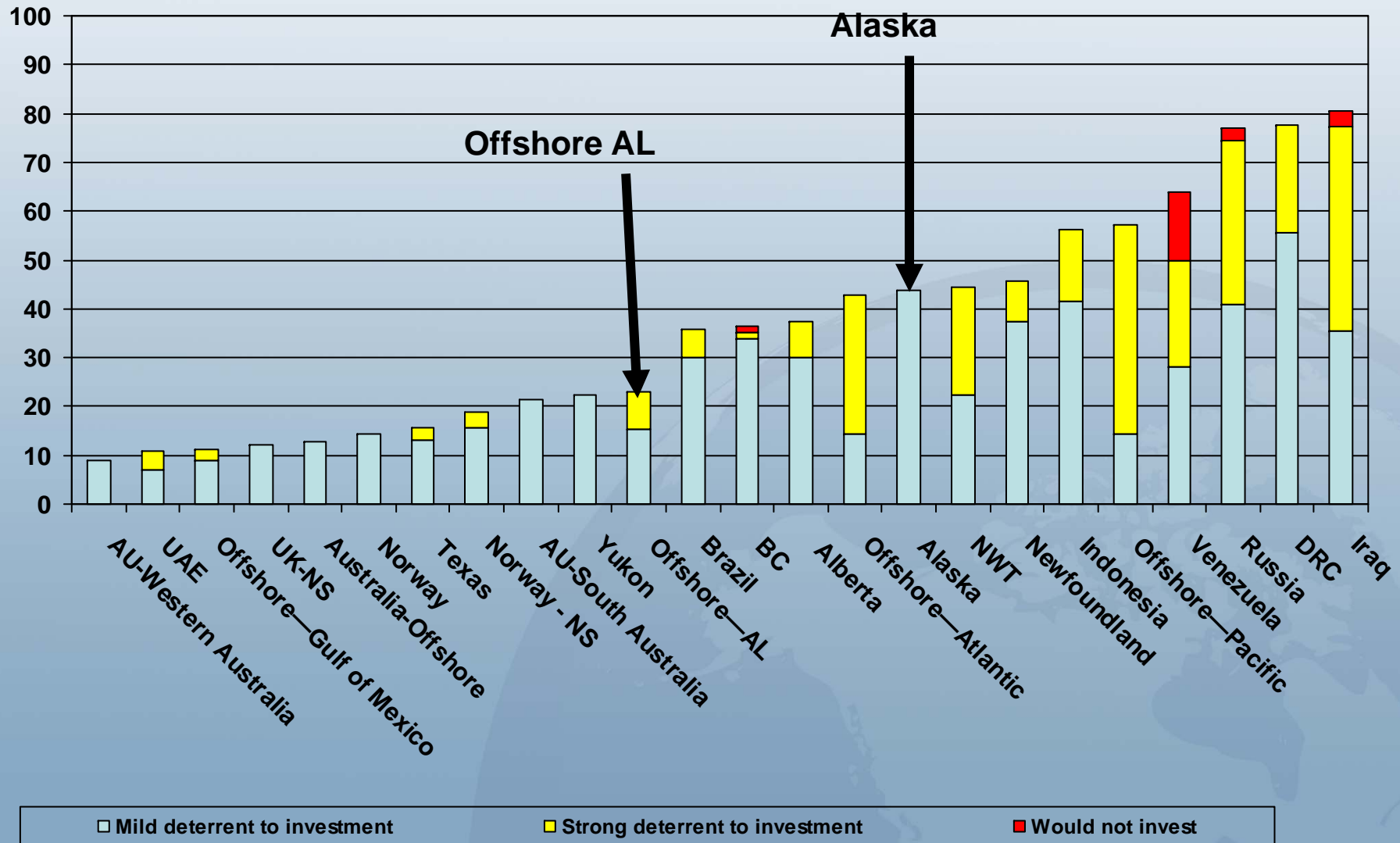
Political Stability



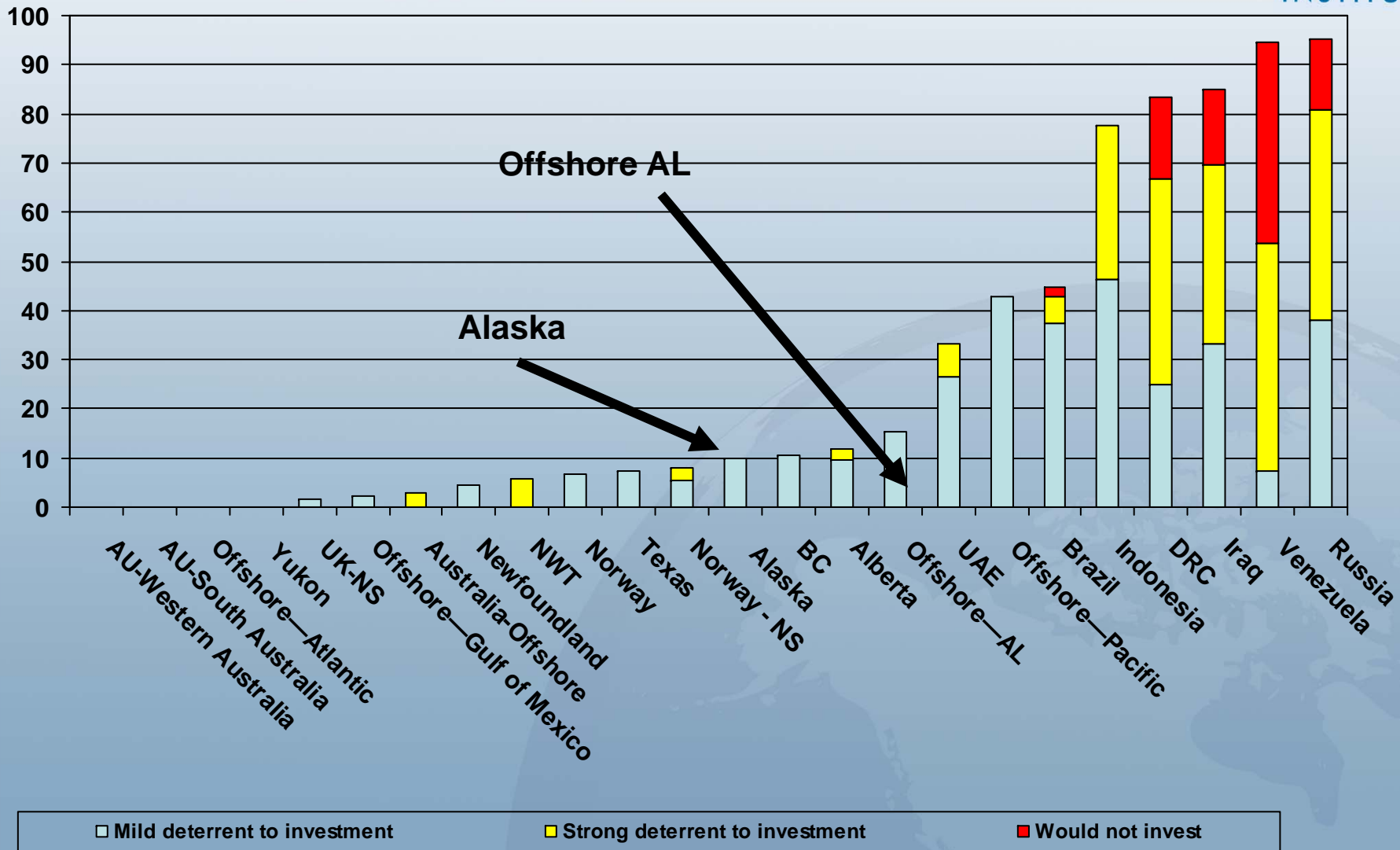
Security



Regulatory Duplication and Inconsistencies



Legal system



Global Comparison Alaska Third Quintile: Green



Figure 10: EUROPE

2010



Most attractive (Lightest Blue) 2nd Quintile (Blue) 3rd Quintile (Light Green) 4th Quintile (Orange) Least attractive (Red) Unmeasured (Grey)

Figure 14: AFRICA

2010

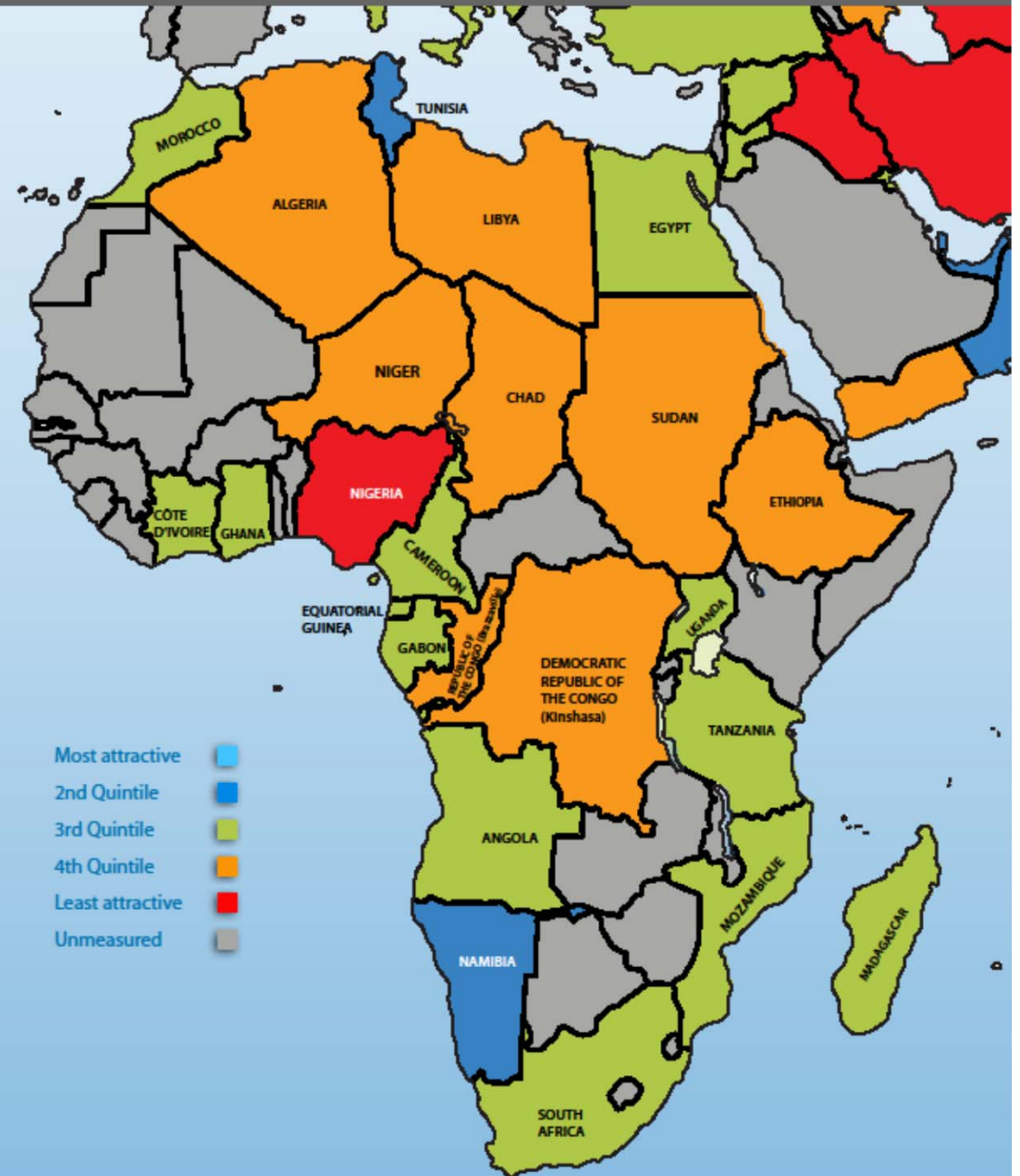


Figure 16: MIDDLE EAST

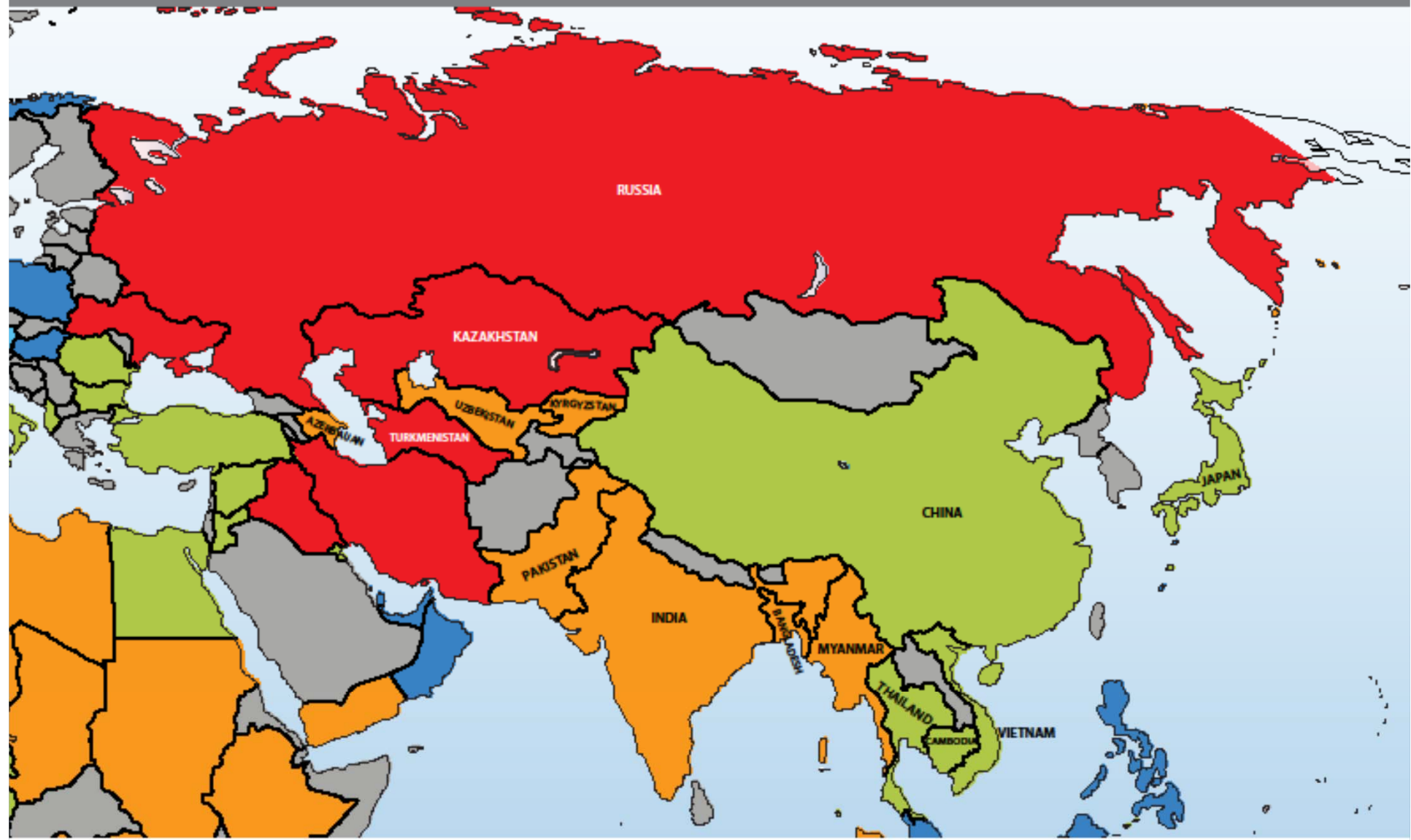
2010



Most attractive ■ 2nd Quintile ■ 3rd Quintile ■ 4th Quintile ■ Least attractive ■ Unmeasured ■

Figure 12: ASIA

2010



Most attractive ■ 2nd Quintile ■ 3rd Quintile ■ 4th Quintile ■ Least attractive ■ Unmeasured ■

Figure 18 : LATIN AMERICA & CARIBBEAN BASIN

2010

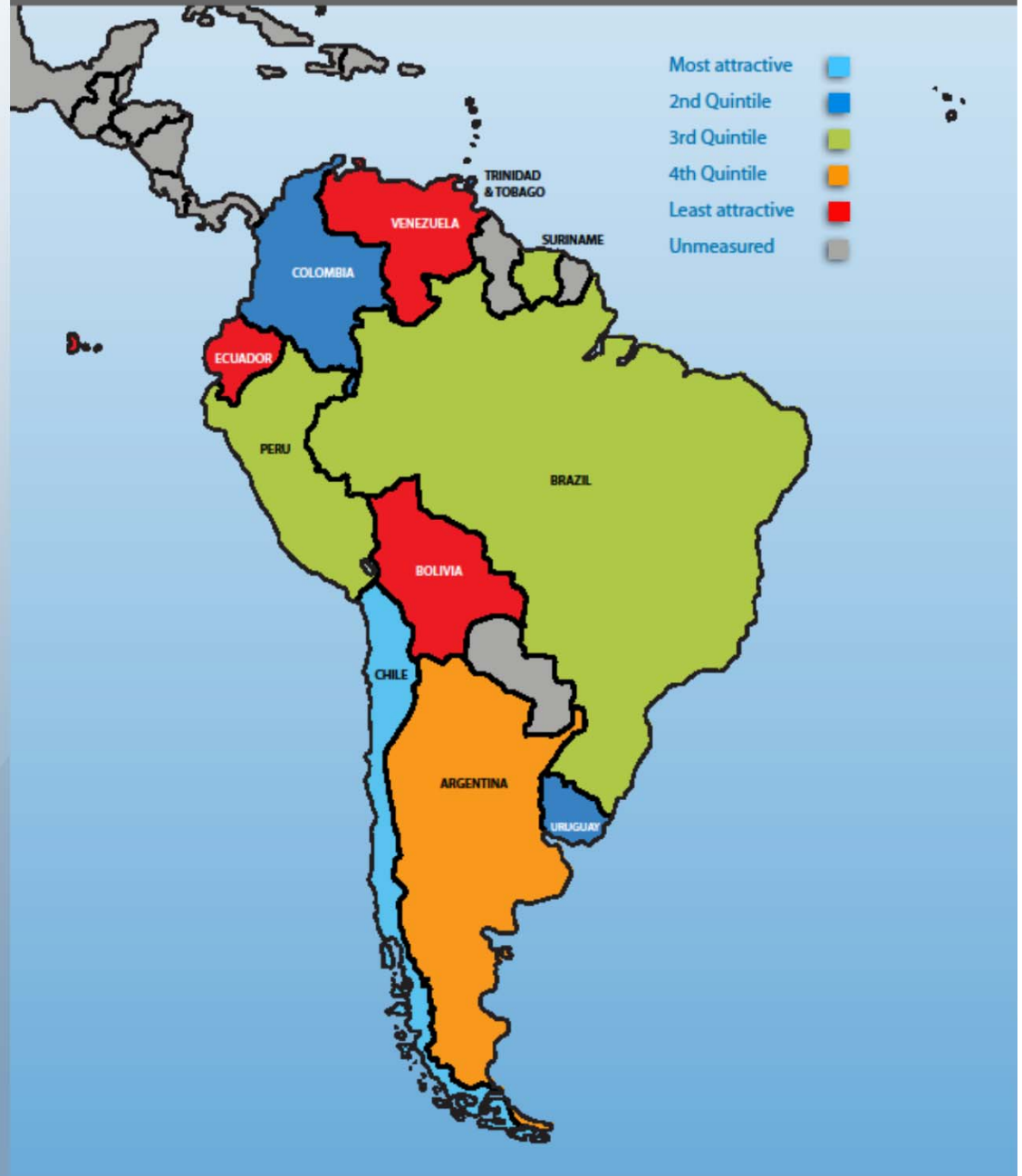
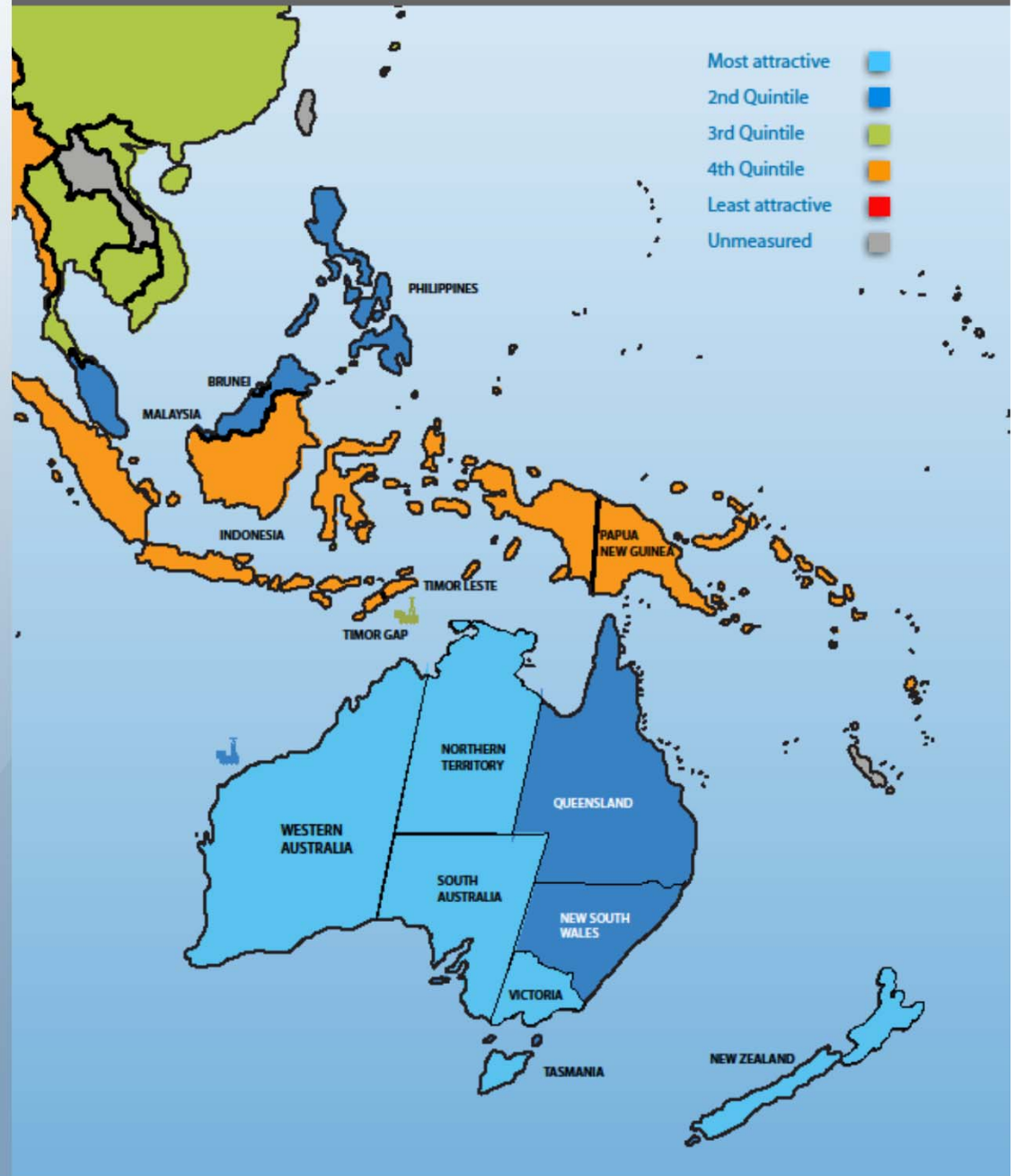


Figure 20: OCEANIA

2010



Conclusion



- Oil and gas companies will come to where the resources are, so they will come to Alaska.
- But the worse the regulatory/tax environment, the higher the profits companies will demand—
weakening other development.
- Alaska has much to improve.
- Improvement means reducing uncertainty, not
weakening environmental and other necessary
regulatory safeguard.

Conclusion, continued



- No one would accuse Norway of environmental laxity, low taxation, or weak regulations.
- Yet Norway in most areas scores ahead of Alaska—so free-market Alaska scores behind “socialist” Norway.
- Norway is also successful in spinning off related business.
- The most important factor in all areas is certainty, clarity, and efficiency.
- Everyone all on sides of ideological/policy issues should want the same.
- According to the survey, Alaska can improve on all of these.

Thank you



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