RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

BREAKFAST MEETING

Thursday, February 16, 2017

1. Call to order – Eric Fjelstad, RDC President
2. Self Introductions
3. Head Table Introductions
4. Staff Report – Marleanna Hall, Executive Director
5. Program and Keynote Speaker:

The State's Operating Budget:
Critical Crossroads, Choices, and Opportunities

Cheryl Frasca, Past President, Commonwealth North

Next Meeting: Thursday, March 2nd:
Pat Foley, Senior Vice President, Alaska Operations,
Caelus Energy Alaska, LLC

Sign up for RDC e-news online!
This breakfast packet and presentation may be found online at:

akrdc.org

TOURISM FISHERIES OIL & GAS MINING FORESTRY

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503
Phone: 907-276-0700 • Fax: 907-276-3887 • Email: resources@akrdc.org • Website: akrdc.org

Alaska Oil and Gas Association

AOGA

121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Email: moriarty@aoga.org
Kara Moriarty, President & CEO

2017-2

Contact: Sarah Erkmann, (907) 272-1481 or erkmann@aoga.org

AOGA: House Bill 111 will not increase oil production or investment
If passed, the bill would represent the seventh tax law change in 12 years

ANCHORAGE – Feb. 8, 2017- The Alaska Oil and Gas Association's (AOGA) President & CEO Kara Moriarty released the following statement today in response to HB 111, the latest in a long line of oil and gas tax law legislation:

"Today's bill, if passed, would represent the seventh oil tax law change in 12 years. Combine that reality with the governor's repeated vetoes of the earned tax credits, and Alaska looks like an unreliable, unstable, and unpredictable business partner. Beyond that, the questions we have for members of the committee are:

- What is the policy objective of this bill?
- Does it endeavor to increase the amount of oil flowing through the Trans Alaska pipeline?
- Will it encourage smaller, independent oil and gas companies to move large, recent discoveries into development and production?
- Does it serve to take short-term revenue from an industry that itself has lost thousands of jobs, and has been reeling from low oil prices for years?
- Will it result in long-term harm to the oil and gas industry, and weaken Alaska's economy for this and future generations of Alaskans?

We encourage committee members to view this bill through the lens of what will benefit the State the most in the long run: more oil production, more investment in Alaska's oil fields, and more economic activity throughout the state. HB 111, as written, will not achieve any of those things, and jeopardizes recent gains like the first oil production increase in 14 years, billions of dollars of new investment in Alaska's oil patch, and optimism about exciting new oil fields with billions of barrels of potential.

AOGA is committed to working with members of the committee and the rest of the Legislature to ensure that Alaska's largest economic driver is well-positioned to continue serving as the economic engine of Alaska, not just today, but for years into the future."

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. More information about the organization can be found at www.aoga.org, on Facebook (AlaskaOilAndGas), and twitter (@AOGA).

###

KEEP ALASKA COMPETITIVE

OUR TAX POLICY IS PRODUCING RESULTS

For the first time in 14 years, North Slope production increased last year, thanks to the passage of tax reform and Alaskans saying yes to stability by voting to keep SB 21.

In response, the industry continued to invest in Alaska despite its economic challenges.

It takes an annual industry investment of $3-4 billion to keep production levels stable on the North Slope. That requires a durable and competitive tax policy.

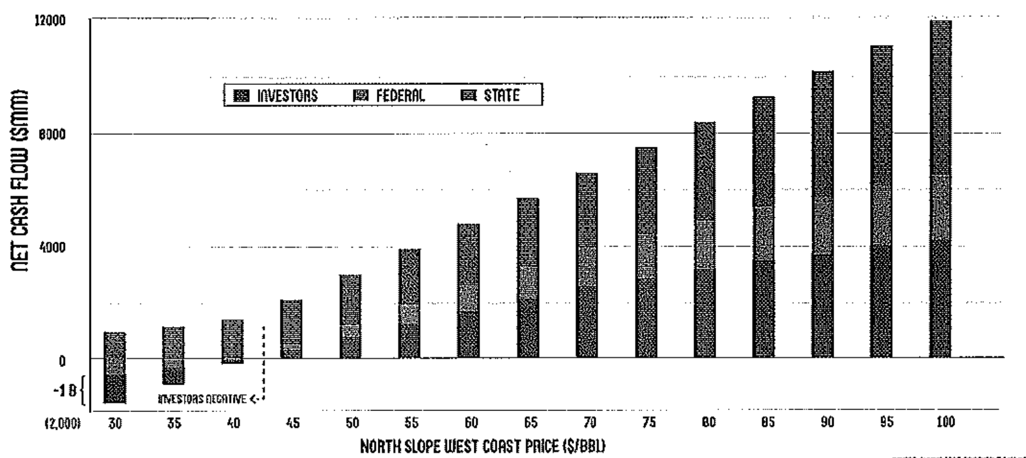
That means stop changing production taxes every other year – and not trying to balance the budget on the backs of the resource industry.

We also need to increase production. That's a long-term goal. While we have lots of new oil, it takes years and years and billions and billions of investment to bring new prospects into production. In the past year alone, the industry has announced new discoveries that could put 550,000 barrels of new oil into the pipeline.

Investors won't put their money in Alaska if they believe we are going broke, don't honor our commitments, won't let them earn a fair return and keep changing the rules.

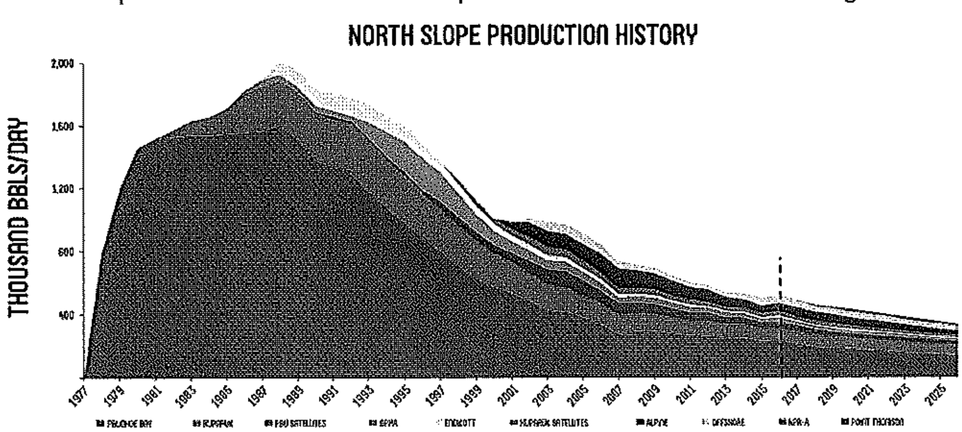
WHAT IS ALASKA'S SHARE OF OIL REVENUES?

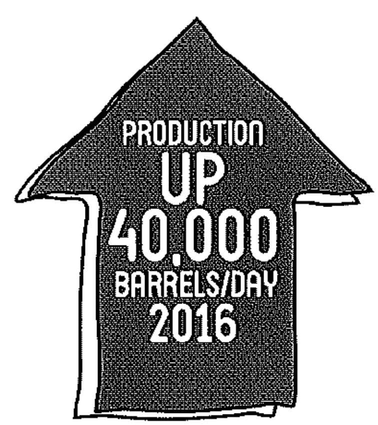
Under our current oil tax policies, Alaska's share is higher than the producers' at every price point. In fact, the state gets paid even when producers are operating at a loss because it still collects royalty, property tax, income tax and a minimum production tax.



OUR EXISTING TAX STRUCTURE IS WORKING

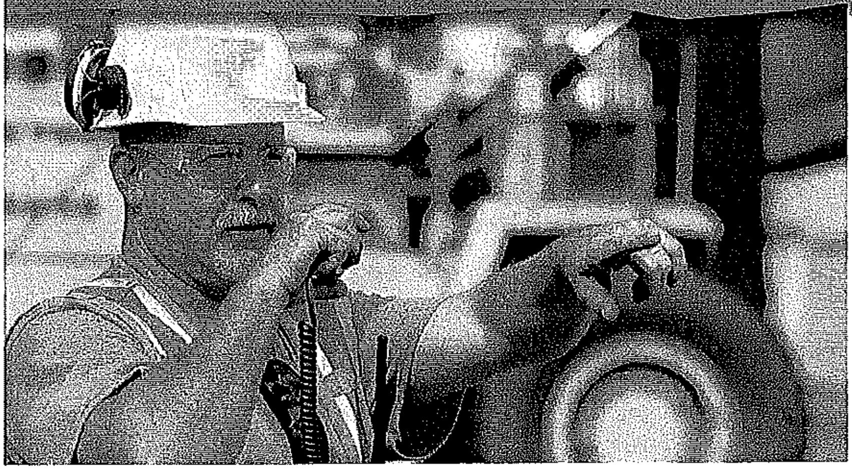
Stable tax policies and a balanced fiscal plan are the foundation for a strong Alaska.





KEEP ALASKA COMPETITIVE

JOIN US



HOW YOU CAN HELP:

Give or host a presentation.

Join us at KeepAlaskaCompetitive.com and sign up for E-newsletters.

Like us on Facebook.

Write letters to the editor of your local paper, post positive comments online and call into talk shows.

ALASKA CAN NO LONGER KICK ITS FISCAL CRISIS DOWN THE ROAD

For the past 40 years, oil has paid our bills. But times have changed. Oil production is a mere shadow of its peak and our pipeline is three-quarters empty. Oil prices are low and are expected to stay low in the near term.

The combination of low prices and low production has slashed state revenues by 80% and thrown our state into recession. We've used our reserves to keep government running ... but we're rapidly running out of cash.

WE NEED A SOLUTION AND WE NEED IT NOW BECAUSE...

You can't keep spending $4.7 billion/year when you're only taking in $1.3 billion in revenues.

If most of your revenue and most of your jobs come from the resource industries, you can't tax away their incentive to invest and expect to have a sustainable economy.

THE SOLUTION TO OUR FISCAL CRISIS IS NOT THAT HARD. WE CAN DEVELOP A DURABLE AND SUSTAINABLE FISCAL PLAN BY:

» Continuing to cut the cost of state government

» Using a sustainable percentage of Permanent Fund earnings to fund state services

» Reducing the PFD

» Increasing revenue, if necessary, by some combination of taxes

» And maintaining stable and competitive taxes on our resource industries

TELL YOUR LEGISLATORS TO SUPPORT A SOLUTION NOW

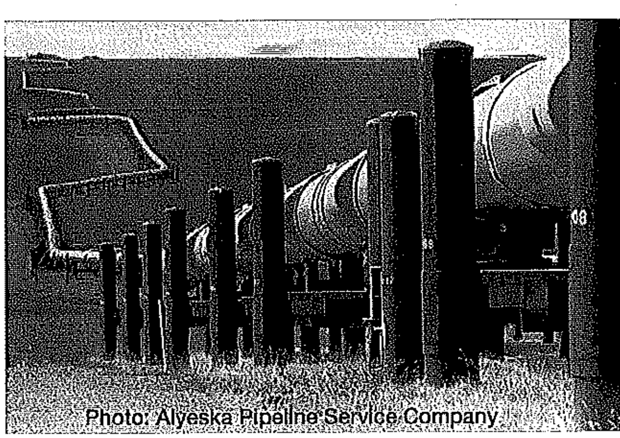


Photo: Alyeska Pipeline Service Company

WHO WE ARE:

KEEP Alaska Competitive is a 501(c)(6) organization composed of individual Alaskans, Alaska Native organizations, businesses and labor groups who care deeply about our long-term economic future. We do not take contributions from oil producers.

OUR MISSION:

To promote investment in resource development and secure Alaska's economic future by advocating for a durable, sustainable and balanced state fiscal plan that provides for stable, competitive tax policies.

Posted February 13, 2017
JuneauEmpire.com

Keeping the oil industry healthy

By: Rick Boyles

An observation from educator/philosopher William James came to mind as I watched Robin Brena lecture the House Resources Committee a few days ago on his version of reality.

"There's nothing so absurd that if you repeat it often enough, people will believe it," James wrote.

Well, Brena repeated the words "fair share" 40 times during his two-hour, 71-slide presentation.

In Brena's mind, "fair share" means fixing Alaska's fiscal mess by jacking up taxes on the oil industry and changing our tax policy for the seventh time in 12 years. He forgets that our own Commissioner of Revenue, Randy Hoffbeck, has repeatedly said that the state is collecting more money under our current tax policy called SB 21 than we would have under the old one, called ACES. To quote him: "SB 21 brings in substantially more revenue to the state at low prices."

Forget that the oil flow through the pipeline actually increased in 2016 for the first time in more than 14 years.

Forget that our current tax policy lured new explorers which made two of the world's largest oil discoveries in decades. And ConocoPhillips continues its string of discoveries in an area other companies gave up on years ago.
Forget that the industry invested more than $5 billion in Alaska at a time they were hemorrhaging dollars. As BP recently testified, "In 2016, we lost over a million dollars each day in Alaska."

Forget the advice of ExxonMobil tax counsel Dan Seckers, who said, "The need for Alaska to maintain a competitive fiscal regime that encourages critical, ongoing and long-term investment is by far one of the most important issues you face."

Forget what companies like Hilcorp have meant for our state. This independent company almost single-handedly doubled oil production in Cook Inlet and turned a natural gas deficit into a surplus. Now they've found a formula to develop Liberty, one of the largest potential sources of new light oil production on the North Slope, with an estimated 80 million to 130 million barrels of recoverable oil.

Hilcorp has invested more than $1 billion in Alaska but they, too, want and need certainty. As they said, "If the Alaska Legislature makes yet another tax policy change this year, we will adjust our investment spending in Alaska accordingly."

Mr. Brena, why do you continue to mislead Alaskans by implying that our production taxes are the only state tax on the oil industry? You ignore the fact that in addition to production taxes, the industry pays Alaska 12.5 percent of revenue in royalties, 9.4 percent of profits in state income taxes, and local property and federal income taxes.

You suggest that revenue be split 1/3 for Alaska, 1/3 for the producers and 1/3 for the federal government. You ignore the fact that oil companies would pay 100 percent of the expenses out of their 1/3, after assuming 100 percent of the business risks. Please quit trying to mislead us and quit trying to drive away the industries that determine our economic future.

And why do you ignore the Alaska Department of Revenue data that clearly shows that under the current tax policy, Alaska takes in more revenue than the producers at all oil price levels? Alaska receives substantial revenue, even when the companies are breaking even or losing money. Our current tax policy is already fair to Alaska, perhaps too fair.

Our state is built on oil and is fueled by oil. Why would we declare war?

How are we going to foster a growing economy for our kids and grandkids when you advocate for continually raising oil taxes and regulations, which result in less long -term capital being committed to oil production?

How are we going to ensure the industry keeps investing $3-4 billion per year to keep our legacy fields producing at a sustainable levels?

How do we keep attracting high paying jobs that have been the key to our increased standard of living and strong economic growth for 40 plus years?

How will we fund state government when oil production dives because we cannot attract the capital investment we need because we continually change the tax burden?

The oil industry supports a third of our economy. We need to keep it healthy, and that, Mr. Brena, is much more complex than your hollow mantra of "fair share."

Rick Boyles is secretary-treasurer of Teamsters Local 959, RDC board member, and founding member of KEEP Alaska Competitive.

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 9, 2017

The Honorable Lisa Murkowski
The Honorable Dan Sullivan

Via email

Re: Urging the repeal of the Bureau of Land Management's Planning 2.0 Rule

Dear Senators Murkowski and Sullivan:

The Resource Development Council for Alaska, Inc. (RDC) is writing to urge the expedient repeal of the Bureau of Land Management's (BLM) Planning 2.0 Rule by way of the Congressional Review Act.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The BLM published its Planning 2.0 Rule in the Federal Register describing intent of the rule to "enable the BLM to more readily address landscape-scale issues . . . and to respond more effectively to environmental and social change."

RDC asserts this one-size fits all approach does not address Alaska's unique qualities and resources. It ignores the characteristics of Alaska to be self-sufficient and to responsibly develop our natural resources for the betterment of all Alaskans as well as the nation.

RDC has consistently commented on the Bureau of Land Management's Regional Management Plans in Alaska, and while the RMPs are not perfect, they do not have a sweeping overreach like the Planning 2.0 Rule.

This rule is a land power grab that undermines Alaska's ability to manage its natural resources and access lands across the state.

RDC applauds any effort to repeal the Planning 2.0 Rule via the Congressional Review Act. Thank you for your consideration of our request.

Sincerely,

Marleanna Hall
Executive Director

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503
907-276-0700 • resources@akrdc.org • akrdc.org

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 6, 2017

Representative Geran Tarr, Co-Chair
Representative Andy Josephson, Co-chair
House Resources Committee
Juneau, AK 99801 Via email

Re: HJR 5, *Urging the U.S. Congress to open the Coastal Plain of the Arctic National Wildlife Refuge to oil and gas exploration, development, and production; urging the U.S. Department of Interior to recognize the private property rights of owners of land in and adjacent to the Arctic National Wildlife Refuge, relating to oil and gas exploration, development, production, and royalties; and relating to renewable and alternative energy technologies.*

Dear Co-chairs Tarr and Josephson:

The Resource Development Council for Alaska, Inc. (RDC) is writing to support HJR 5, which advocates for opening the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas development.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC has consistently supported opening the "1002 area" of ANWR's coastal plain to oil and gas development. The coastal plain is considered America's best onshore prospect for conventional oil and gas discoveries.

HJR 5 advocates for the State of Alaska and our nation's interests in recommending the 1002 area be opened to responsible oil and gas development, as was recommended by the Department of Interior and Congress in the 1980s and 1990s.

The 1002 area was excluded from the Wilderness designation in a compromise struck under the Alaska National Interest Lands Conservation Act (ANILCA) over 35 years ago. In exchange, Congress doubled the size of the refuge and designated eight million acres outside the 1002 area as Wilderness. In recognizing the 1002 area's enormous oil and gas potential, Congress mandated a study of the 1002 area's petroleum resources, as well as its wildlife and environmental values. In 1987, the Department of the Interior recommended the 1002 area be opened "to an orderly oil and gas leasing program."

A 1987 Environmental Impact Statement (EIS) noted in its summary that impacts from "exploration and development drilling were minor or negligible on all wildlife resources on the 1002 area" and that production would directly "affect only 0.8 percent of the

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503
907-276-0700 • resources@akrdc.org • akrdc.org

1002 area." In 1995, Congress voted to open the area to responsible oil and gas development, but President Bill Clinton vetoed the bill.

According to the Energy Information Administration, ANWR oil and gas development could result in new domestic production ranging from 510,000 to 1.45 million barrels per day for a period extending for approximately 12 years, with additional production for many years following. Such production would save the nation billions of dollars in imported oil, create thousands of new jobs, refill the Trans-Alaska Pipeline, and generate billions of dollars in new revenues to the federal and Alaska treasuries. The 1002 area is the most prospective conventional onshore prospect in our country with an estimated 5.7 to 16 billion barrels of technically recoverable oil.

If the 1002 area is opened, not one acre of designated Wilderness would be disturbed by development. With advances in technology significantly diminishing the footprint of development, we do not have to choose between energy production and environmental protection. It is possible to develop the 1002 area's energy reserves while directly utilizing only a fraction of the area. This can be accomplished without significant disturbance to wildlife. In fact, wildlife populations have grown or remained stable in other areas of the North Slope where oil development is already occurring. Development and protection of the environment do co-exist in Alaska and this environmental ethic will continue to be a priority.

In conclusion, the 1002 area of ANWR should be opened up to responsible oil and gas exploration and development. Our national security and Alaska's economy depend on it. Moreover, we can have oil and gas development in a very small area of ANWR while maintaining the special values of the refuge.

With Alaskans consistently and overwhelmingly supporting oil and gas development in the 1002 area, RDC strongly encourages passage of HJR 5.

Sincerely,

Carl Portman
Deputy Director

Thank You Sponsors!

Alyeska pipeline SERVICE COMPANY

arctic slope regional corp.

ASPEN HOTELS

CAELUS Energy Alaska

ConocoPhillips

ExxonMobil

Hilcorp Alaska, LLC

KINROSS Fort Knox

LYNDEN

POGO MINE
SUMITOMO METAL MINING POGO LLC
MINING DONE RIGHT

Schlumberger

PARKER HORN COMPANY

TESORO

WOMEN IN RESOURCES

UCM
USIBELLI COAL MINE, INC.

ANILCA TRAINING MARCH 6-7, 2017

ANILCA TRAINING

March 6-7, 2017, 8:00 am to 4:30 pm

Location: BLM Campbell Creek Science Center * Anchorage, Alaska

Course content: This two-day ANILCA Training brings together numerous subject matter experts to provide an overview of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA), including:

Summary of Alaska's land history from Territorial days through ANILCA to present

Context of ANILCA's passage – including major constituents, issues of the day, and the "Great Compromise"
Overview of ANILCA statutory provisions by Title or Section
Key access provisions of ANILCA, including access for traditional activities, subsistence, inholdings, and transportation & utility systems
Subsistence on federal lands
Wilderness reviews and management
ANILCA implementation, including federal land planning
Case studies

Presenters: Federal agency representatives and others with extensive ANILCA experience.

Materials Included: Copy of ANILCA & Amendments; presentation documents; Alaska in Maps - A Thematic Atlas; and portable USB drive with relevant laws, regulations and other supporting documents. Discussion sessions on ANILCA issues take place both days during lunch – lunch, coffee, and continental breakfast provided.

Recommended for: Federal agencies with ANILCA implementation responsibilities, state and local land and resource managers, Native corporations, rural residents and inholders, as well as community leaders, policy makers, consultants, the academic community and the interested public.

Objective: Upon completion of the training, attendees have a greater understanding of this sweeping legislation and its influence on conservation policy, business opportunities, resource development, and public land management in Alaska.

Registration closes one week in advance, unless already full. 35 participants minimum; 55 participants maximum.

Registration and logistical questions? Contact Nils Andreassen at nandreassen@institutenorth.org or 907-786-6324

Location: Campbell Creek Science Center, Anchorage, Alaska

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Membership Form

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

To join or to view a list of current RDC members, visit akrdc.org/membership

Contact Information:

Name: ______________________ Title: ______________________

Organization: ______________________

Mailing Address: ______________________

City / State/ Zip: ______________________

Phone: ______________________ Mobile: ______________________

Email: ______________________ Website: ______________________

Membership Levels

Membership is a one-year term with an annual fee, expiring on the anniversary of your enrollment, with an online renewal option.

Individual:		*Corporate:	
Basic	$75	Basic	$500
Silver	$150	Silver	$750
Gold	$300	Gold	$1,500
Platinum	$500 and up	Platinum	$3,000 and up

*Corporate members receive a listing on akrdc.org

Please select the category or categories in which your business should be classified:

- ☐ Communications/Technology
- ☐ Communities
- ☐ Construction
- ☐ Engineering/ Environmental
- ☐ Finance/Insurance
- ☐ Fishing
- ☐ Government
- ☐ Legal Counsel
- ☐ Media
- ☐ Mining
- ☐ Native Corporation
- ☐ Oil and Gas
- ☐ Other Industry Services
- ☐ Support Services
- ☐ Timber
- ☐ Tourism
- ☐ Trade/Business Organization
- ☐ Transportation
- ☐ Utilities / Energy

Membership Amount: $ __________ ☐ Please Invoice Me ☐ Check Enclosed

Charge my card: ______________________ Expiration Date: ______________________

RDC is classified as a 501(c)(6) non-profit trade association. Membership dues and other financial support may be tax deductible as an ordinary business expense, but not as a charitable contribution. 16.9% of RDC support is non-deductible.