Industry Overview

Fall 2022

Kara Moriarty,
President/CEO
"Immediate shortfalls in fossil fuel production from Russia will need to be replaced by production elsewhere – even in a world working towards net zero emissions by 2050."

People.

Pride.

Petroleum.
Alaska: 3.9% US Oil Production

Source: US Energy Information Agency
Alaska: .77% World Oil Production

Source: US Energy Information Agency
# RESOURCE POTENTIAL

<table>
<thead>
<tr>
<th>STATE LAND</th>
<th>FEDERAL LAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cook Inlet</strong></td>
<td><strong>Offshore Arctic</strong></td>
</tr>
<tr>
<td>599 mbo and 19 tcf gas</td>
<td>27 bbo and 132 tcf gas</td>
</tr>
<tr>
<td><strong>Onshore North Slope</strong></td>
<td></td>
</tr>
<tr>
<td>Conventional</td>
<td><strong>NPR-A</strong></td>
</tr>
<tr>
<td>5 bbo and 35 tcf gas</td>
<td>8.8 bbo and 39.2 tcf gas</td>
</tr>
<tr>
<td>Heavy/Viscous</td>
<td><strong>ANWR</strong></td>
</tr>
<tr>
<td>24-33 bbo</td>
<td>10 bbo and 3.5 tcf gas</td>
</tr>
<tr>
<td>Unconventional</td>
<td></td>
</tr>
<tr>
<td>2 bbo and 12 tcf gas</td>
<td></td>
</tr>
</tbody>
</table>

*Source: USGS
Photo by Jordan Shaffer, 2021 AKOG Photo Contest*
Cook Inlet: Alaska’s Original Oil and Gas Basin
Cook Inlet Historical Natural Gas Production and Consumption By End-Use
January 2000 - June 2022

Note:
Annual gas production has been lower than usage since 2019.
The shortages have so far been addressed through withdrawals from storage.
Since 2019, 1/3 of the total gas storage volumes have been depleted.

Differences between production and total consumption reflect storage and timing factors.

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

Pride.

Petroleum.

Alaska’s North Slope Resource Potential Remains

Map Source: Department of Natural Resources, Activity Map, June 2022
Photo by Timothy Cudney, AKOG 2021 Photo Contest

Prudhoe Historic photo from Alaska Digital Library Collection
“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
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
Massive Natural Gas Resource

Alaska North Slope Gas Potential

Known Reserves: Unit and Gas Reserves
- 5,000 - 25,000 BCF
- 400 - 1000 BCF
- 0-100 BCF

Total Resource = 35 TCF Proven
200 TCF Potential

- Prudhoe Bay ~23,879 BCF
- Point Thomson ~8000 BCF

Photo by Danyel Baker, 2021 AKOG Photo Contest
ALASKA: Doing ESG Right

Environmental Governance

Social

People.  

Pride.  

Petroleum.

“UAF engineers and Hilcorp Alaska have successfully deployed an enhanced oil recovery method using a process known as polymer flooding to pull thick, viscous oil to the surface at Milne Point.”

--- New Technique for Heavy Oil Recovery, Alaska Business, October 12, 2022
What is CCUS? Carbon Capture Utilization and Storage
“Alaska’s oil and gas remains the single most important economic engine in the state.”

24% of all jobs

$4.4 billion with 1000+ local businesses

$4 generated for every $1 earned in primary companies

15 jobs For every 1 primary company job through indirect spending and tax payments
<table>
<thead>
<tr>
<th></th>
<th>2021 Actual</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Price of Oil ($/barrel)</td>
<td>$54.14</td>
<td>$91.68</td>
<td>$101</td>
</tr>
<tr>
<td>Oil Revenue (State &amp; Local)</td>
<td>$2.051 Billion</td>
<td>$4.51 Billion</td>
<td>$5.61 Billion</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$924.4 Million</td>
<td>$851.8 Million</td>
<td>$981.5 Million</td>
</tr>
<tr>
<td>Investment Revenue</td>
<td>$3.305 Billion</td>
<td>$3.080 Billion</td>
<td>$3.426 Billion</td>
</tr>
<tr>
<td>Total State Revenue (subject to appropriation)</td>
<td>$5.530 Billion</td>
<td>$7.531 Billion</td>
<td>$8.990 Billion</td>
</tr>
</tbody>
</table>

Source: Alaska Department of Revenue Spring Forecast 2022, Page 10; Fall Revenue Source Book, Page 51
<table>
<thead>
<tr>
<th>Year</th>
<th>Oil Price in $/Barrel</th>
<th>Revenue in Millions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$130.00</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$100.00</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>$70.00</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$50.00</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$30.00</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$10.00</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>$0.00</td>
<td></td>
</tr>
</tbody>
</table>

Source: Alaska Department of Revenue
$20 Billion in royalties from oil and gas production

$27.3 Billion total distributed

23 Million paid applications

$49,817.41 to individual Alaskans

Source: Alaska Permanent Fund Dividend Division

Figures not adjusted for inflation

SB21 Tax Reform Passed

ACES: 25% decline in production

Record low oil prices & Pandemic

+137,000 additional barrels per day than under ACES

2013 Spring Production Forecast
Actual Production
2022 Spring Production Forecast

Thousands of Barrels Per Day

ACES: 25% decline in production

Low oil prices & Pandemic

SB21 Tax Reform Passed

+137,000 additional barrels per day than under ACES
Alaskans
Supporting
Alaskans
People.
Pride.
Petroleum.

Iditarod welcomes Hilcorp Alaska and Harvest Midstream as new Principal Partners

Photo by Lori Burroughs, AKOG 2021 Photo Contest

Photo by Judy Patrick, AKOG 2021 Photo Contest
Sign up for our newsletter!


Thank you!

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907-222-2608
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Photo source: David Luke, 2021 AKOG Photo Contest
Appendix
Lagging Investment:

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

*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
## Tax Policy Instability:

13 changes or proposed changes in 17 years

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