The Case for Investing in Alaska

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Economic Impact of the Oil & Gas Industry in Alaska

- 32% of all employment tied back to oil & gas
- For each direct oil & gas job there are 22 additional jobs generated in the Alaska economy

Source: The Role of the Oil and Gas Industry in Alaska’s Economy; The McDowell Group; May 2017
Pipeline of Projects on the Western North Slope

**GMT1**
- ~25,000-30,000 BOPD*
- First oil planned late 2018
- ~700 construction jobs
- ~$1 billion gross

**GMT2**
- ~25,000-30,000 BOPD*
- First oil planned late 2021
- ~700 construction jobs
- ~$1.5 billion gross

**Fiord West**
- ~20,000 BOPD*
- First oil planned Aug 2020

**Willow Discovery**
- ~100,000 BOPD*
- First oil possible as soon as 2023
- Multi-billion dollar investment
- Potential for hundreds of direct jobs, thousands of construction jobs

*Estimated peak gross production.*
Robust North Slope Investment Outlook

Industry Projects Representing ~400,000+ BOPD and over $13 Billion in capital
Unconventional North American Fields are Alaska’s Competition

- Enormous resource potential
- Tens of thousands of drilling opportunities
- Lower cost of supply

- Closer to market
- Easier to permit
- Stable fiscal policies

Map shows wells drilled in U.S. Lower 48 states since start of 20th century; well locations from U.S. Geological Survey; resource estimates based upon publically available sources and ConocoPhillips estimates. *RS Energy Group. **COP data.
2017 capital spend: over $800 million net
- Maintenance capital ~ $200MM: primarily legacy fields
- Discretionary capital ~$600MM: exploration and development projects

Operating expense: ~$1 billion net
- Salaries, facilities, keeping the lights on
- Opex highly dependent on capital

What does our budget do?
- ~ 840 Alaska companies
- GMT1 and exploration capex accounts for 1,100 jobs this winter

We’re in the game – costs have come down
Reversing the Decline

North Slope Production is Up... SB21 is Working!

- More oil production
- More royalty
- More taxes
- More jobs
- A stronger economy

Incremental production since SB21

Sources: Volumes: Dept. of Revenue  http://www.tax.alaska.gov/sourcesbook/AlaskaProduction.pdf
ACES (incl CD5) reflects the overall ANS decline rate from end FY2007 to end FY2013
Investing in Alaska

• Oil and gas investment leads to more revenue and jobs for the state – and there is significant opportunity

• Oil and gas investment is part of the long term budget solution

• Leaving the core tax structure has enabled us to invest in Alaska like we’re doing this winter

• Key to ensuring continued investment is a stable, competitive fiscal framework