

# ALASKA STATE CHAMBER

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## The North Slope: A Renaissance Still on the Horizon

Joe Marushack, President  
ConocoPhillips Alaska



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# ConocoPhillips Alaska COVID-19 Response

- ✓ **In mid-March, we mobilized an Incident Management Team (IMT)**
  - About 190 employees joined the IMT for six weeks
  - This team managed the impacts and potential effects to the company related to COVID-19 around the clock
- ✓ **Managed our People and our Business**
  - Worked with medical experts to ensure the safety of higher-risk individuals
  - Transitioned 700 Anchorage employees to remote work
  - Implemented programs that allowed ConocoPhillips to wrap up ice road winter activities four weeks early to reduce the number of workers at risk of COVID-19
    - Reduced North Slope camp levels from ~3000 down to below 1100 people.
- ✓ **Established New Travel Restrictions**
  - Redirected flight operations from the Anchorage Airport to our Aviation hangar
  - Field workers tested for fever and screened before getting access to facilities
- ✓ **Put a Medical Plan in Place**
  - Developed medical response and transport plans for our North Slope clinics with Alaska State Epidemiologist
  - Established a screening, quarantine and safe hold program that was held up by the State of Alaska as the model
  - Anticipated each of the State's key mandates and kept the company a week ahead of every response
  - Established social distancing protocols and managed critical PPE supplies to prevent shortages
- ✓ **Worked closely with contractor leadership/contingent workforce**



# Oil and Gas Fuels Alaska's Economy



77,600 Alaska jobs  
and \$4.7 billion in  
Alaska wages in 2018



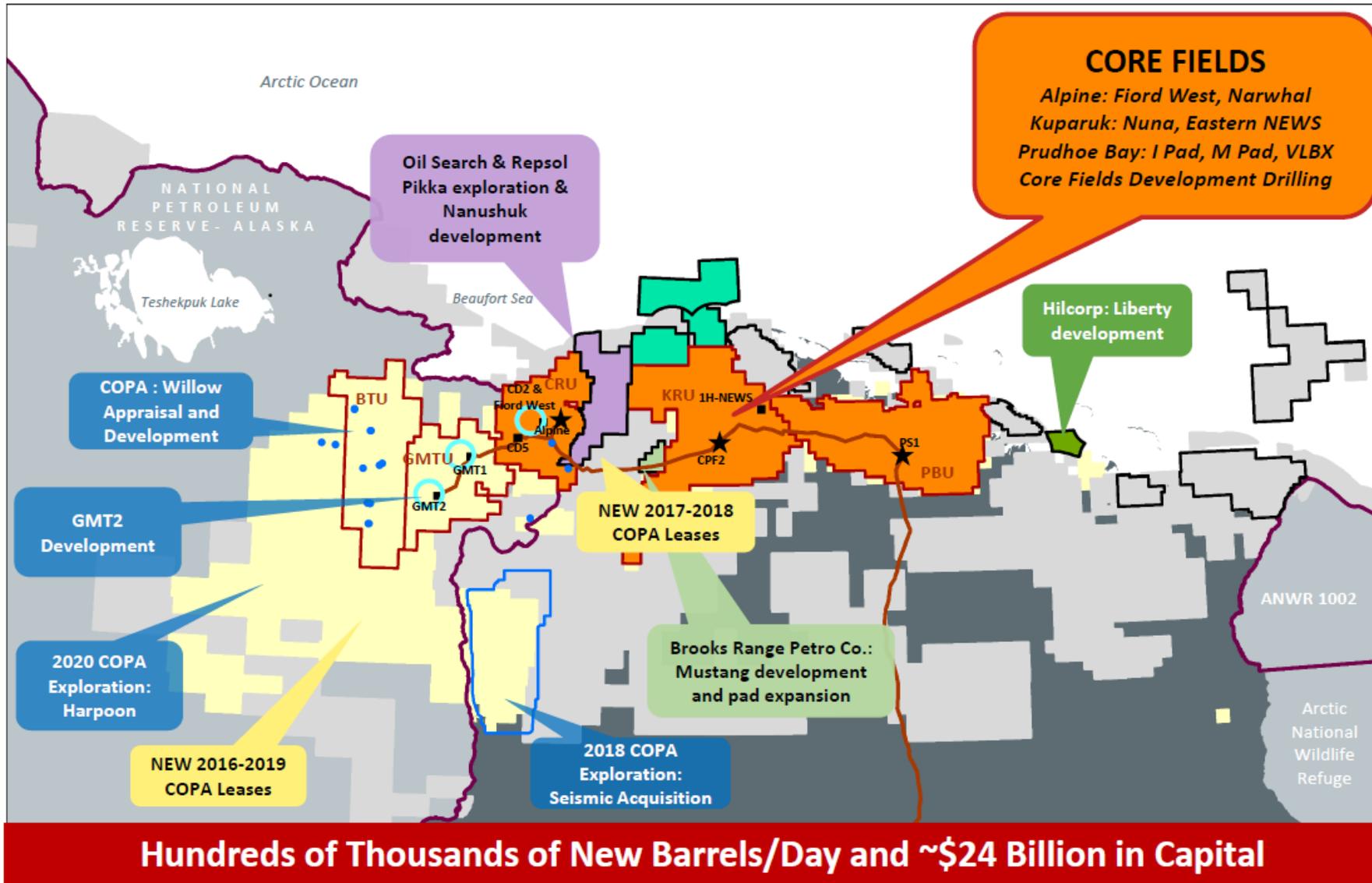
\$4.4 billion spent  
annually with 1,000  
local Alaska businesses



\$3.1 billion to  
state and local  
governments in 2018

Source: "The Role of the Oil and Gas Industry in Alaska's Economy," McDowell Group, Juneau, AK 2020

# North Slope Renaissance



Low oil prices and demand destruction have shut down almost all drilling

For the first time in the history of Kuparuk, Alpine and Prudhoe Bay, no rigs are running

The projects are still here – a restart of North Slope drilling and getting the Renaissance back on track depends on oil price and a competitive tax framework

***Nobody can control oil price, but Alaskans can control taxes***

# Ballot Measure 1 – What Does It Do?

- Targets the Prudhoe Bay, Kuparuk River and Colville River (Alpine) Units
- Increases the severance tax by 150% to over 300% depending on oil price
- Will make investments non-competitive in the targeted fields within the ConocoPhillips portfolio that:
  - Carry the majority of North Slope infrastructure and transportation costs
  - Produce most of the royalty oil for the State
  - Have paid billions in taxes and royalties to the State since SB21 passed in 2013
- Takes the cash flow necessary to fund new projects like Willow



# Some Facts

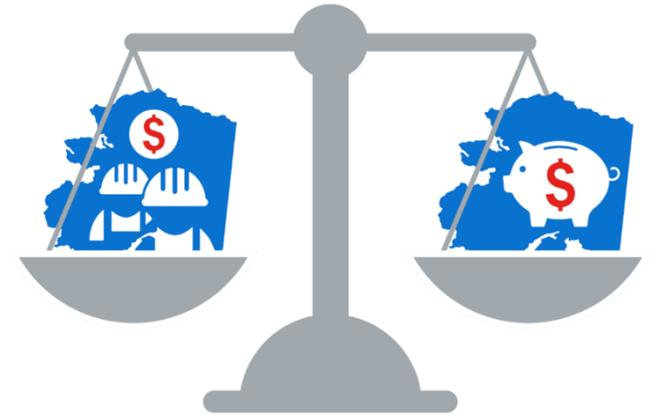
- The North Slope fields have returned over \$19 billion<sup>1</sup> to Alaska since SB21 passed – not “zero” as the “Yes group” contends
- SB21 is working – 2019 production was 75,000 BOPD above the state’s 2013 prediction and cumulative revenue through FY 2019 is up over \$1.5 billion<sup>2</sup>
- From 2016-2019, ConocoPhillips generated \$4 billion of adjusted net income, while government take\* was \$4.6 billion (\$3.5 billion to the State).
- State taxes and royalties from ConocoPhillips exceeded \$300 million during the first half of this year, while the company’s adjusted net income was a loss of \$21 million (and is budgeted to spend approximately \$1 billion in capital).
- In 2019, ConocoPhillips earned \$1.4 billion and spent \$1.5 billion in capital – what we make in Alaska supports investment in Alaska

\*Government take is the government’s share of revenue after operating costs and development costs have been excluded.

**If Ballot Measure 1 passes, it is unlikely drilling will resume  
in the targeted fields in 2021**

# Summary

- Alaska’s potential is bright – the Renaissance is poised to resume
- The ballot measure would put the brakes on a North Slope recovery
- The “Yes” group has built a great sounding story, but it ignores facts and the truth
- No matter how you may feel about oil taxes, this is the wrong way and the wrong time to change tax policy
- I ask all of you to join us to educate associates, friends and family to help defeat Ballot Measure 1



## Get Informed

Learn more about  
the issue at  
[OneAlaska.com](http://OneAlaska.com)

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an individual

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