BP in Alaska

BP presence in Alaska since 1959

- **Operating area**
  - 250 miles north of the Arctic Circle
  - 1200 sq. miles (approximately the size of Rhode Island)
  - Winter temperatures average minus 30 degrees F

- **People**
  - 2,300 BP Alaska employees
  - 6,000 contract employees

- **Facilities (start-up 1977)**
  - 11 major production facilities
  - 2 major gas facilities
  - 3 water handling facilities
  - 2000 production/injection wells

- **Prudhoe Bay**
  - Original production estimate ~9.6 bn bbls
  - Cumulative production has exceeded 12 billion bbls
  - Largest field in North America – 35 years
  - COP ~36%, XOM ~36%, BP ~26%, CVX ~2%
Decline is enemy #1

Alaska North Slope Production
FY 2000-2012 and Forecasted FY 2013-2022

Source: Department of Revenue - Dec. 2012
Estimated Capital Spending for Exploration and Development
Alaska North Slope vs. United States and Worldwide Spending*
2003 - 2012

* North Slope based on tax return information; U.S. based on top 50 public companies; worldwide based on top 75 public companies
Crude Oil Production
Alaska North Slope vs. United States and OECD Countries
2003 - 2012

[Index 2003 = 100]

Crude Oil Price

(Dollars Per Barrel)


Alaska North Slope
United States
OECD Countries
WC ANS Crude
Alaska Peer Group*
Government Take at $110/bbl Market Price
(Total Taxes as a Percentage of Net Value)
(All Taxes & Royalties)

ACES (CURRENT PRODUCTION): 74%

* North America regimes (U.S. states & Canadian provinces with greater than 200,000 bbl/day prod)
  Tax & royalty regimes
  Arctic regimes
  Regimes with similar production and reserves (between 400,000-800,000 bbl/day prod and between 2-6 billion bbls proved reserves)

Source: PFC Energy except Newfoundland, Saskatchewan, California, Oklahoma
In summary

• Alaska currently fails to compete globally for investment

• Positive shift in the conversation to a policy that focuses on Alaska’s future

• The CSSB 21(RES) structure could work, however:
  – the base rate is too high
  – the GRE does not apply to legacy fields