Analysis of Alaska’s Tax System, North Slope Investment and The Administration’s Proposal SB 21

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Econ One: Who We Are

- Economic Research and Consulting Firm
  - Provides Economic Analysis In Energy and Other Industries
- Advised the State of Alaska on Petroleum Related Matters For Over Two Decades
- Worked With the Cowper, Hickel, Knowles, Murkowski, Palin, and Parnell Administrations
- Assisted the Legislature Between 2005 and 2008 on Tax and Gas Development Issues
- Energy-Related Work Outside Alaska
  - State Governments: Texas, Louisiana, New Mexico, Oklahoma, California
  - Federal Government Agencies: Department of Interior, Federal Trade Commission
  - Energy Companies: Producers, Refiners, Mid-Stream Services, Pipelines, Chemicals
Benchmarking North Slope Activity Over The Past Decade Against Other Areas
Benchmarking

- Benchmarking Allows Us to Evaluate Activity in Alaska by Controlling for Significant Variables That are Common to All Oil Producing Properties
- No Two Producing Areas are Exactly Alike. We Attempt to Choose Locations That Share a Number of Similar Characteristics, Allowing for the Most Meaningful Comparisons
- We Benchmark the North Slope Against Significant Producing Areas in OECD Countries
  - The North Sea
  - The U.S. and Several Key Producing States / Areas
  - Canada and Producing Provinces
  - Australia
- All of These OECD Areas Have Many Characteristics in Common With North Slope
  - Similar Political and Legal Structure / Risk
  - Significant Prospectivity
  - But, Much of the “Low-Hanging” Fruit Has Been Produced
  - Development of Remaining Resources are Largely High-Cost, Either Conventional or Unconventional
  - Resources are Developed in Large Part by the Private Sector
Country/Area Profile
Canada

Crude Oil Production

Petroleum Sector Employment

Capital Spending

Drilling / Development Activity

Note: 2012 figures are preliminary.