



A OGA

Industry Update
February 17, 2022

AOGA Membership



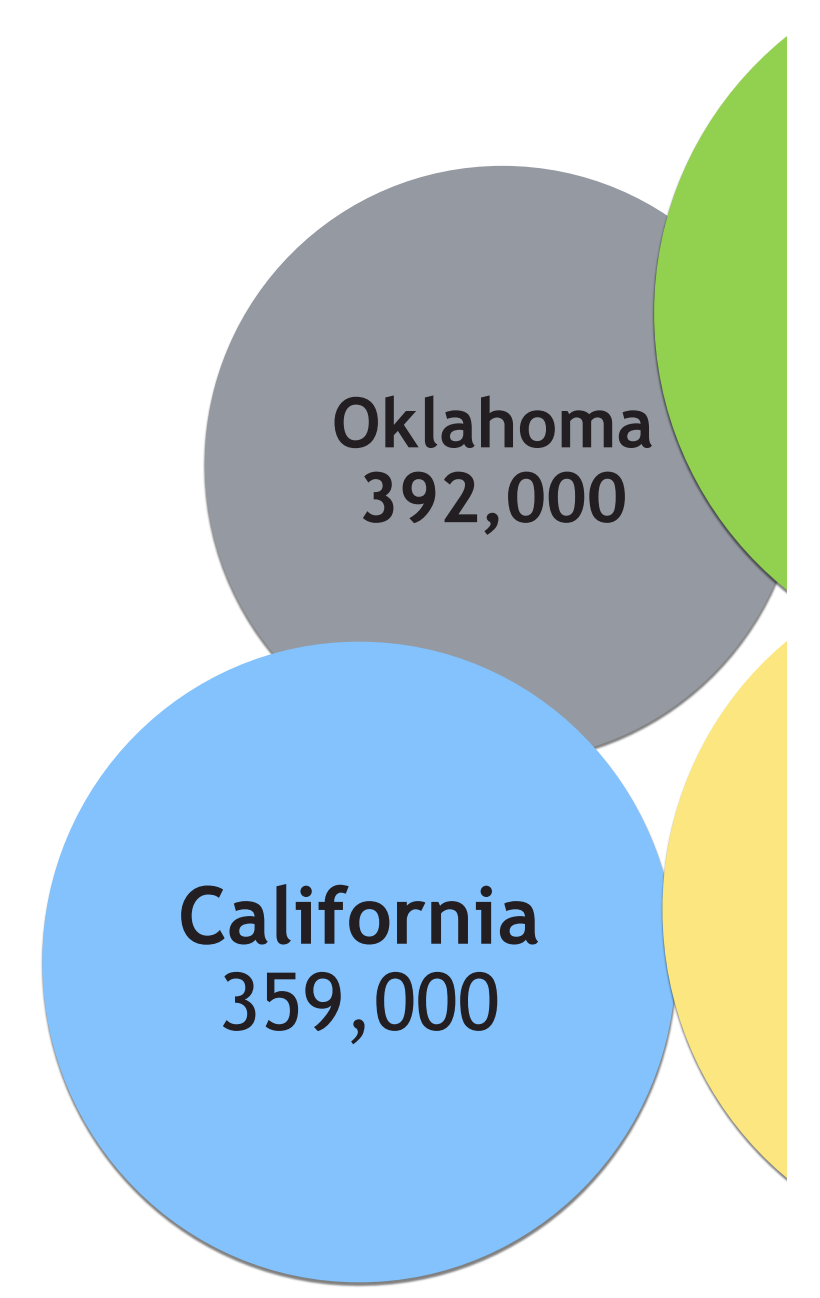
EX

Santos

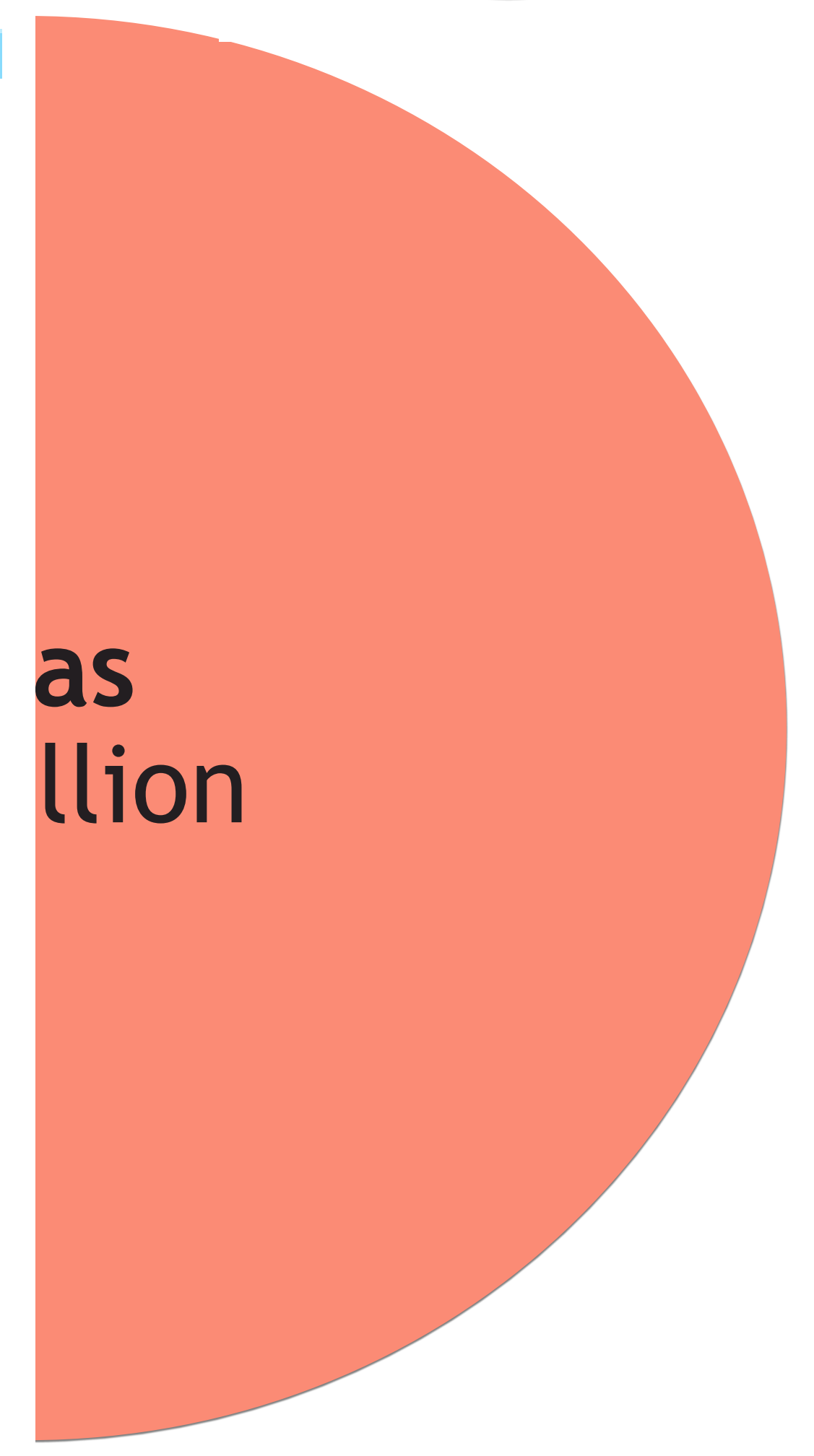
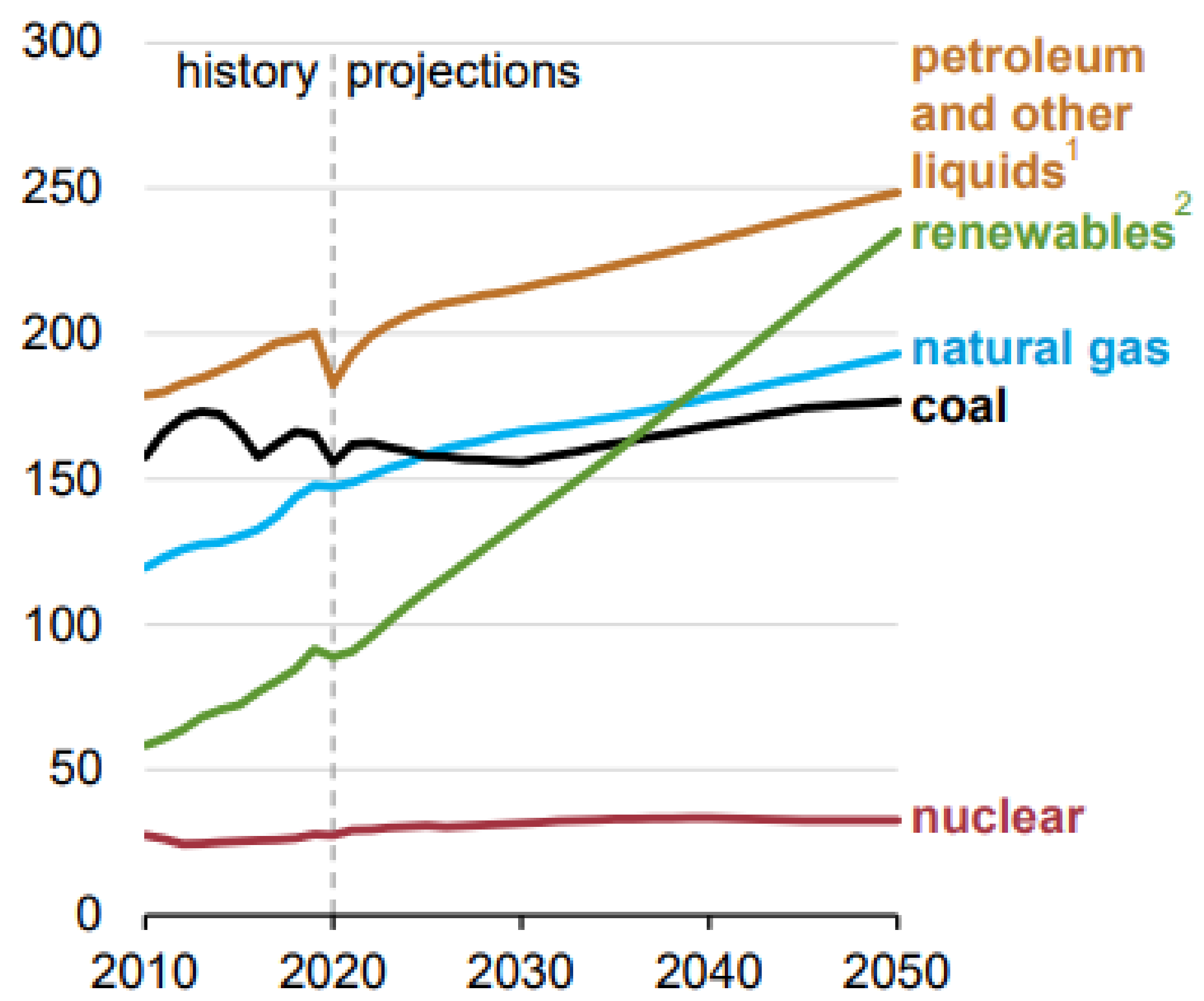
PETRO STAR INC.



Demand Remains: Alaska Needs to Compete



Primary energy consumption by energy source, world
quadrillion British thermal units



Source: U.S. Energy Information Administration, January 2022

Amounts listed in thousands of barrels per day for AK, CO, OK, CA.

"OPEC and Russia might compensate for reduced U.S. supply. But there could still be an enormous oil shortage if U.S. and European giants scale back global production . . .

\$11.8 trillion

in new oil investment will be needed through 2045 to meet demand growth and compensate for production declines at existing fields."

Wall Street Journal, Sept. 30, 2021

Our Alaskan leaders agree, we do it best in Alaska:

"Alaska does responsible oil and gas development in the Arctic under stricter environmental standards than anywhere else in the world."

- Gov. Dunleavy June 1, 2021

"Alaskans are committed to developing our resources responsibly and have demonstrated our ability to do so safely to the world."

- Sen. Lisa Murkowski, June 2, 2021

"We have the highest environmental standards in the world. If the world needs more oil ... ask Alaska first ..."

- Sen. Sullivan, Aug. 16, 2021

"I know that Alaskans can responsibly balance energy development with environmental conservation ..."

- Congressman Don Young, June 2, 2021



Demand Remains: Alaska Needs to Compete

AOGA

Living without Petroleum? Think Again.



PRODUCTS MADE FROM OIL AND NATURAL GAS

- | | | | | |
|--------------------|--------------------|-----------------------|----------------------|----------------------------|
| Adhesive | Computer monitors | Guitar strings | Paint brushes | Solvents |
| Air mattresses | Cortisone | Hair coloring | Paint roller | Spacesuits |
| Ammonia | Crayons | Hair curlers | Pajamas | Sports car bodies |
| Antifreeze | Credit cards | Hand lotion | Panty hose | Sunglasses |
| Antihistamines | Curtains | Hearing aids | Parachutes | Surf boards |
| Antiseptics | Dashboards | Heart valves | Perfumes | Swimming pools |
| Artificial limbs | Denture adhesives | House paint | Permanent press | Synthetic rubber |
| Artificial turf | Dentures | Hula hoops | Petroleum jelly | Telephones |
| Asphalt | Deodorant | Ice buckets | Pharmaceuticals | Tennis rackets |
| Aspirin | Detergent | Ice chests | Pillow filling | Tents |
| Awnings | Dice | Ice cube trays | Plastic toys | Tires |
| Backpacks | Dishwashing liquid | Ink | Plastics | <u>Tool boxes</u> |
| Balloons | Dog collars | Insect repellent | Plywood adhesive | Tool racks |
| Ballpoint pens | Drinking cups | Insecticides | Propane | Toothbrushes |
| Bandages | Dyes | Insulation | Purses | Toothpaste |
| Beach umbrellas | Electric blankets | iPad/iPhone | Putty | Transparent tape |
| Boats | Electrical tape | Kayaks | Refrigerants | Trash bags |
| Cameras | Enamel | Laptops | Refrigerator linings | Truck and automobile parts |
| Candies and gum | Epoxy paint | Life jackets | Roller skate wheels | Tubing |
| Candles | Eyeglasses | Light-weight aircraft | Roofing | TV cabinets |
| Car battery cases | Fan belts | Lipstick | Rubber cement | Umbrellas |
| Car enamel | Faucet washers | Loudspeakers | Rubbing alcohol | Unbreakable dishes |
| Cassettes | Fertilizers | Lubricants | Safety glasses | Upholstery |
| Caulking | Fishing boots | Luggage | Shampoo | Vaporizers |
| CDs/computer disks | Fishing lures | Model cars | Shaving cream | Vinyl flooring |
| Cell phones | Floor wax | Mops | Shoe polish | Vitamin capsules |
| Clothes | Food preservatives | Motorcycle helmets | Shoes/sandals | Water pipes |
| Clothesline | Football | Movie film | Shower curtains | Wind turbine blades |
| Clothing | Fuel tanks | Nail polish | Skateboards | Yarn |
| Coffee makers | Glue | Noise insulation | Skis | |
| Cold cream | Glycerin | Nylon rope | Soap dishes | |
| Combs | Golf bags | Oil filters | Soft contact lenses | |
| Computer keyboards | Golf balls | Packaging | Solar panels | |



OIL TAXES & ROYALTIES

pay for our state services



go directly to



the Alaska Permanent Fund

40 Years of Wealth to Alaskans



\$20 Billion
in royalties from oil and gas production



\$26.6 Billion
total distributed



22.4 Million
paid applications



\$46,533.41
to individual Alaskans

Source: Alaska Permanent Fund Dividend Division

Oil and Gas Fuels Alaska's Economy



**77,600 Alaska Jobs
and \$4.8 Billion in
Alaska Wages in
2018**

BIG TAKEAWAY:

Alaska's oil and gas industry remains the single most important economic engine in the state



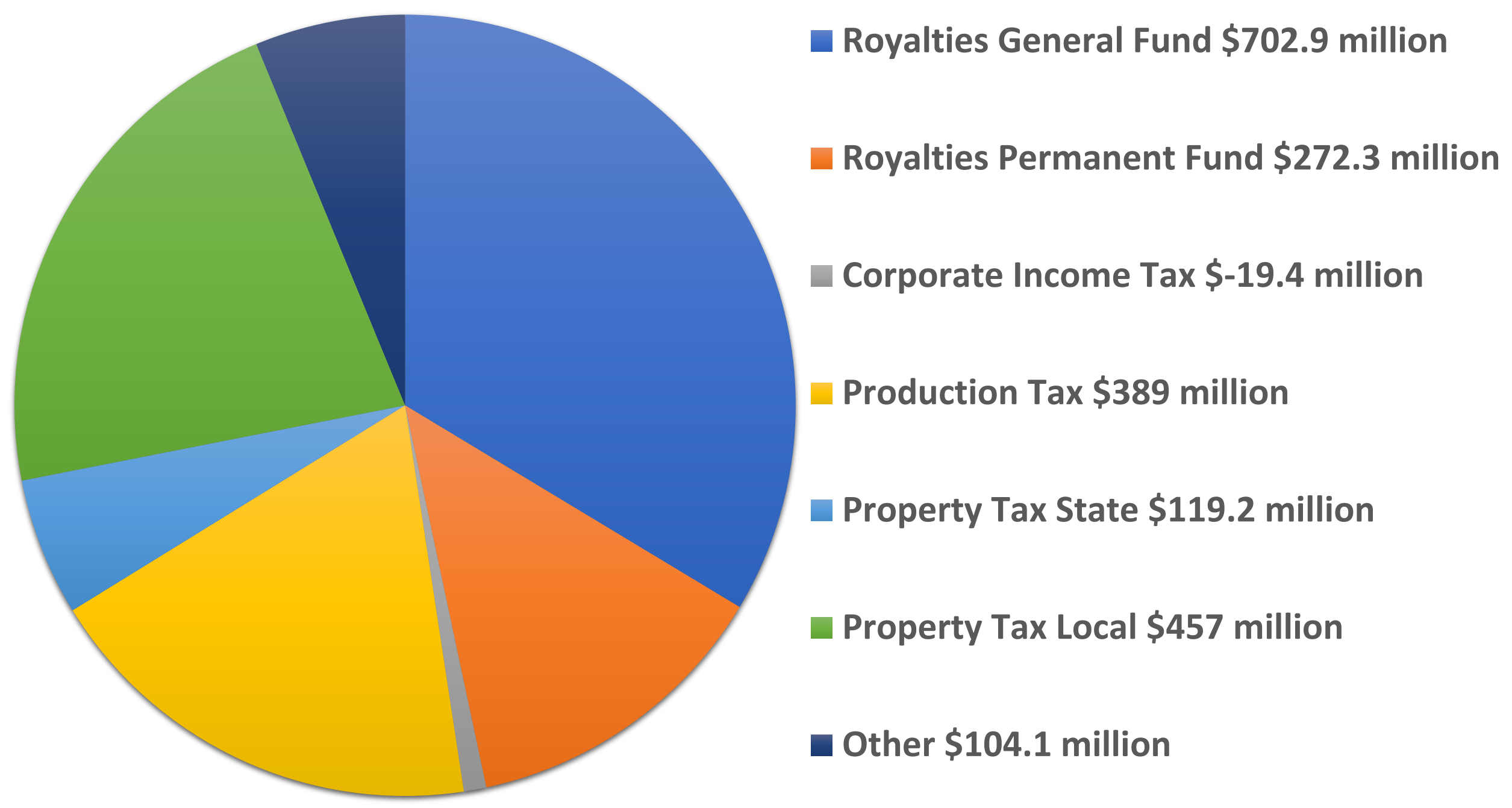
**\$3.1 Billion
to state and local
governments in 2018**

Types of State Revenue from Oil & Gas



Fiscal Year 2021 (Preliminary)
Average Oil Price: \$54.14/barrel

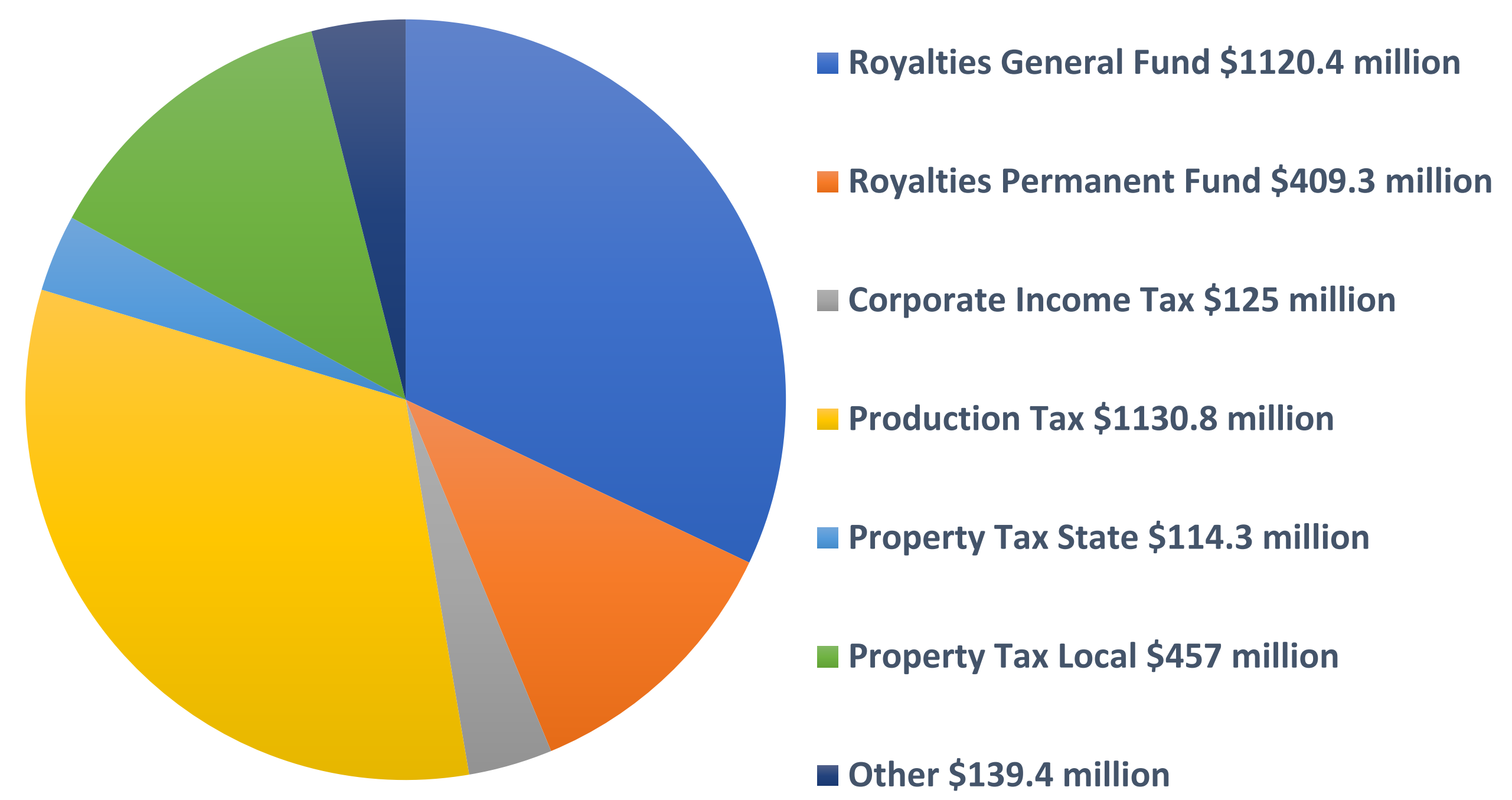
Total Revenue to State:
\$2.051 Billion
(does not include federal taxes)



Source: Alaska Department of Revenue, Fall Revenue Forecast 2021 Preliminary

Fiscal Year 2022 (Preliminary Projections)
Average Oil Price: \$81.31/barrel

Total Revenue to State:
\$3.496 Billion
(does not include federal taxes)



Source: Alaska Department of Revenue, Fall Revenue Forecast 2021 Preliminary



Cook Inlet: Alaska's Original Oil Basin

Cook Inlet: Alaska's Original Oil Basin



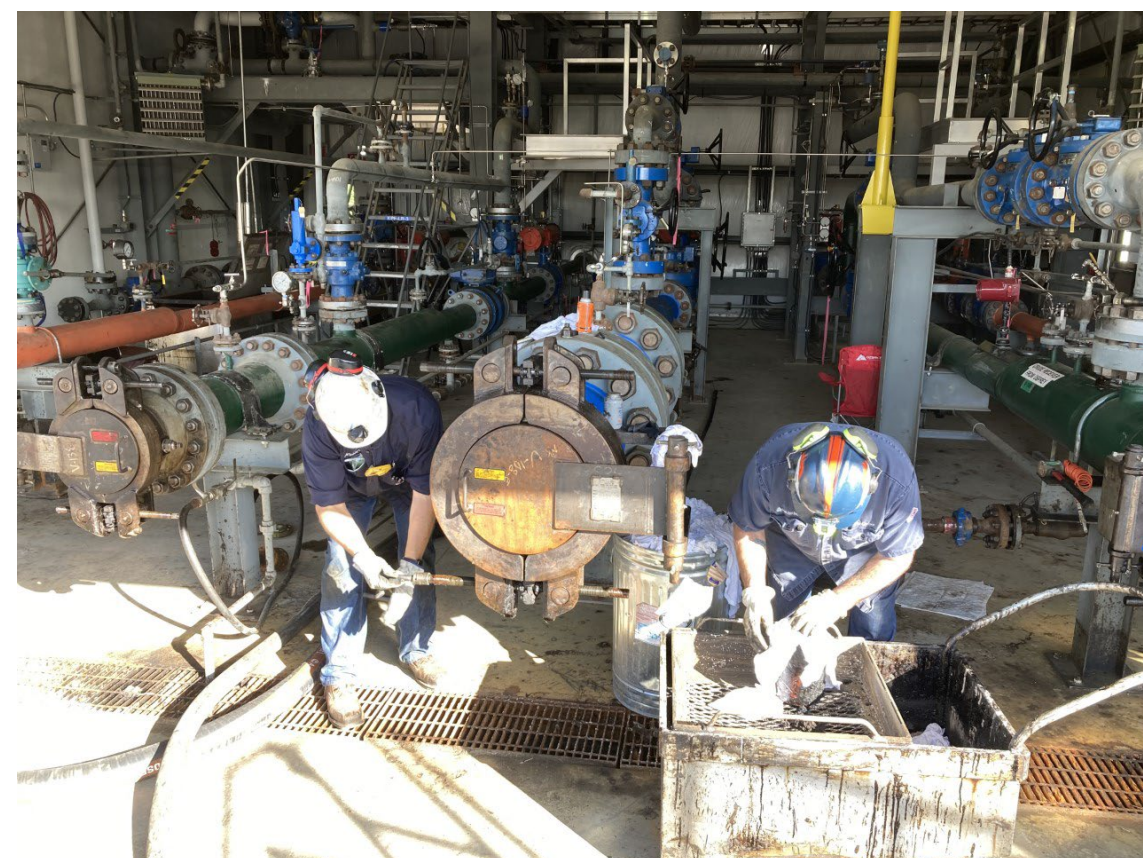
Furie

- Gas platform provides 7.5% of natural gas consumed in Southcentral
- 20+ employees
- 91% Alaska hire



Hilcorp

- Southern Kenai Peninsula gas field online in June 2021
- Additional well drilled in July 2021



Glacier

- Restarting Cook Inlet assets after 2020 shut-in
- Redoubt Unit, West McArthur River Unit, and Kustatan Production Facility



Bluecrest

- Producing just outside of Homer
- Truck oil up to the local refinery
- Large proven gas reserves they are seeking to develop



Petro Star Valdez Refinery

- 60,000 barrel/day crude distillation unit
- 12,000 barrel/day distillate hydrotreater 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

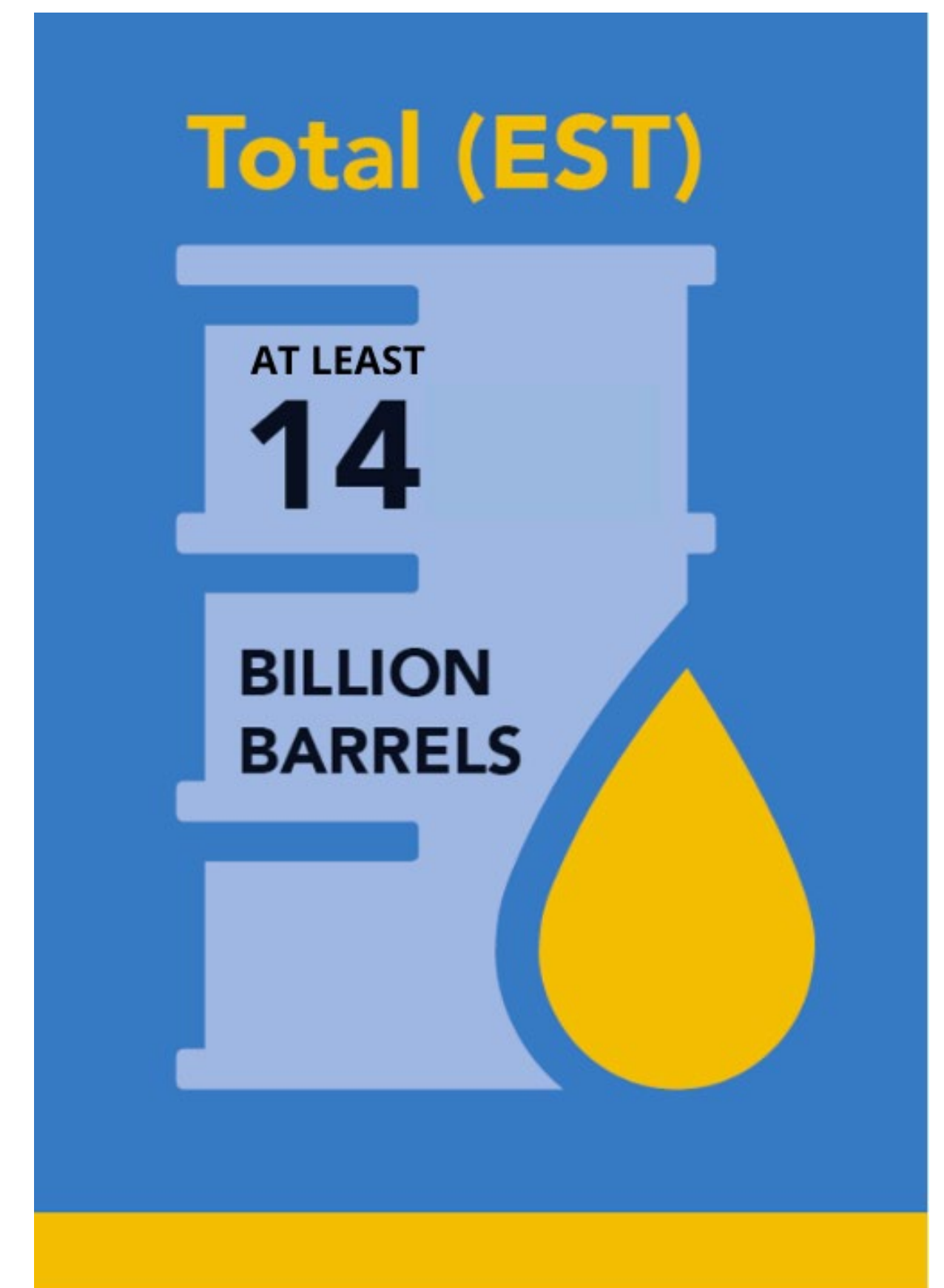
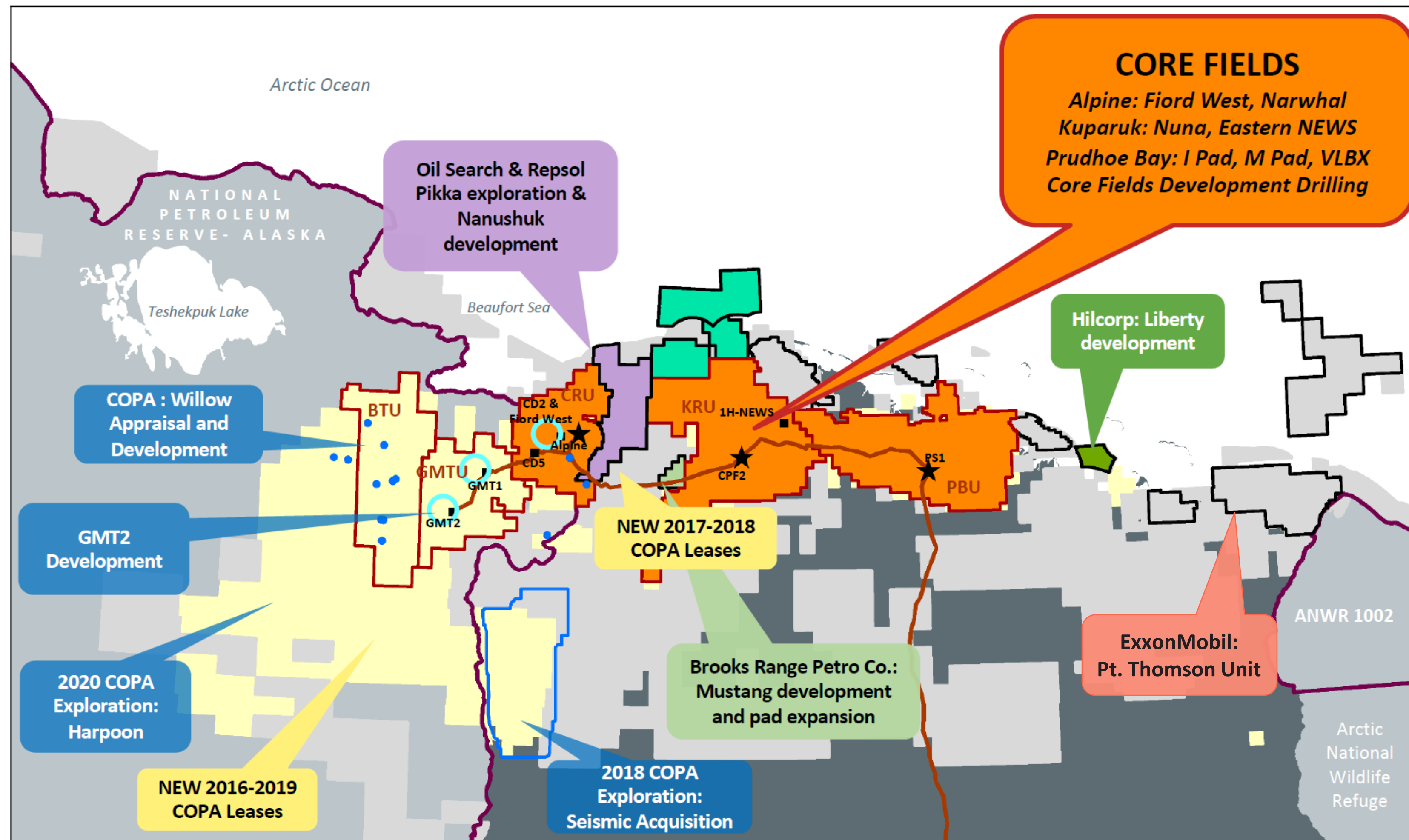
- 22,000 barrel/day crude distillation unit
- Primary products include commercial and military spec jet fuels, home heating oil, low-sulfur diesel, asphalt oil and turbine fuel



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

Alaska's North Slope Resource Potential Remains





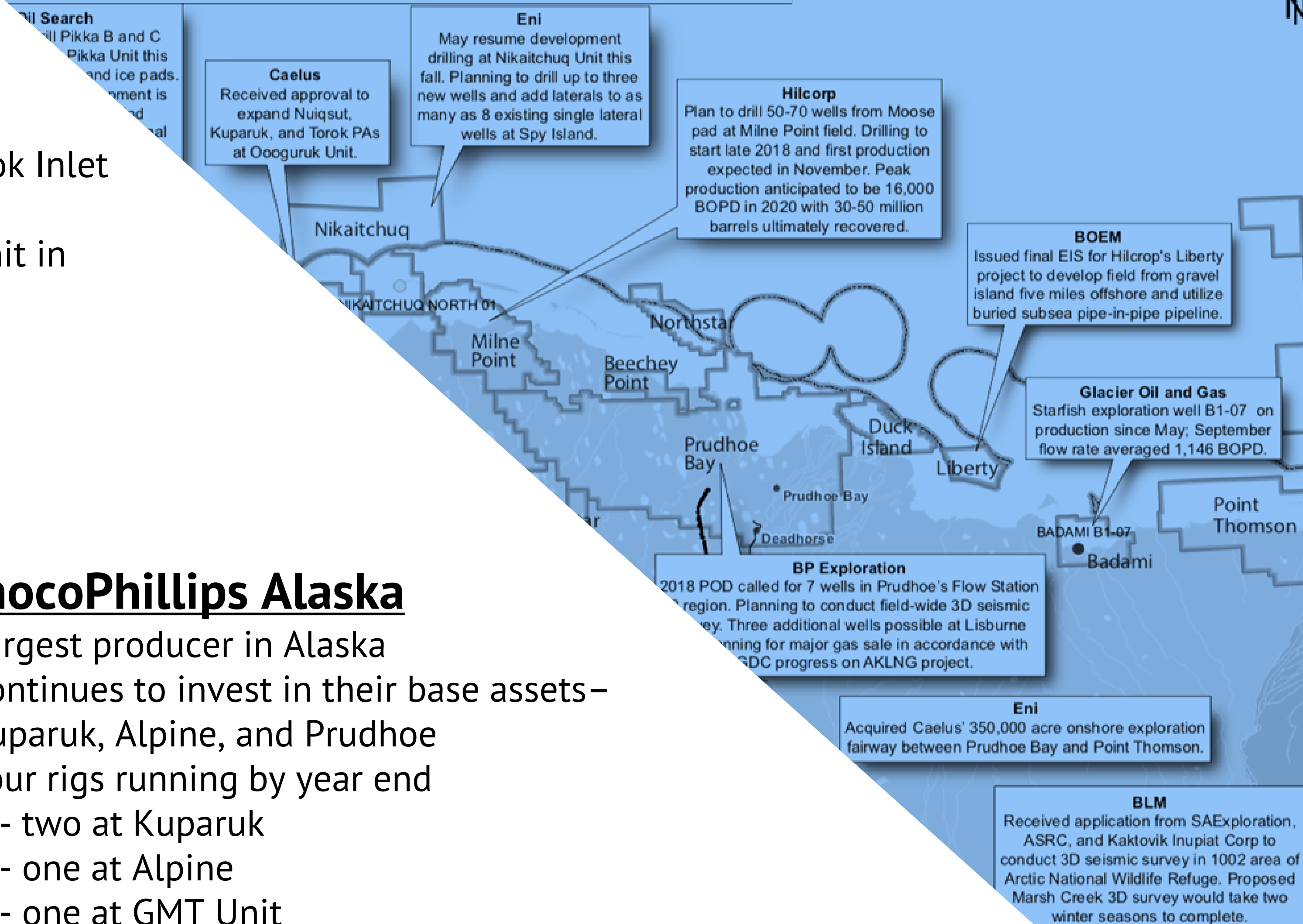
Glacier Oil

- Produces in both Cook Inlet and the North Slope
- Restarted Badami Unit in October 2020



ConocoPhillips Alaska

- Largest producer in Alaska
- Continues to invest in their base assets– Kuparuk, Alpine, and Prudhoe
- Four rigs running by year end
 - two at Kuparuk
 - one at Alpine
 - one at GMT Unit
- Willow Project





Hilcorp

- Took over ownership of BP assets just over a year ago
- Drilling up to six wells in Prudhoe by late this year
- Invested significantly in Milne Point
 - Doubled production
 - Achieved a single day production record of 39,000 bopd



Santos

- Second largest leaseholder in Alaska
- Successful construction season
- Spending \$3 Billion during construction phase
- Pikka Phase 1 will add up to 80,000 bopd to TAPS once operating
- Northern development could reach 160,000 bopd
- Partners w/Repsol

The Greatest Threat – Increased Costs



“

Impact of Ballot Initiatives

“...Policy uncertainty is just like other kinds of uncertainty: Other things being equal, it is undesirable and lowers economic performance and satisfaction.”

Douglas Holtz-Eakin, President,
American Action Forum

Source: American Action Forum (Aug. 3, 2021)

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AOGA

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*Assessment Presented to State
Legislature*

“Attracting oil and gas investment is a 'competitive activity' ... considerations around tax burden and overall costs are critical in that competition.”

Mike Cline, GaffneyCline

Source: Senate Resources Committee
(Sept. 13, 2021)

”

AOGA

Defeated Ballot Measure 1



ONE ALASKA
STANDING TOGETHER

NOVEMBER 3, 2020 GENERAL ELECTION

NO 57.86% TOTAL VOTES: 199,667	YES 42.14% TOTAL VOTES: 145,392
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ONEALASKA LEADERSHIP TEAM

Chantal Walsh Chair, Anchorage	Nicholas Begich Peters Creek	Genevieve Bell Fairbanks	Gary Dixon Anchorage	Jason Grenn Anchorage	Crawford Patkotak Utqiagvik
Bill Popp Anchorage	Julie Sande Ketchikan	Jill Schaefer Soldotna	John Sturgeon Anchorage	Angie Tallant Fairbanks	Jodi Taylor Anchorage

This communication was paid for by OneALASKA - Vote No on 1, Anchorage, AK. Chantal Walsh, chair, approved this message. Top three contributors are ExxonMobil, Anchorage, Alaska, ConocoPhillips Alaska, Anchorage, Alaska, and Hikoop, Anchorage, Alaska.

2021 Provided Obstacles to Recovery



Energy

Chevron axing thousands of U.S. jobs

... failed to rebound from pandemic ... g state's overall

Once-heralded 'Slope Re now face uncertain futu

By: Elwood Brehmer
Alaska Journal of Commerce

- Shell on Wednesday said it expects to cut up to 9,000 jobs, more than 10% of its workforce.

by Washington Examiner, | | August 13, 2021 12:00 AM

Exxon Prepares to Cull U.S. White-Collar Ranks by as Much as 10%

Federal judge rejects permits for ConocoPhillips' Willow oil project

By James Brooks
Updated: August 19, 2021 Published: August 18, 2021

OPINION | REVIEW & OUTLOOK

Biden's Energy Price Shock

His policies are already contributing to global oil supply shortages

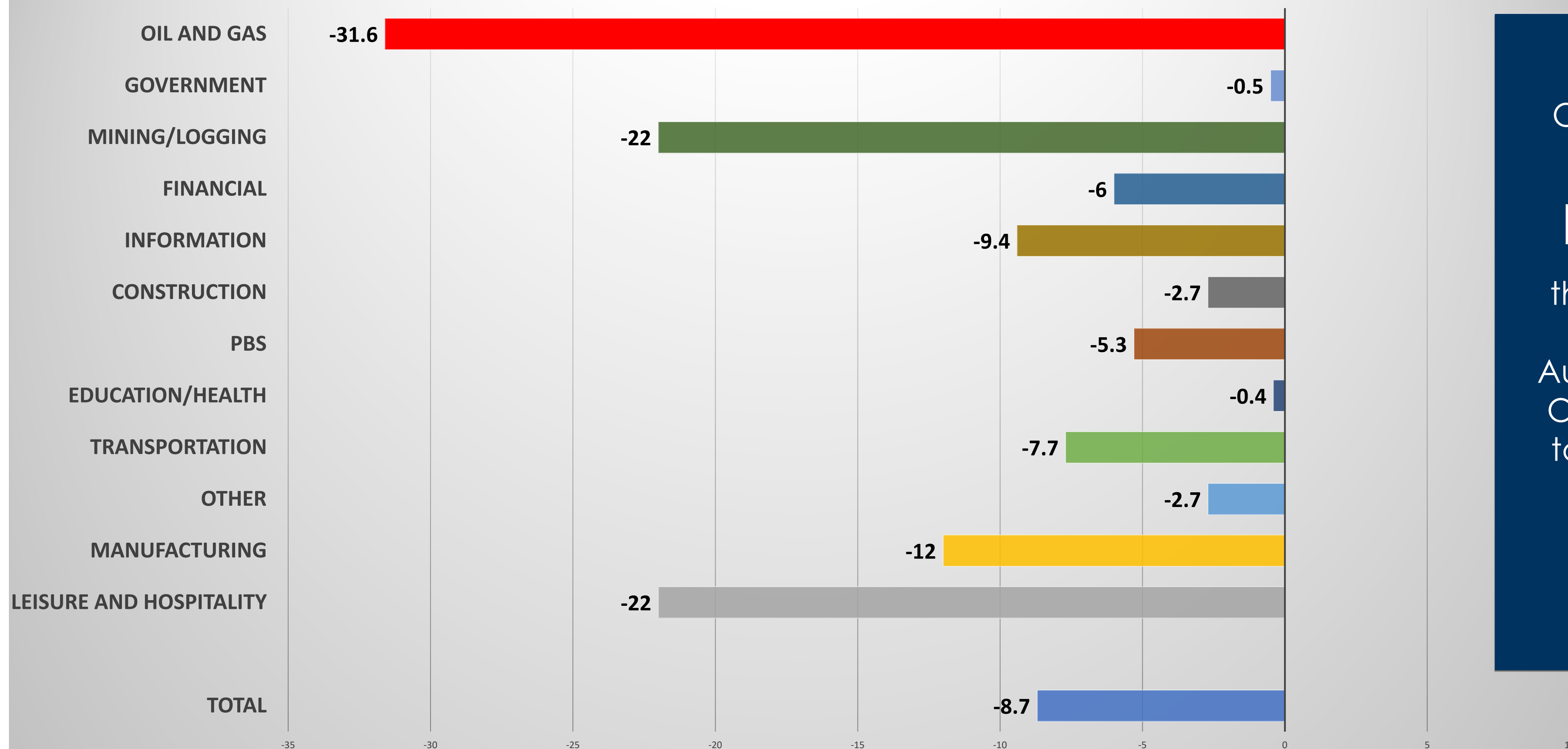
Senators to President Biden: Why Are You Favoring OPEC Oil over American Oil?

US Senate Energy and Natural Resources Committee, August 24, 2021

Still Feeling the Impacts



Percent Jobs Lost/Gained from September 2019 to September 2021



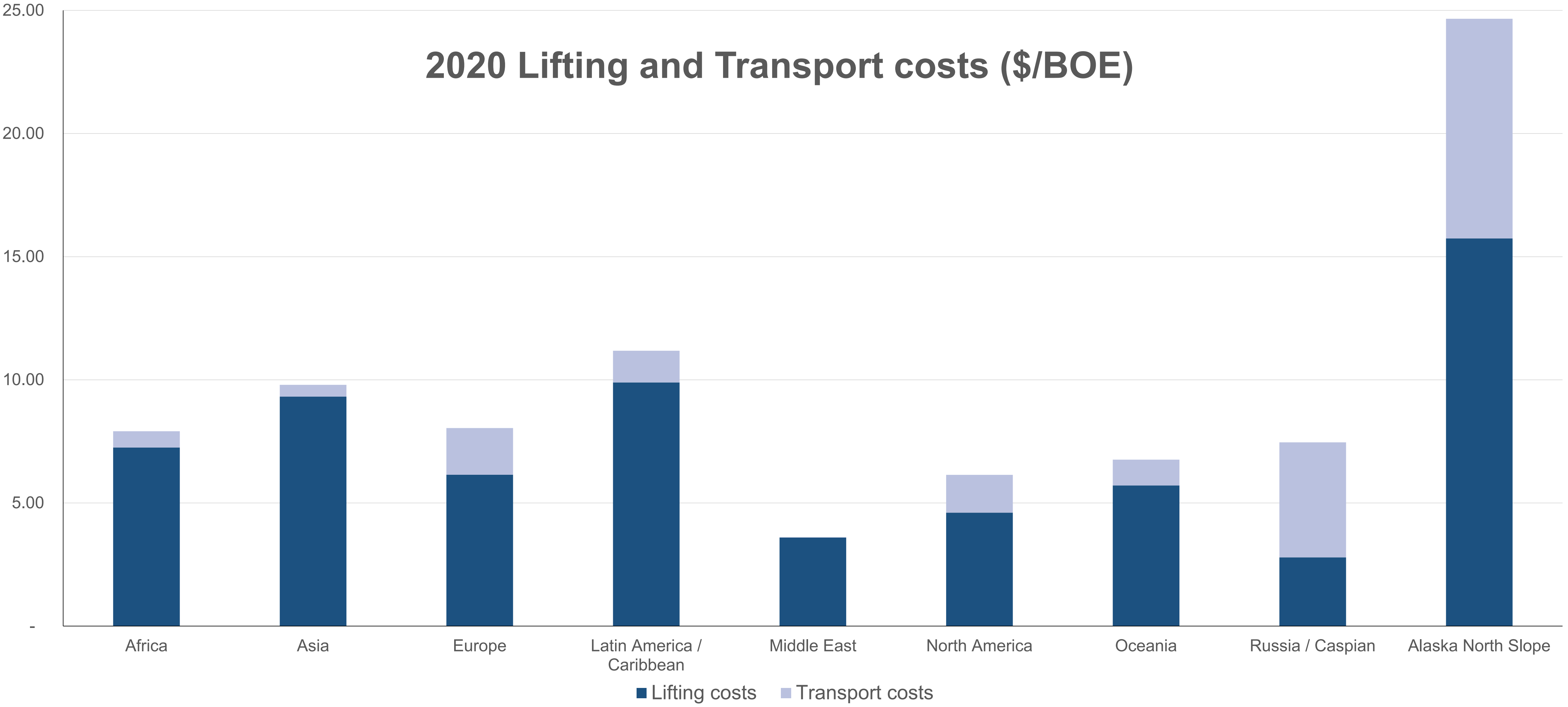
“
Oil and gas remains one of the few major sectors with **LOWER EMPLOYMENT** than it had in 2020. At 6,800 jobs, oil and gas was still 400 below last August and 3,300 under August 2019. Oil and gas employment appeared to bottom out late last year around 6,100.

Alaska Department of Labor and Workforce Development, September 17, 2021

High Operating Costs



2020 Lifting and Transport costs (\$/BOE)



Source: Lens™, a product of Wood Mackenzie

Capital Markets

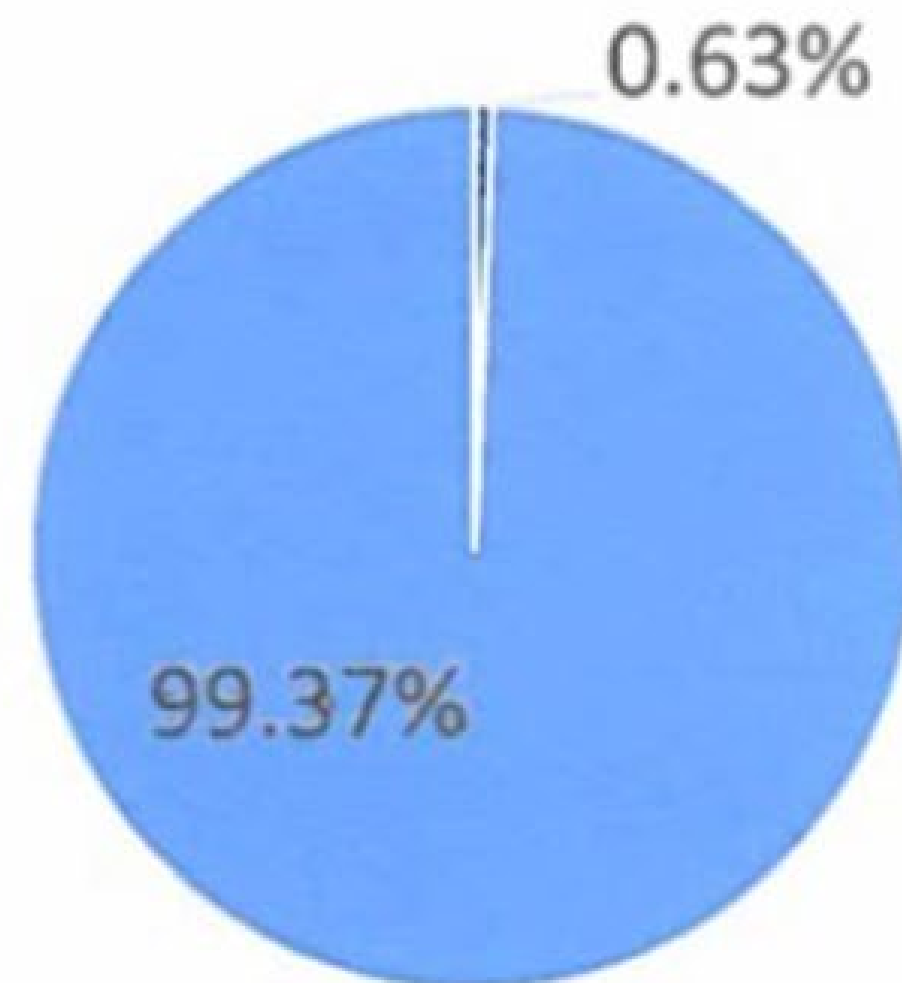


“Over **80** global financial institutions are restricting lending and over 100 have announced their divestment from fossil fuels including coal, oil, LNG, gas, oil sands, and arctic drilling.”

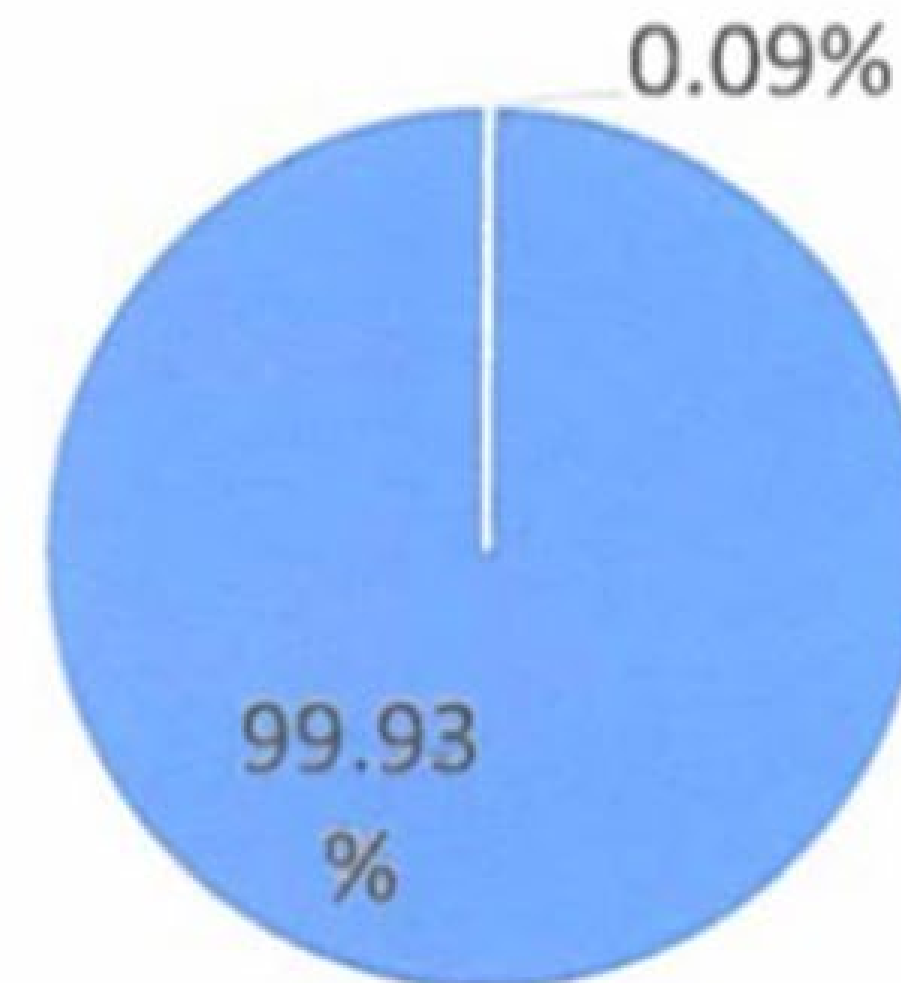
GaffneyCline, Legislative Consultants, September 13, 2021

Bank of America (Arctic Drilling)	Citigroup (Arctic Drilling)	Goldman Sachs (Arctic Drilling)	Inter-American Development Bank (Oil Sands and Arctic Drilling)	JPMorgan Chase & CO (Arctic Drilling)	MetLife (Oil Sands)	Morgan Stanley (Arctic Drilling)	The Hartford Financial Services Group (Oil Sands)	Wells Fargo (Arctic Drilling)	Zurich Insurance Group (Oil Sands)
Barclays (Arctic Drilling)	HSBC Holdings (Oil Sands & Arctic Drilling)	Lloyds Banking Group (Oil Sands & Arctic drilling)	NatWest Group (Oil Sands & Arctic Drilling)	Standard Chartered (Oil Sands & Arctic Drilling)	RSA Insurance Group (Oil Sands & Arctic Drilling)	Pension Insurance Corporation (Oil Sands & Arctic Drilling)	CDC Group (Oil Sands & Arctic Drilling)	Credit Suisse Group (Arctic Drilling)	UBS (Oil Sands & Arctic Drilling)
National Australia Bank (Oil Sands & Arctic Drilling)	Suncorp Group (Will stop financing overall oil and gas sector)	AXIS Capital (Oil Sands)	Royal Bank of Canada (Arctic Drilling)	Bank of Montreal (Arctic Drilling)	Scotiabank (Arctic Drilling)	TD Bank Group (Arctic Drilling)	Axa (Oil Sands)	BNP Paribas (Oil Sands & Arctic Drilling)	Crédit Agricole Group (Oil Sands & Arctic Drilling)
Société Générale (Oil Sands & Arctic Drilling)	Deutsche Bank (Oil Sands & Arctic Drilling)	Generali Group (Oil Sands)	UniCredit (Oil Sands & Arctic Drilling)	European Bank for Reconstruction and Development (Oil Sands & Arctic Drilling)	European Investment Bank (EIB) (Oil Sands & Arctic Drilling)	ABN AMRO (Oil Sands & Arctic Drilling)	Achmea Group (Oil Sands)	ING Group (Oil Sands & Arctic Drilling)	Rabobank (Oil Sands & Arctic Drilling)
Government Pension Fund Global (GPF) General exclusion of all oil and gas exploration firms globally	Banco Santander, S.A. (Oil Sands & Arctic Drilling)	The World Bank (Oil Sands & Arctic Drilling)	African Development Bank Group (Banque Africaine de Développement) (Arctic Drilling)	Agence française de développement (AFD) (Oil Sands & Arctic Drilling)	Belfius Bank (Oil Sands & Arctic Drilling)	KBC Group (Oil Sands & Arctic Drilling)	Caisse des Dépôts et Consignations (CDC) (Oil Sands & Arctic Drilling)	Crédit Mutuel Asset Management (Oil Sands & Arctic Drilling)	Groupe des Assurances Mutuelles Agricoles (Groupama) (Oil Sands)

**Alaska's portion of total
United States
GHG Emissions**



**Alaska's portion
of total Global
GHG Emissions**



Source: <http://dec.alaska.gov/air/anpms/projects-reports/docs/ghg-inventory-report-overview-013018.pdf>

Alaskans Supporting Alaskans



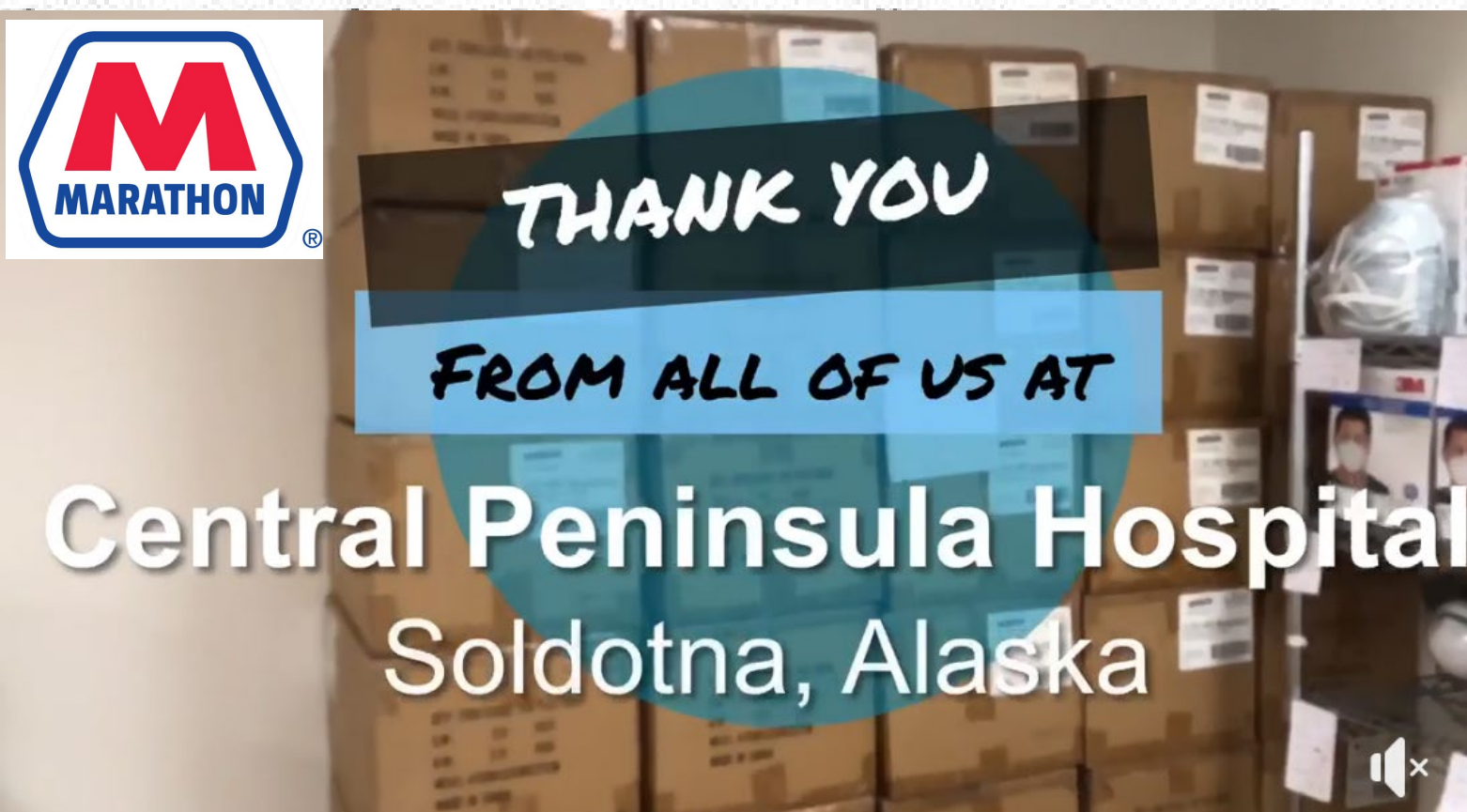
Iditarod welcomes Hilcorp Alaska and Harvest Midstream as new Principal Partners

Literacy Council of Alaska
November 17, 2020 · 🌐

A big shout out to Alyeska and Bill Bailey for the \$8000 to LCA to support our efforts in literacy!
Alyeska Pipeline



Thank you to Alyeska for the generous donations to the Literacy Council of Alaska!



ConocoPhillips ✓
September 24 at 1:36 PM · ⚙️

Until September 30, we will match donations to the [Alaska SeaLife Center](#), dollar for dollar, up to a total of \$250,000! Learn more: <https://bit.ly/3jAB4fP>

Boys & Girls Club of Fairbanks
15 September at 11:37 · 🌐

A BGC Spotlight!

BGC Fairbanks is a safe and positive environment for kids and teens. When school is out, we are open providing meals, mentorship, academic and social enrichment. You can help support youth at the Boys & Girls Club of Fairbanks by making a donation today at <https://bgcalaska.org/donate/>
Thank you to [Alyeska Pipeline Service Company](#) for sponsoring this message!

BOYS & GIRLS CLUB SPOTLIGHT



AKOG
April 24 at 10:42 AM · 🌐

ConocoPhillips is donating a generous \$100,000 to #AKCanDO and will be matching all private donations dollar-for-dollar to the fund of up to \$100,000!



Thank You



AKOG

PEOPLE • PRIDE • PETROLEUM