



BERTA'S BRIEFINGS

REPRESENTATIVE BERTA GARDNER

Serving Geneva Woods, College Village, Green Acres, Tudor, Taku & Campbell Park

MARCH 31, 2011

Unaccountable and Uncountable Billions

Dear Friends and Neighbors,

It looks as though the Governor's oil tax reduction proposal, HB110, will pass the House later this evening. I have to say that I'm still shocked that legislators will support legislation with a price tag of uncountable billions, and with a complete lack of accountability or any "pay for performance" from the oil industry - who steadfastly refuse to guarantee any new production or any new jobs. The bill will move to the Senate for consideration.

Alaska's goal, from both the legislature and the voters, is to get more oil into the pipeline and to put more Alaskans to work. The Governor's oil tax proposal does not achieve this and we have heard

the producers say as much. I'm particularly frustrated that efforts to build in the slightest bit of accountability, to simply say that a company who applies for credits from the state agrees to disclosure of their name, the amount of the credit, and a description of the work done, was voted down on party lines. I called the amendment **"Tell us what we bought with our billions in investment credits."**

Here is the big picture:

- Decline in production is inevitable, especially for fields which have been pumping for 30 years.



Last week, Congressman Don Young met with the House Democrats. We discussed federal permitting delays for oil and gas development on federal lands.

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- Prudhoe Bay fields are believed to hold about 5 billion barrels of oil still, but much of it is costly to produce.
 - ACES succeeded in doubling the number of oil explorers/producers in Alaska.
 - ACES credit system has been described by explorers as possibly the best in the world.

The oil industry's best arguments for a "fix to ACES" turn out to hold no water:

- Industry claims absurdly high marginal tax rates, but the Department of Revenue testifies producers are paying about 28% effective tax rates, which compares favorably to rates paid in other places where they are doing business.
- Industry claims serious job losses, but the Department of Labor figures released yesterday show that oil field employment is currently the second highest it has ever been. Employment in 2010 was the highest ever and 2010 is down only 100.

Alaskans have reasons to be optimistic about oil development and about keeping TAPS running:

- Oil prices are high and expected to go higher. This is the single biggest factor by companies considering development.
- New oil companies are joining us in finding and developing new oil for our pipeline.
- Great Bear Petroleum leased 500,000 acres on the North Slope to develop shale oil.
- Brooks Range Petroleum anticipates adding 32 development projects over the next 20 years.
- Repsol, the Spanish National oil company, is partnering with Armstrong and expects to start producing over 100,000 barrels per day.

We also look to development of oil from federal lands and waters and are working with federal agencies and our federal delegation to improve the permitting system, allowing National Petroleum Preserve (NPR-A) and the Outer Continental Shelf (OCS) to finally come on line, and to fill our pipeline for a long, long time.

I'm Berta and I'm still listening,



DON'T FORGET: PFD FILING DEADLINE IS TODAY

Applications for the Permanent Fund Dividend are due **TODAY**, so if you haven't already, be sure to apply. You can drop your application off at the Permanent Fund Dividend Division offices 550 W. 7th Ave, suite 100 until 4:30 p.m. today, when the office closes. Or you can file [online](#) until 11:59 p.m. Filing online is fast and easy and allows you to use the [Pick. Click. Give.](#) program to donate part of your dividend to the nonprofit organization of your choice.
