

ALASKA STATE LEGISLATURE

News From The House & Senate Majority

web site: <http://www.akrepublicans.org>

House Majority Press
Craig Johnson – (907) 465-5369
Renée Limoge – (907) 465-5446



Senate Majority Press
Jeff Turner – (907) 465-3803

Details from Study on Alaska Oil Industry are Released

(Juneau) – The Legislative Budget & Audit Committee released information from the Wood Mackenzie Global Oil and Gas—Risk and Rewards 2004 today.

The Committee obtained permission to release select information covering exploration and production costs and the State of Alaska’s share of oil revenue and profitability.

Committee Chair Sen. Gene Therriault (R-North Pole) commented, “This report contains a massive amount of information. Now it’s time for us to sit down and try to digest it with the help of additional expertise. We want to make sure we understand what went into the report and why the numbers came out the way they did.”

The Committee has retained the State of Alaska’s former chief petroleum economist, Chuck Logsdon, to perform a review and evaluation of the study. The review will:

- Evaluate the cost assumptions for their appropriateness for Alaska;
- Verify the accuracy of the modeling of the Alaska fiscal system;
- Establish whether the assumed field sizes, transportation, and location logistics are appropriate;
- Review the appropriateness of the low, mid and high price projections;
- Identify other regions that might be appropriate to be included in a comparative analysis;
- Review the study for discussions of other intangible risk factors that might be more favorable in Alaska, including, but not limited to, physical security and political stability;

Committee Vice-Chair Rep. Ralph Samuels (R-Anchorage) said, “The data we have released today is your basic bottom line information that companies look at when deciding whether or not to invest in Alaska. We believe this is select but representative data from the report.”

The data comes from a study paid for by the Committee that examines Alaska’s position in the global oil market.

Global Oil and Gas—Risks and Rewards (GOGRR) was first published in 2002 and considered data from 1991 to 2000. The 2004 study focuses on the period 1994 to 2003, measuring 66 areas in 58 countries. Alaska is measured and ranked more than 150 ways.

Wood Mackenzie is a consulting firm headquartered in Edinburgh, Scotland that has been providing commercial analysis and strategic advice to the world's leading energy companies for 30 years.

###