

Alaska's Efforts to Attract New Players to the Oil Patch

**Mark D. Myers, Director
State of Alaska
Division of Oil and Gas**

November 21, 2002



Alaska Department of
**Natural
Resources**

<http://www.dog.dnr.state.ak.us/oil>

The State Revenue Pie

Petroleum Revenue Sources, (FY 2001 Actual)

Total Royalties, Bonuses, Rents & Settlements:

\$1,195.0 Million

General Fund Royalties, Bonuses & Rents^{1,2}:
\$781.0 Million

Royalties to Permanent Fund &
School Fund²:
\$344.9 Million

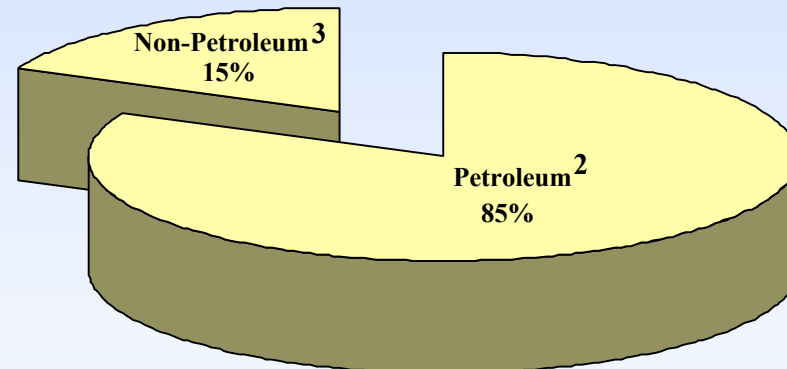
Settlements to CBRF²:
\$49.1 Million
(Includes Royalties & Taxes)

Taxes:

\$1,087.0 Million²

(Oil & Gas Property Tax + Income Tax + Severance Tax)

FY 2001 Unrestricted Revenue (Actual)

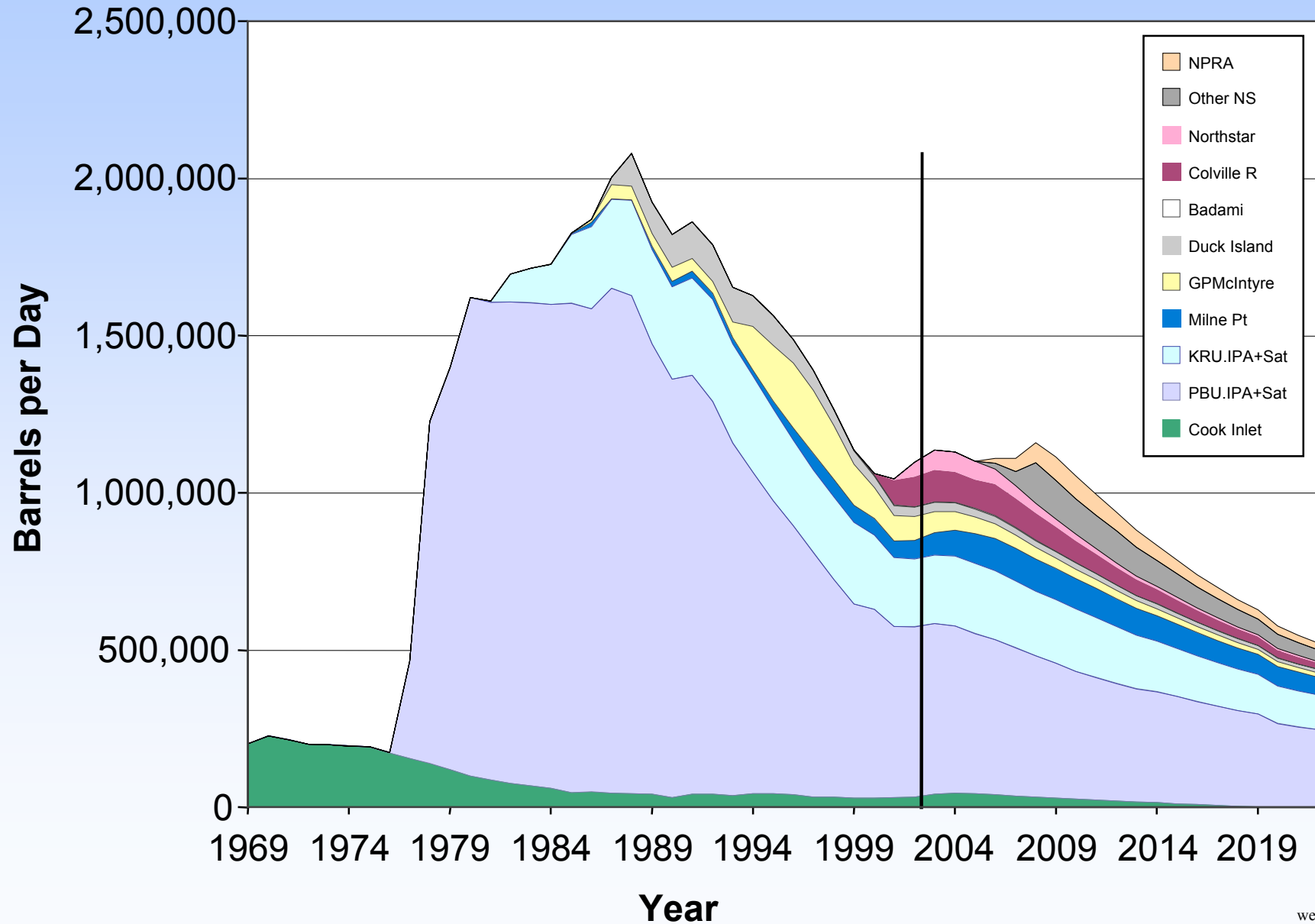


¹ Includes Federally shared rentals

² Source: DOR Spring 2002 Revenue Sources Book, pg. 59.

³ Source: DOR Spring 2002 Revenue Sources Book, pg. 77.

Historic and Projected Oil Production 1969 - 2022

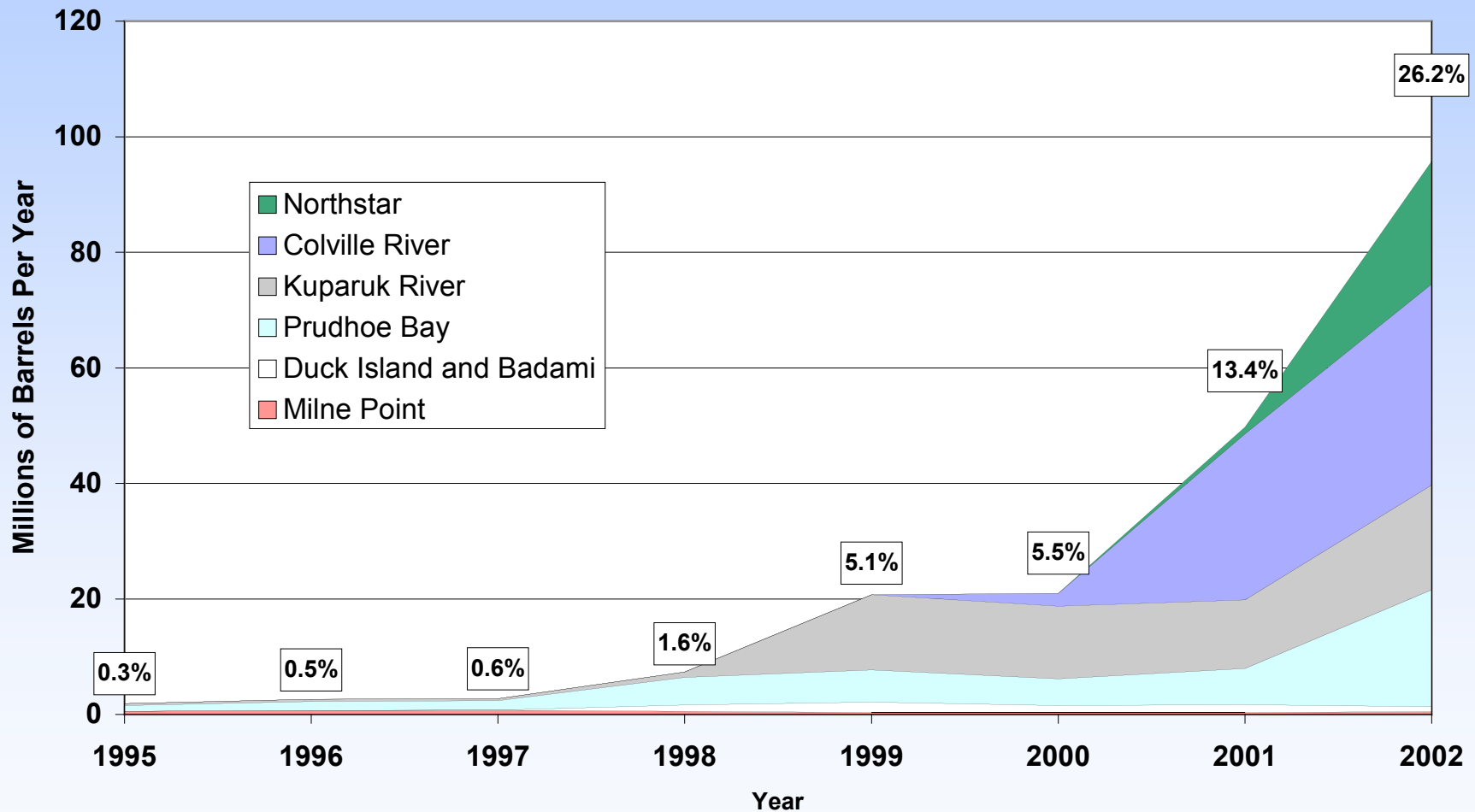


Alaska Reserves and Production

- **36% of total U.S. oil reserves.**
- 8.0 billion barrels of oil
- **17% of total U.S. gas reserves**
- 35 trillion cubic feet of gas
- **20% of total U.S. oil production**
- 1.04 million barrels of oil per day

Sources: Alaska data are from Department of Natural Resources, Division of Oil and Gas, 2001 Annual Report
U.S. data are from U.S. Crude Oil, Natural Gas, and NGL Reserves, 2000 Annual Report, U.S.D.O.E.-E.I.A.

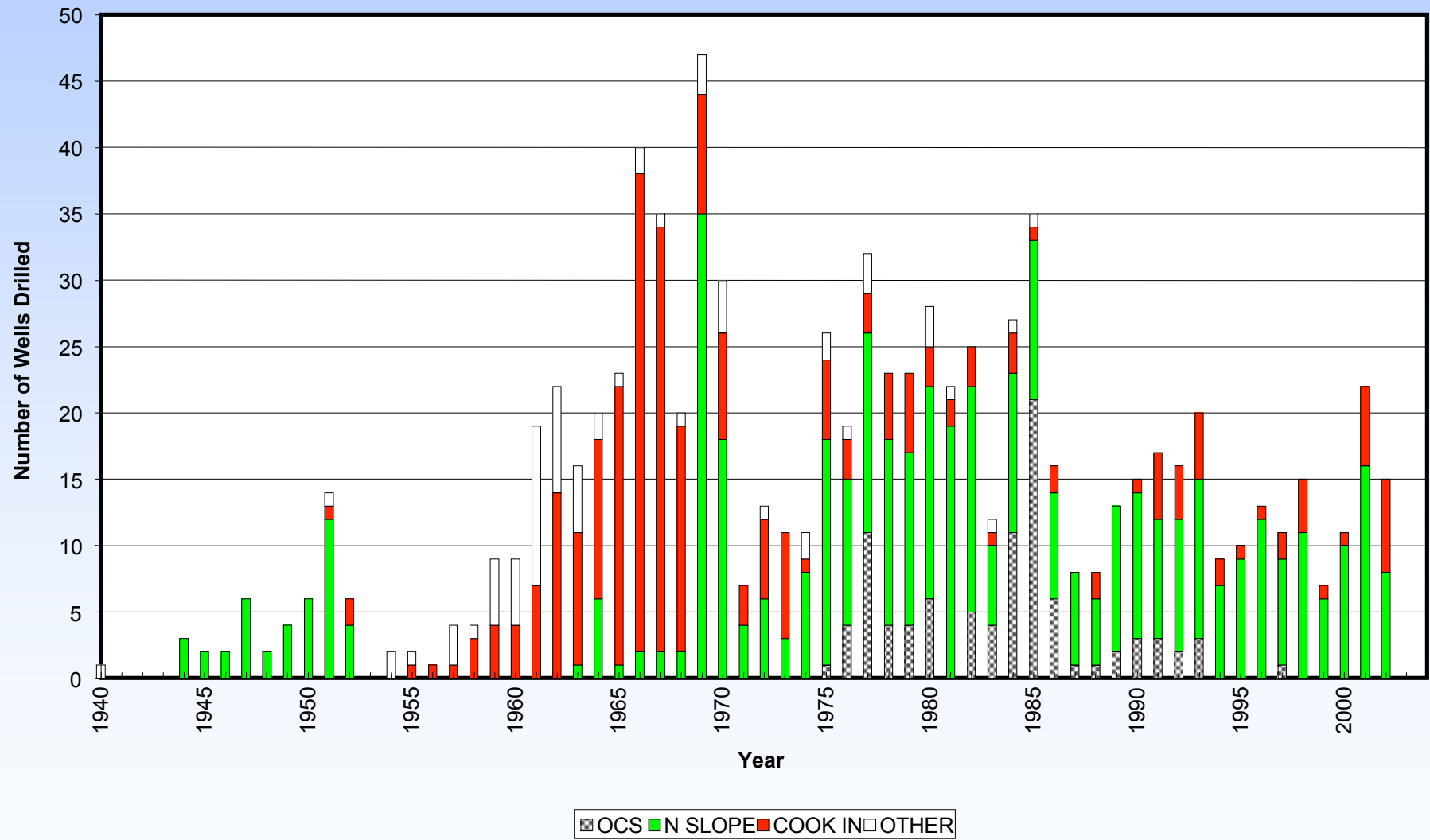
Incremental North Slope Oil Production since 1995 by Unit



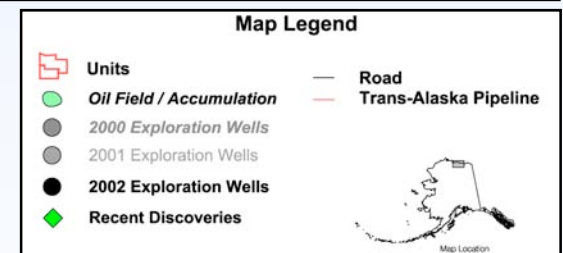
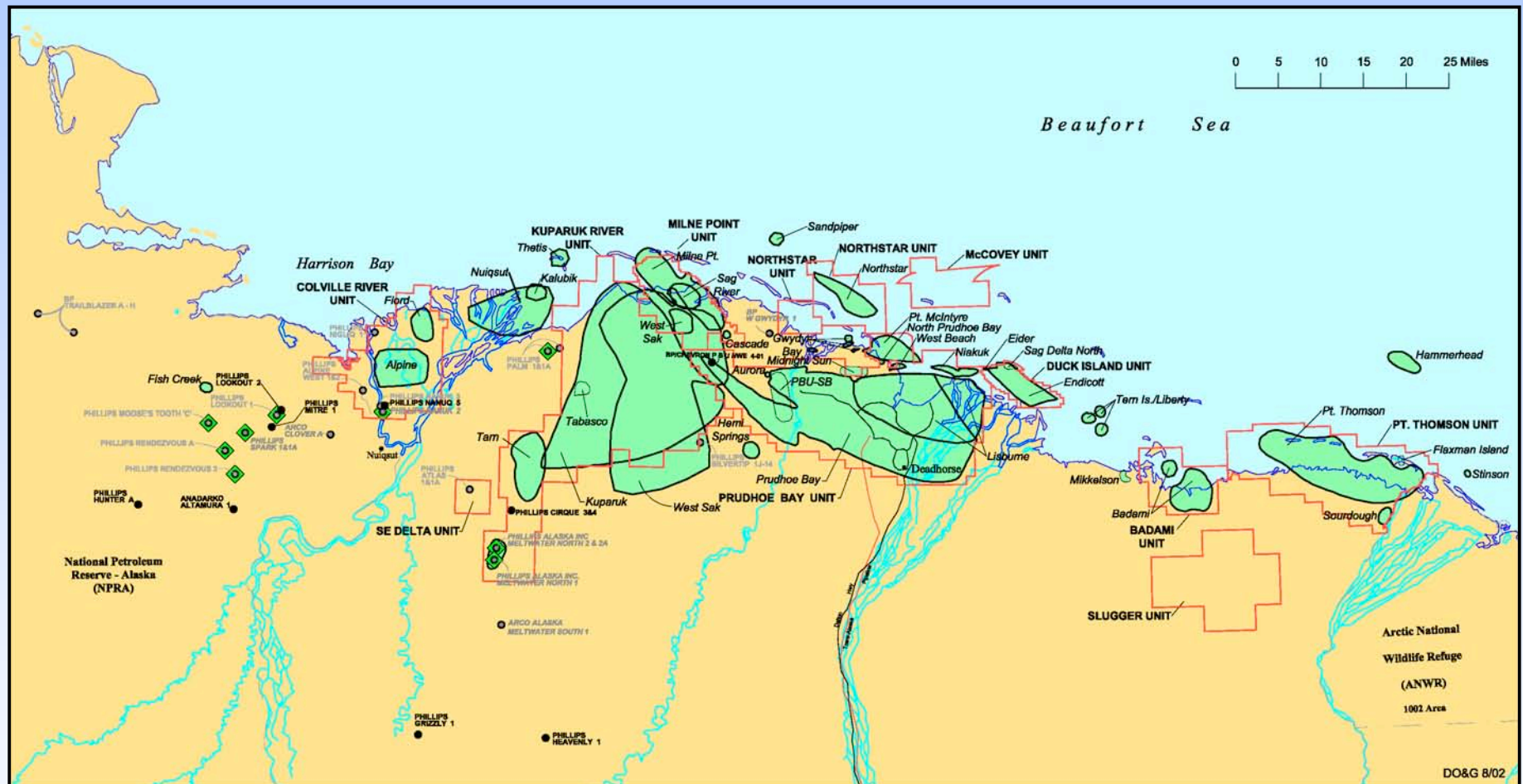
Note: Percentage figures show fraction of incremental oil since 1995, as a proportion of total North Slope production by year.
Sources: AOGCC and ADNR.

Alaska Exploration Well Data

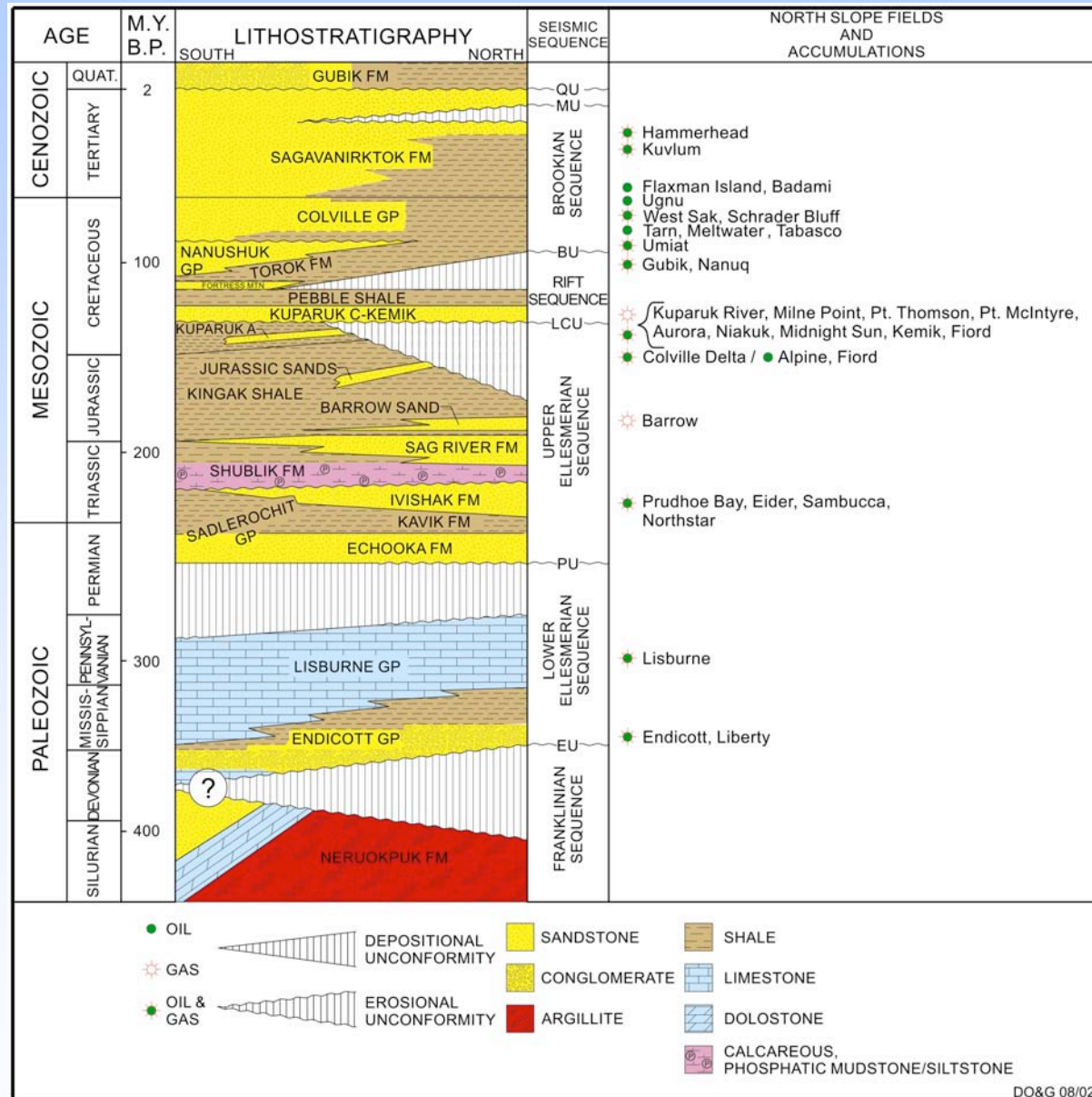
Grouped by Area



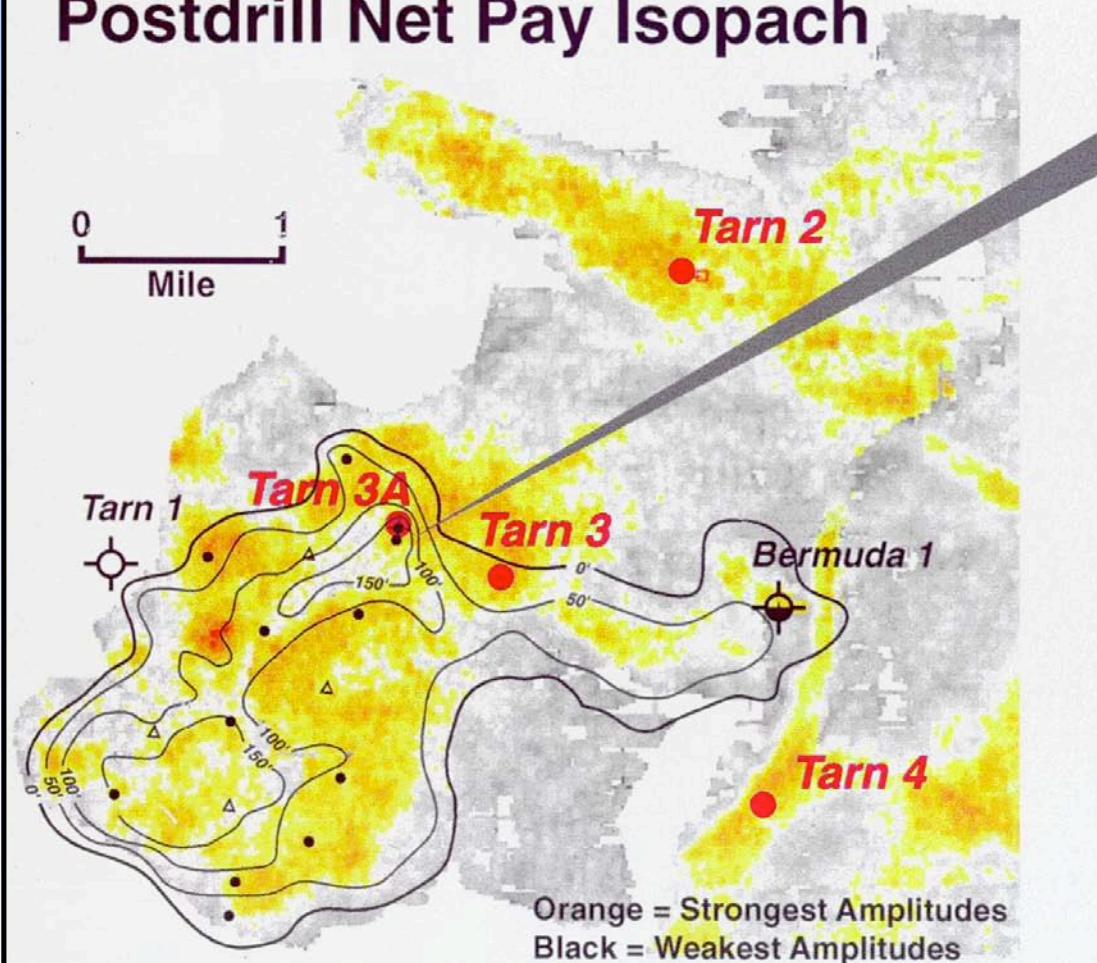
North Slope Oil & Gas Activity and Discoveries 2002



Generalized North Slope stratigraphic column displaying oil and gas reservoirs and associated accumulations

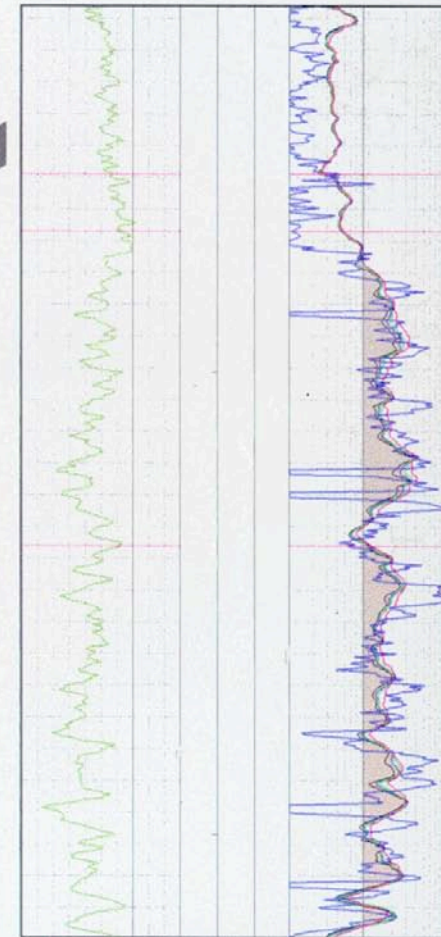


Tarn Predrill Composite Full Stack Amplitude Overlain with Postdrill Net Pay Isopach



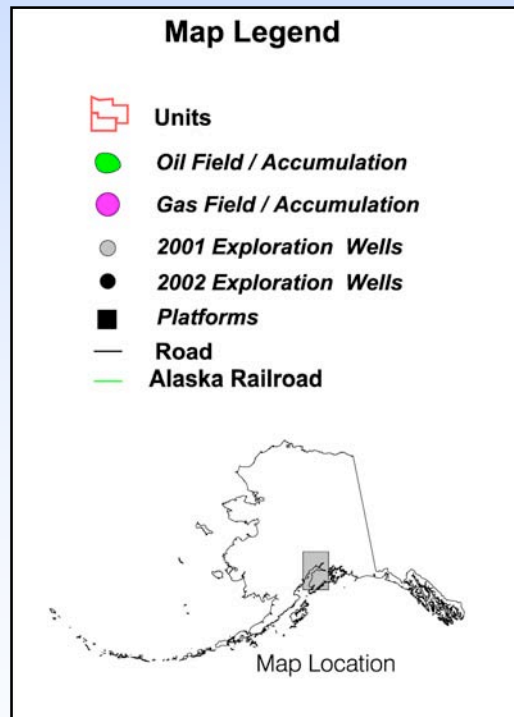
Tarn Development Well 2N-313

Net Pay: 156 ft
Initial Production
Rate: 9000 BOPD



Modified from Phillips Alaska

Cook Inlet Oil & Gas Activity August 2002



Division of Oil and Gas Web Page

www.dog.dnr.state.ak.us/oil

Division of Oil and Gas Home Page - Microsoft Internet Explorer

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State of Alaska
Division of Oil and Gas
Department of Natural Resources

SEARCH SITE MAP PRODUCTS PROGRAMS STAFF

Alaska's August Oil and Gas Production and September 2002 Revenue*



Oil: 31.6 million barrels
Gas: 38.1 billion cubic feet
Revenue: \$95.2 million



FY 2002
Revenue Distribution

*does not include taxes

Pipeline photo courtesy of Alyeska Pipeline.

Our Mission

The Division strives to maximize responsible oil and gas exploration and development.



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What's New with the Division

North Slope Areawide 2002

- [Preliminary Sale Results](#)

Beaufort Sea Areawide 2002

- [Preliminary Sale Results](#)

Call for New Information

- Cook Inlet Areawide 2003
- North Slope Foothills Areawide 2003

Nenana Basin Exploration License

Cook Inlet Areawide 2002

- [Final Sale Results](#)

North Slope Foothills Areawide 2002

- [Preliminary Sale Results](#)

Notice of Proposed Changes in Regs

- [Shallow Natural Gas Application Fee](#)
- [Payment of Oil & Gas Royalties, Rents, and Bonuses](#)

Sale of State North Slope Royalty Gas

Unit Notices and Decisions

- [2nd Colville River Expansion](#)
- [Kasilof Unit Decision](#)
- [8th KPU and 9th KPA Expansion](#)
- [8th KPA Expansion](#)
- [Application for the Borealis PA](#)
- [Northstar PA Approved](#)
- [Colville River Unit Application](#)
- [Kuparuk Unit Application](#)

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SOA DNR LINKS FEEDBACK

Tom Bucceri, Webmaster

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Internet

Alaska DNR Well Activity on the WWW

www.dnr.state.ak.us/oil/data/wells.htm

Division of Oil and Gas Web Server - Well Status Information -- Active Wells - Netscape

File Edit View Go Communicator Help

Back Forward Reload Home Search Guide Print Security Stop

Bookmarks Location: http://www.dnr.state.ak.us/oil/data/wells.htm

Internet WSJ Wtrhs. Sec. Lookup New&Cool

Warthog 1

Active Well Details			
API Number:	50 171 00012 00	Permit Number:	97-0085
Operator:	ARCO	Permit Date:	10/31/1997
Well Name:	Warthog	Status:	P&A
Well Number:	1	Completion Date:	12/06/1997
Basin/Area:	North Slope	Total Depth:	10286
Lease:	ADL 371014	True Vertical Depth:	8602
Surface Latitude:	70.04127	Bottom Latitude:	70.31738
Surface Longitude:	149.9219	Bottom Longitude:	149.9394
Surface MTRS Location:	N/A		
Bottom MTRS Location:	Umiat, T08N-R29E-20, 3287 FNL, 1407 FEL		

Results of Warthog 1

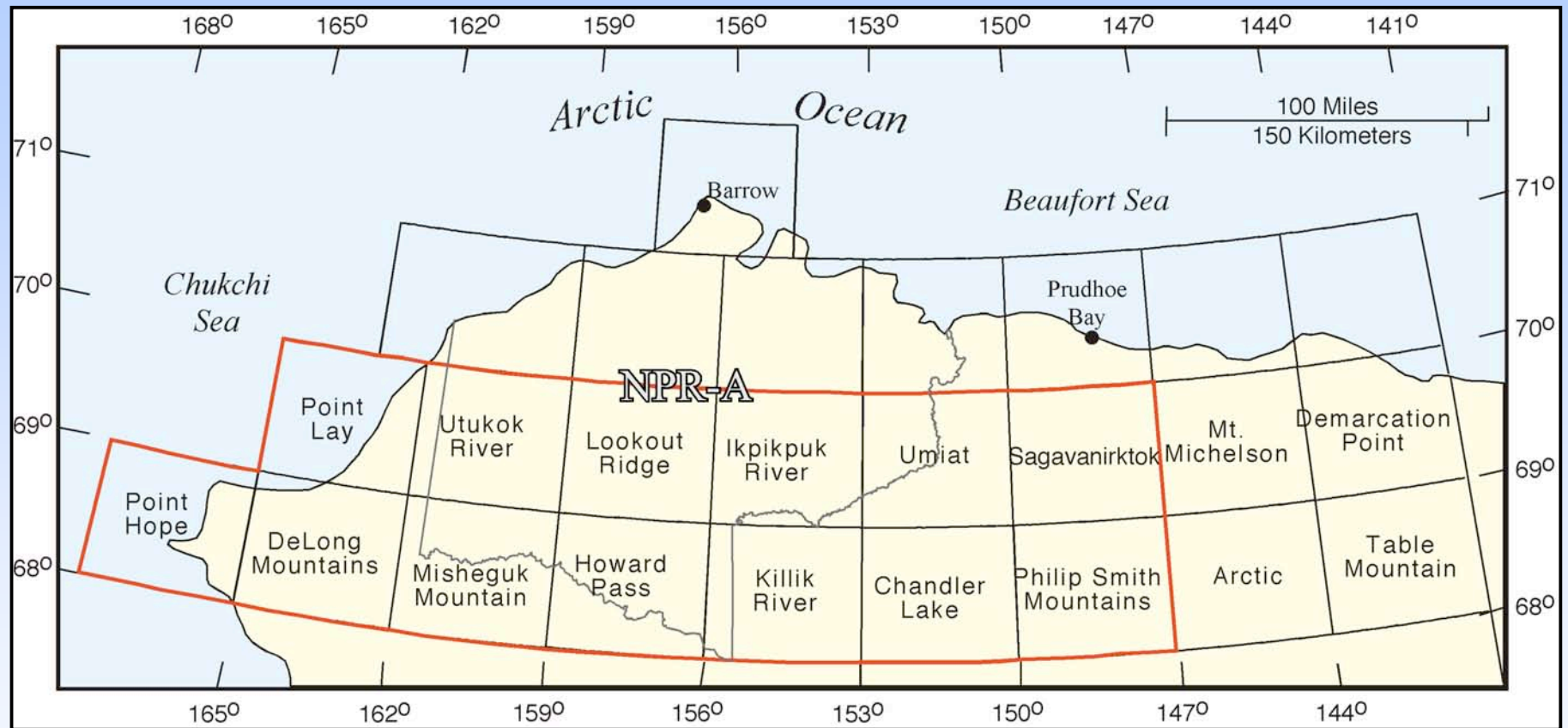
On January 7, 1998 ARCO Alaska Inc. announced that the Warthog 1 well, located offshore from the Arctic National Wildlife Refuge in Camden Bay, about 80 miles east of Prudhoe Bay and 30 miles west of Kaktovik, "did not encounter commercial hydrocarbons" and would be plugged and abandoned. Additional information collected from the well will remain confidential. An ARCO spokesman said that the company has no additional plans to continue exploration in the area.

Reference: Petroleum Information Alaska Report, 12/10/1997, p. 1; Petroleum News Alaska, 12/29/1997, p. A-21; Anchorage Daily News, 12/6/1997, p. F-1; Anchorage Daily News, 1/8/1998, p. F-1.

[Return to the Well Status Table](#)

Document: Done

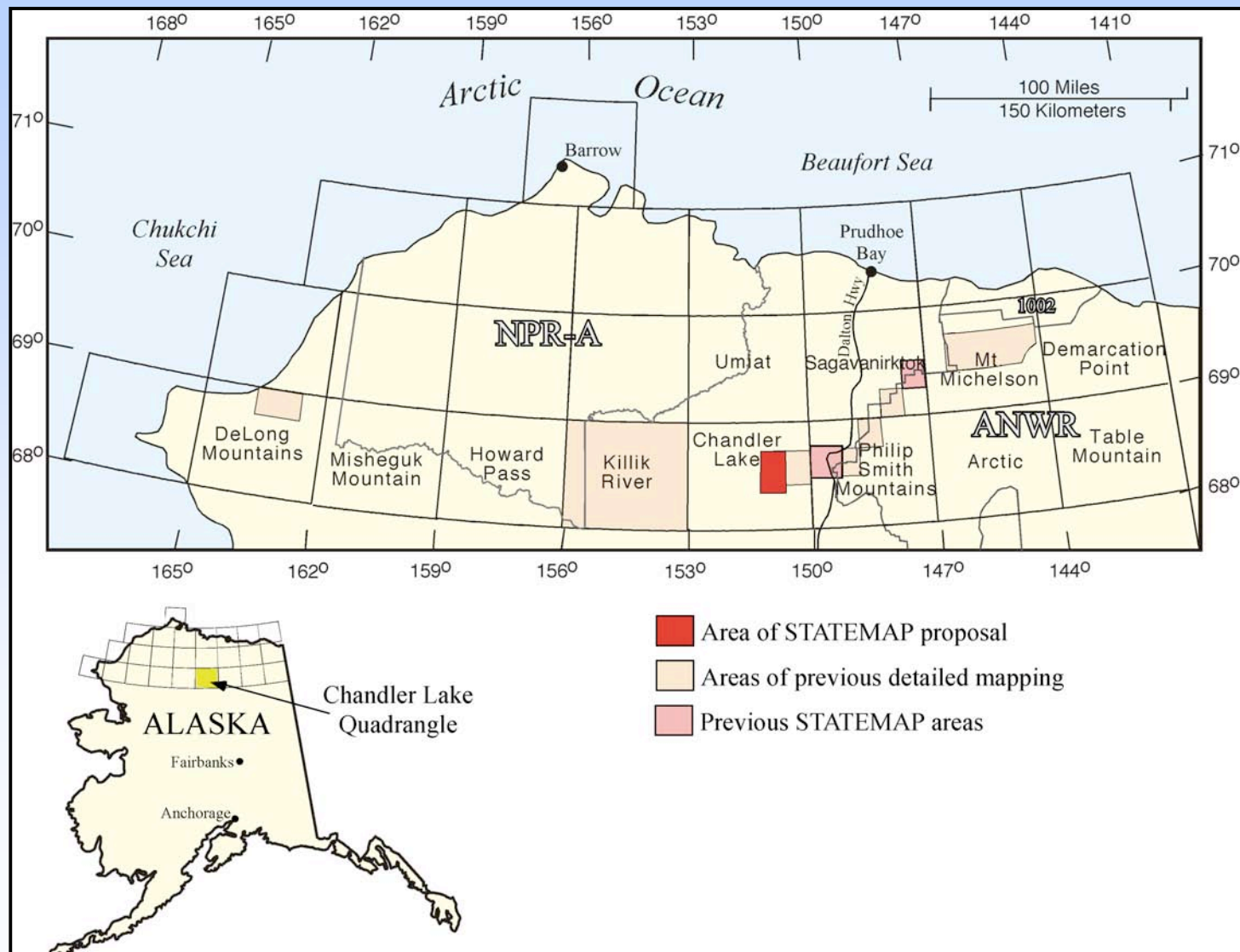
Index map of quadrangles in northern Alaska



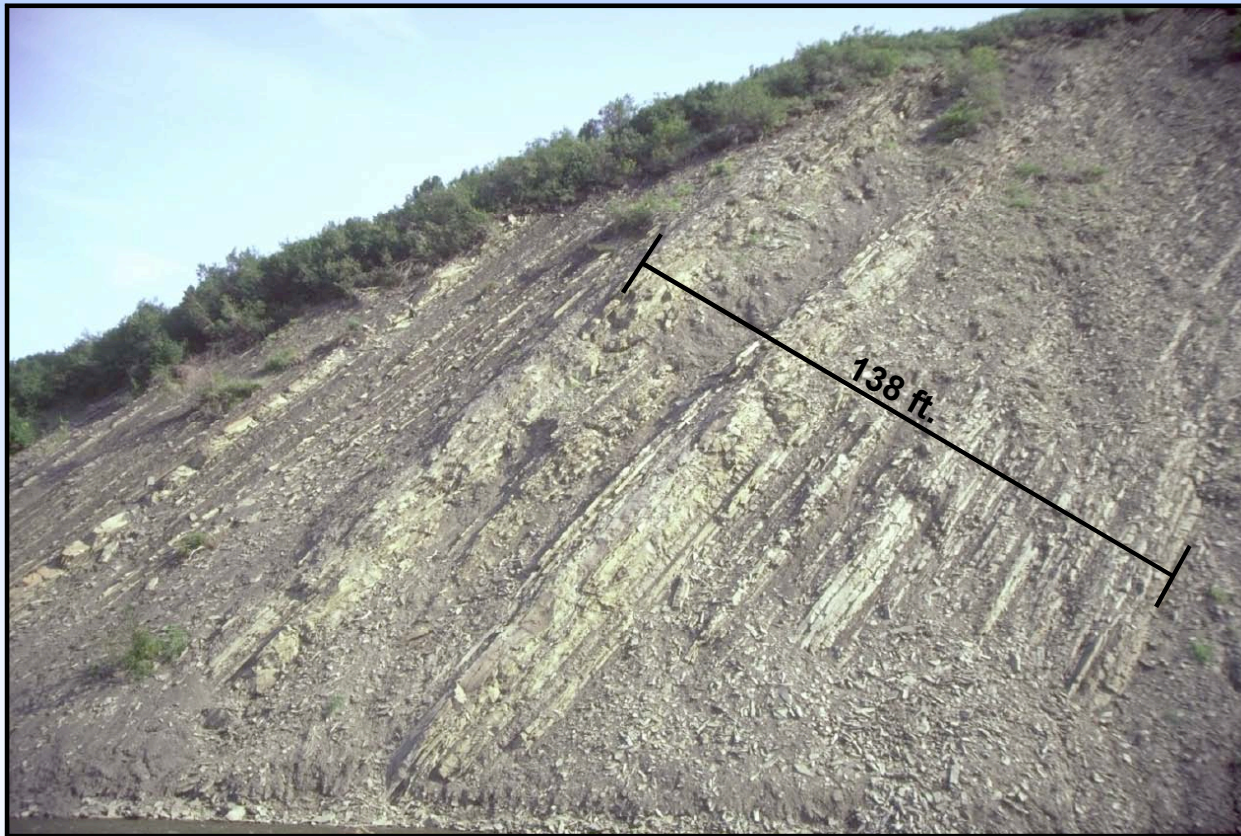
Compilation of geologic maps at 1:250,000 scale
will cover the outcrop belt of the North Slope foothills and
northern flank of the Brooks Range shown outlined in red.

STATEMAP Project Proposal

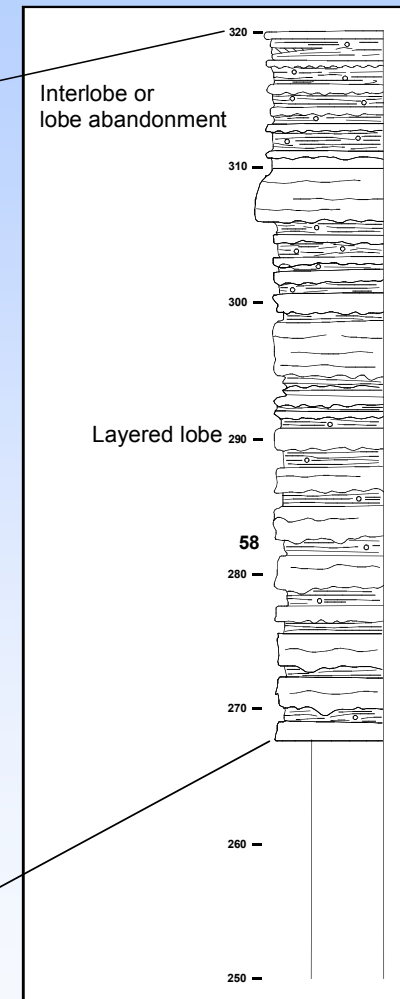
Chandler Lake Quadrangle and previously published detailed mapping by DGGS



Layered lobe deposits consisting of waning flow high-density turbidites



Torok Formation-Chandler River Section



Nanuk #1 compared to Chandler River outcrop

ARCO Nanuk #1

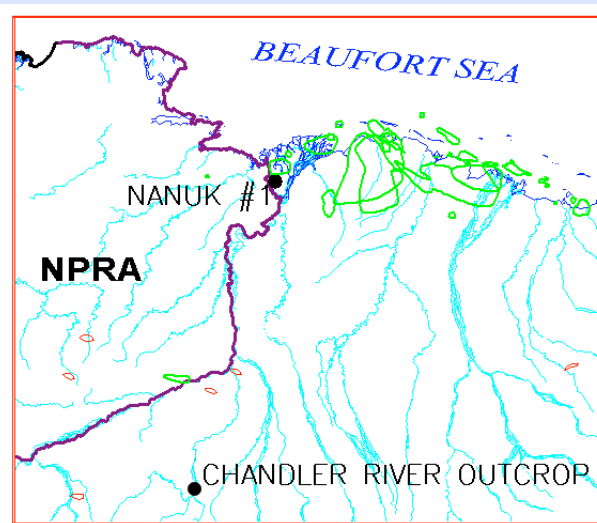
API#: 50-103-20238-00

Compl. Date: Apr. 24, 1996

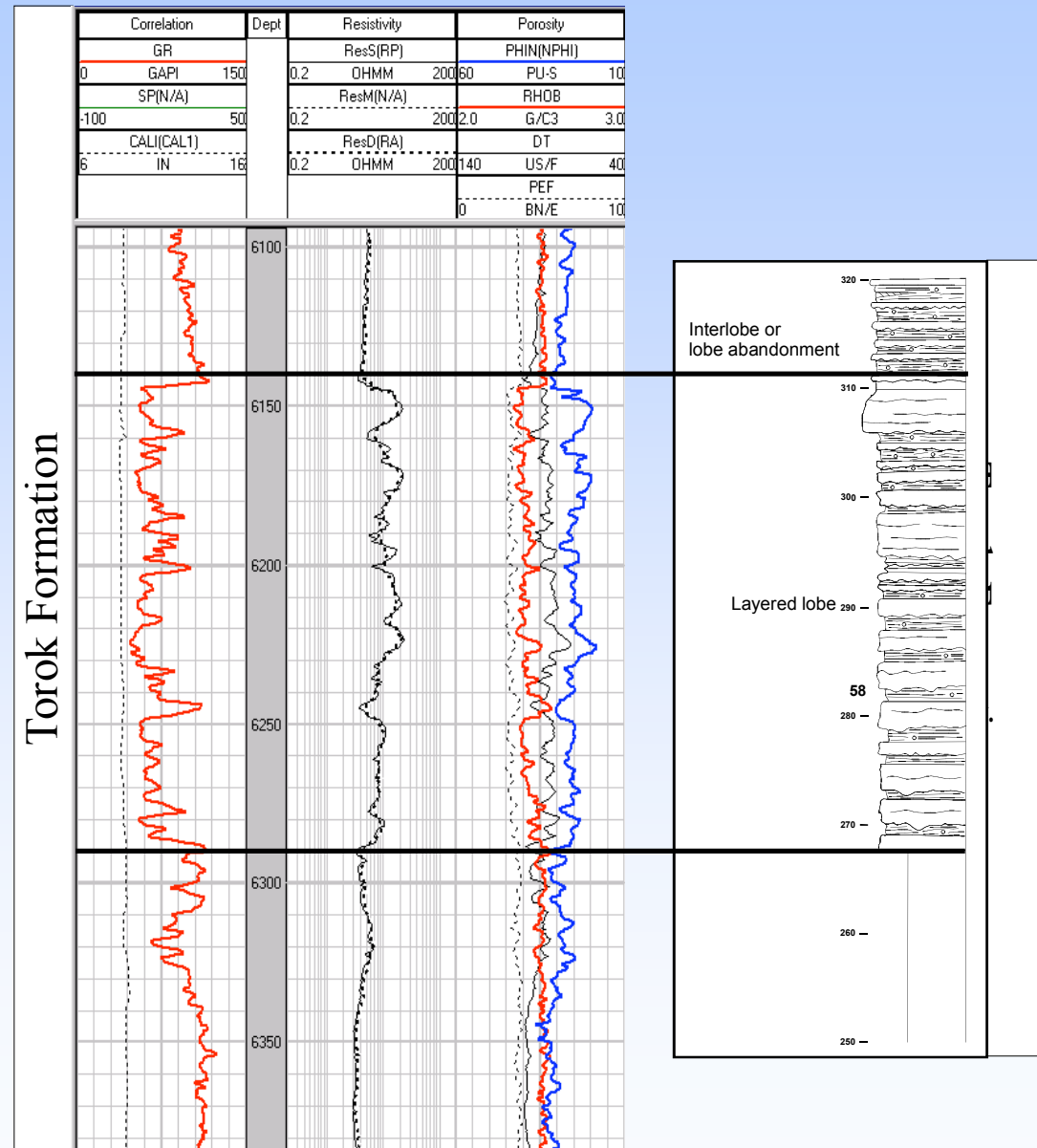
Loc: T11N-R5E-S19

TD: 7,630' MD, 7,630' TVD

Fm. at TD: Kingak Fm.



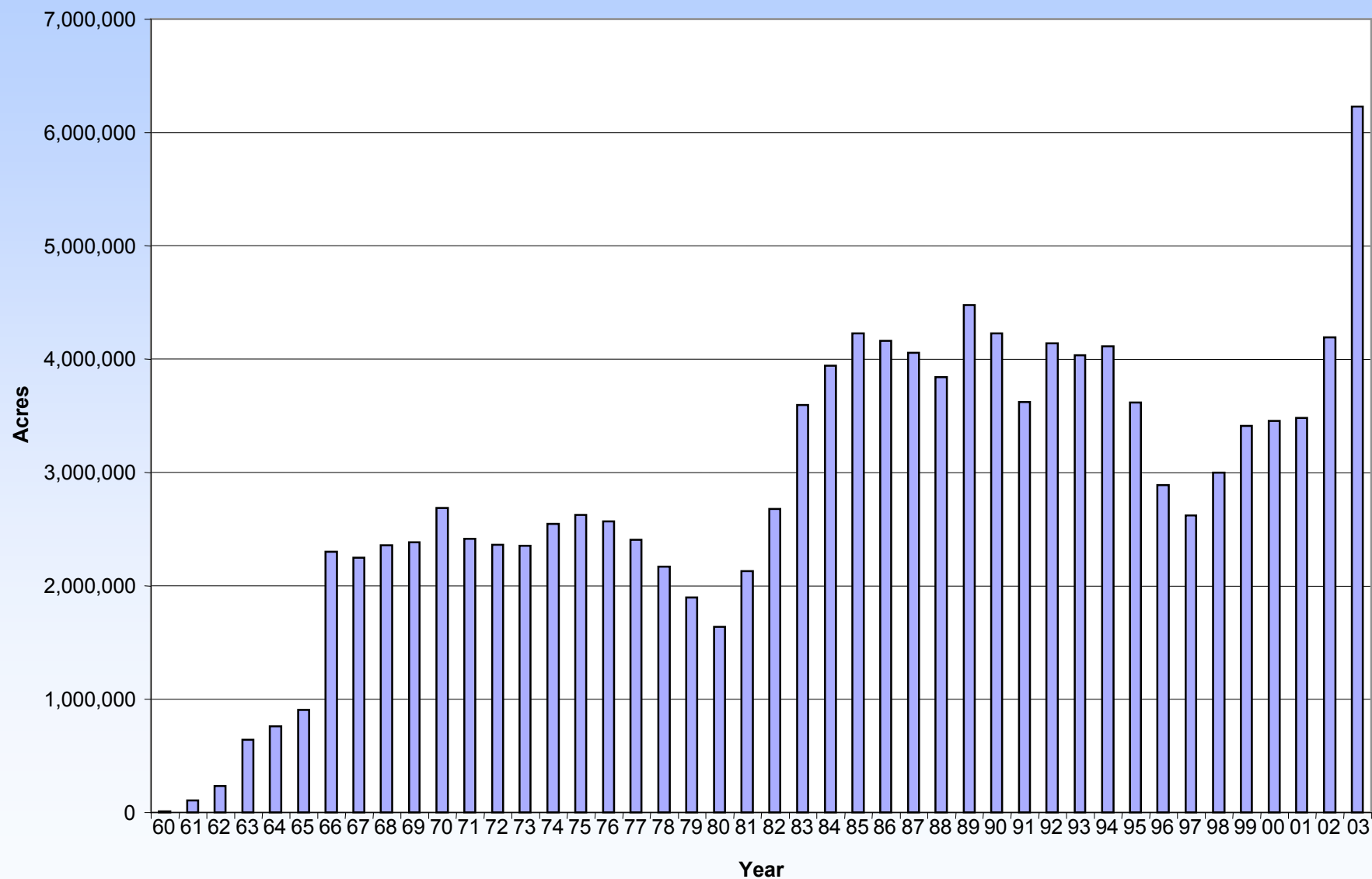
Location Map



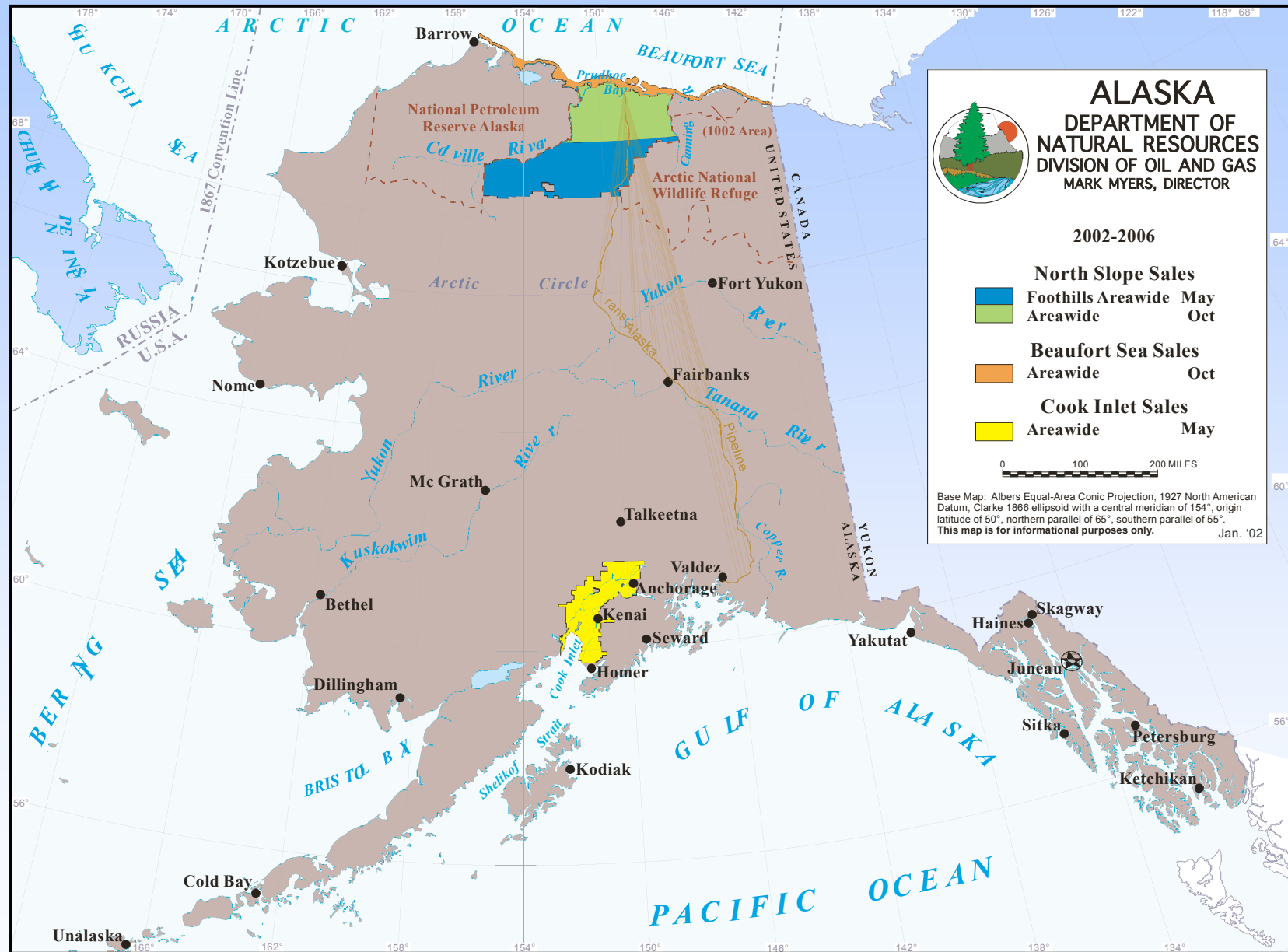
Acreage under Conventional Lease

1960 – 2003

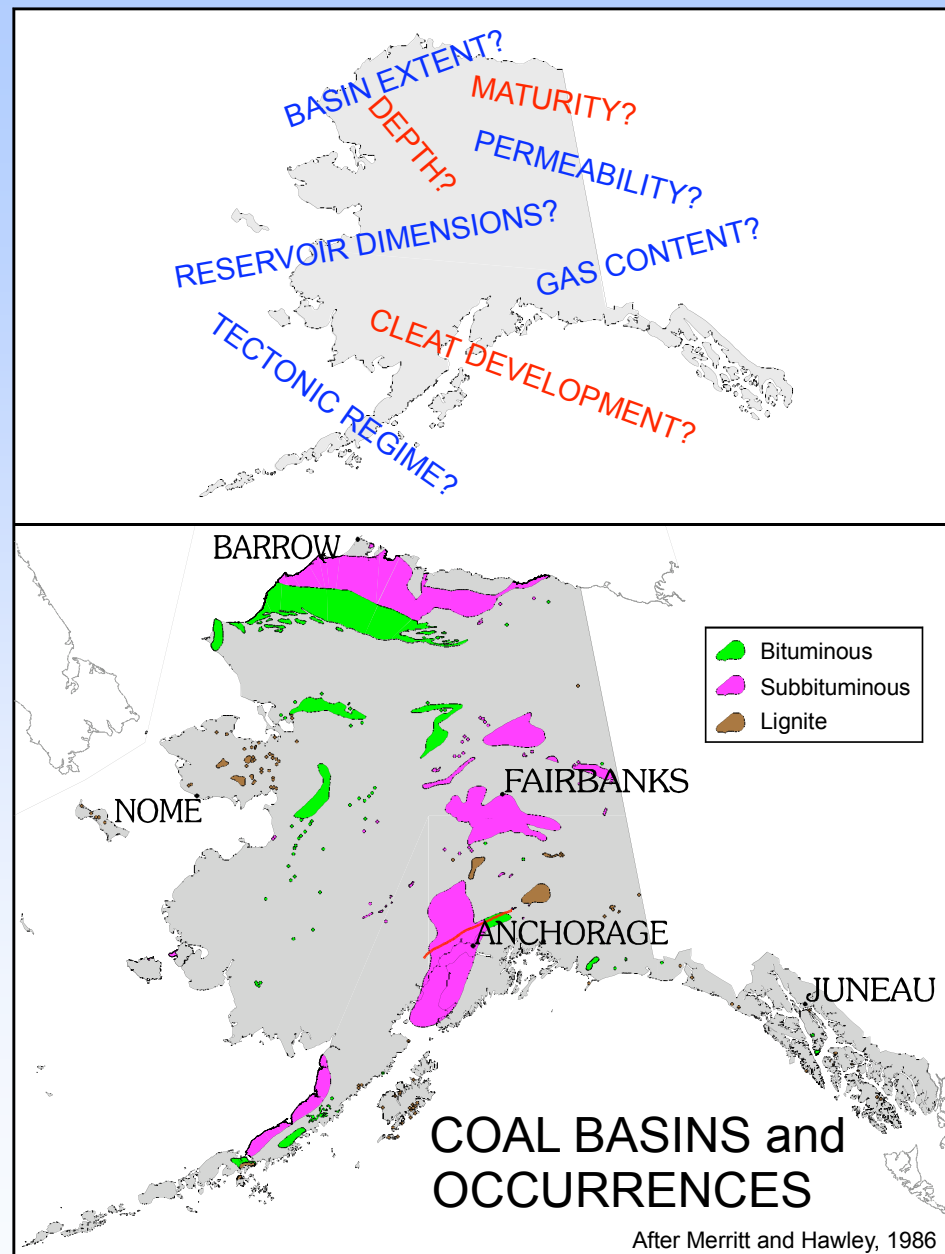
(Does not include Acreage under Exploration License)



Alaska Oil & Gas Leasing Program



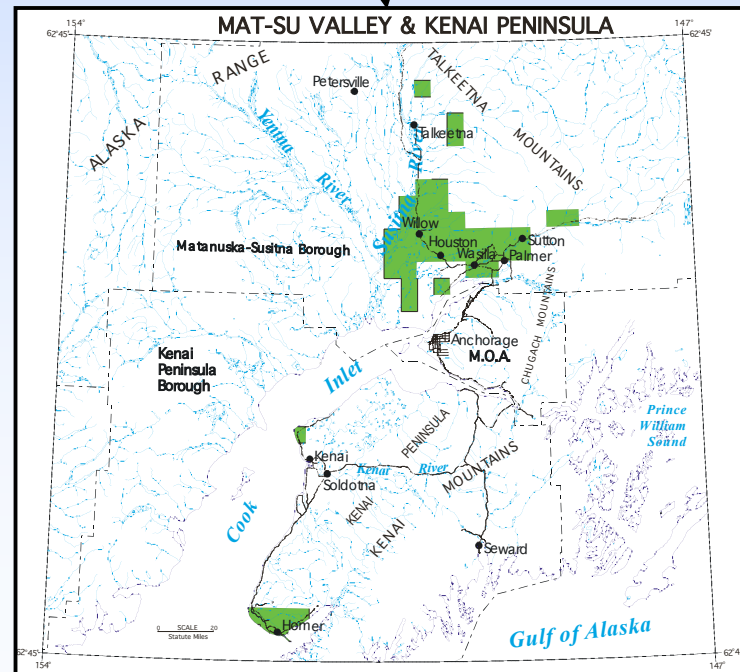
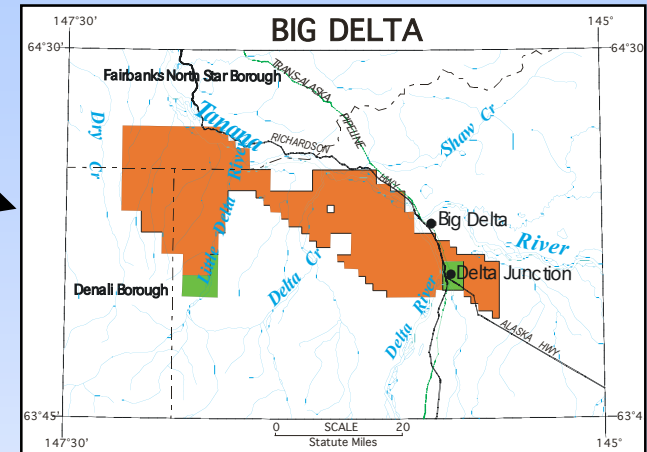
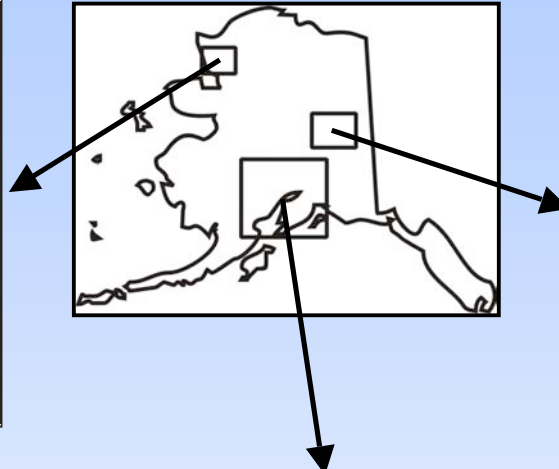
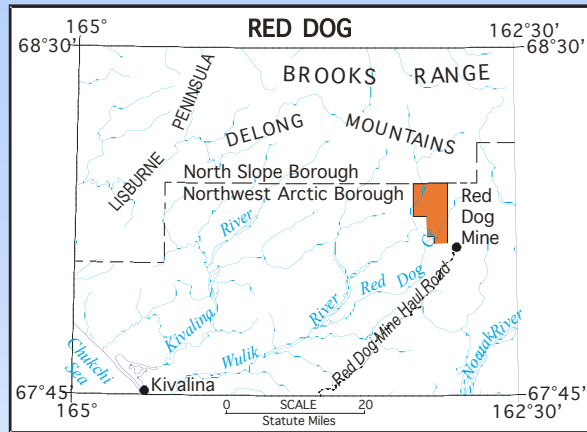
Coalbed Methane Potential in Alaska



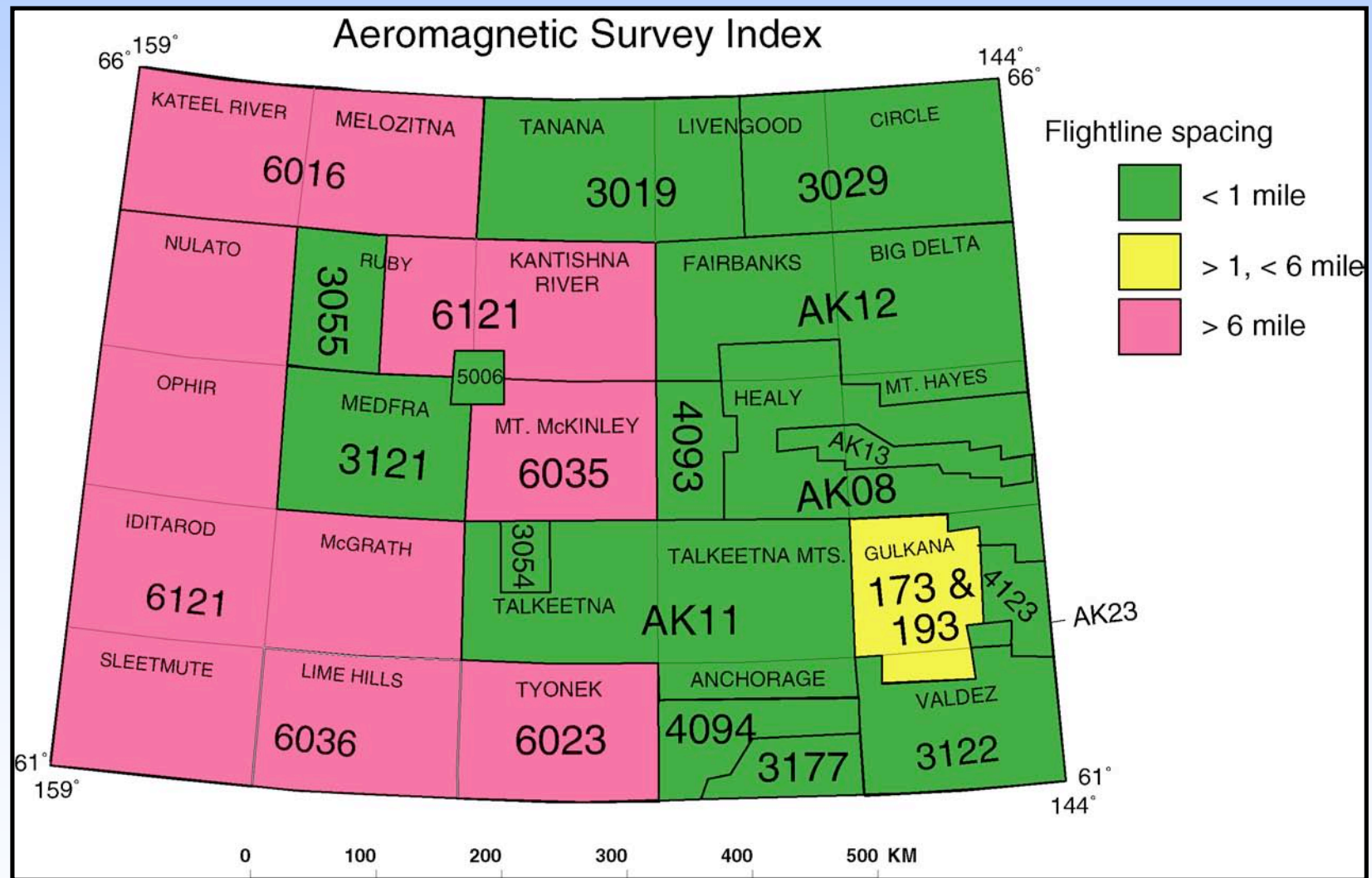
AK CBM-1 Well rig Shallow Gas Exploration



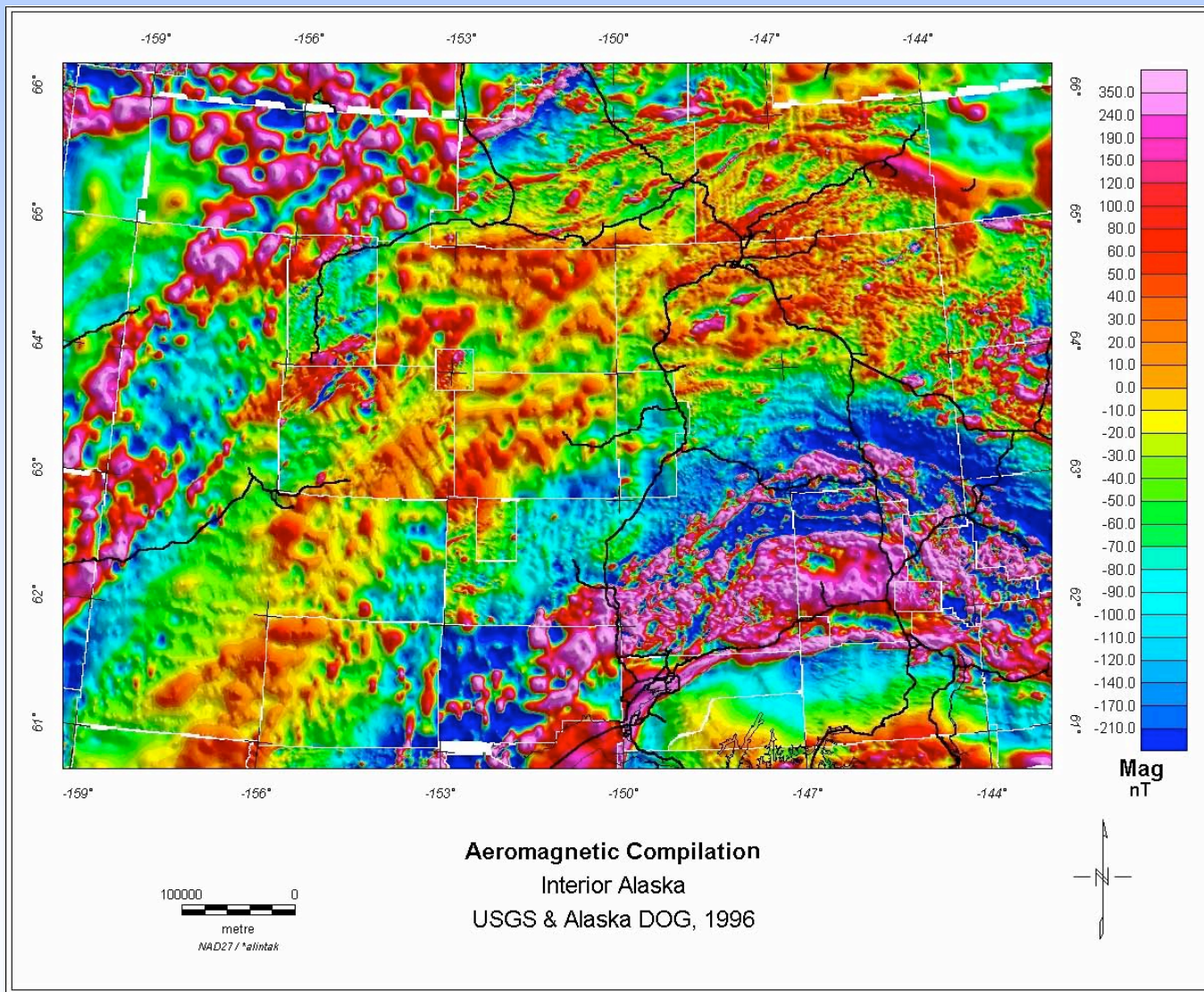
Shallow Natural Gas Leasing Program



Aeromagnetic Survey Index Interior Basins Gravity Study

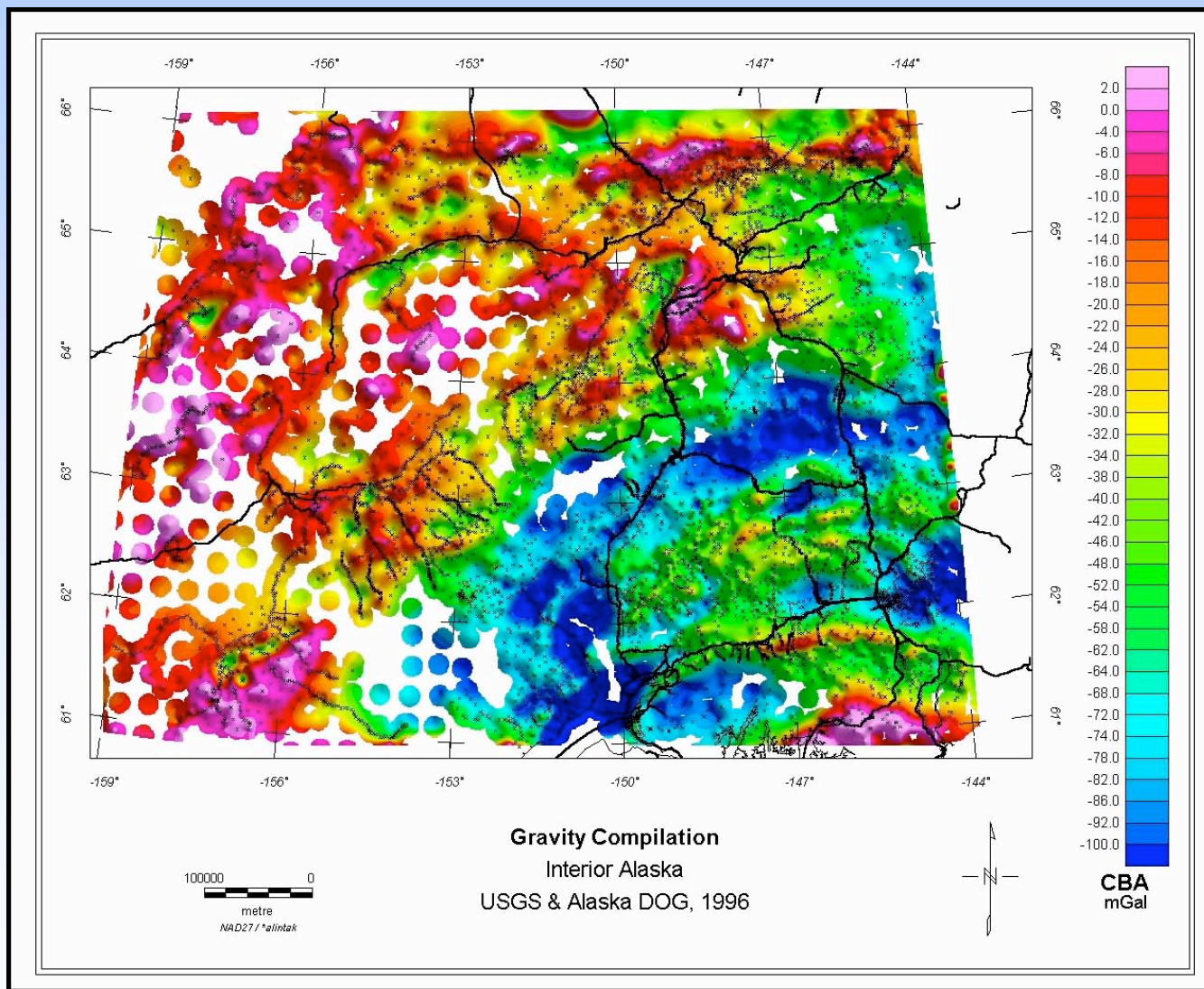


Aeromagnetic Compilation Interior Basins Gravity Study

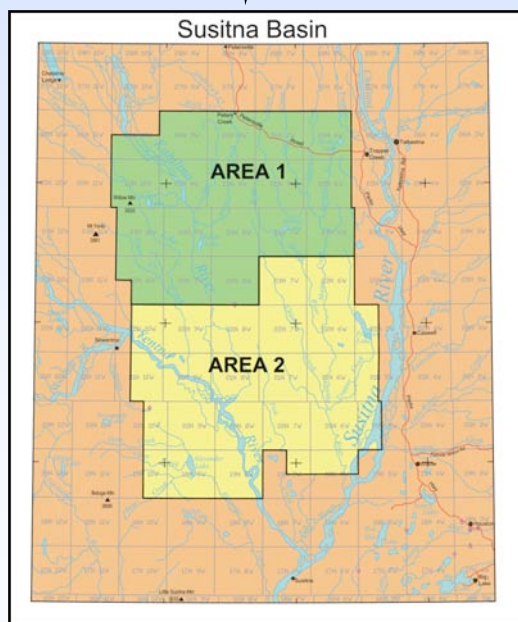
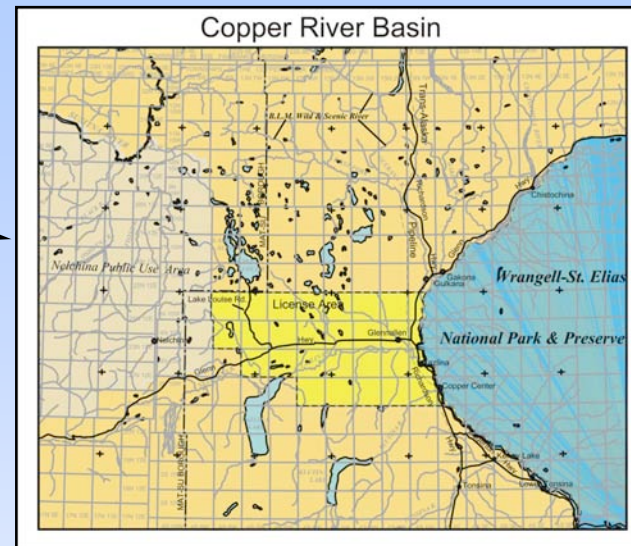
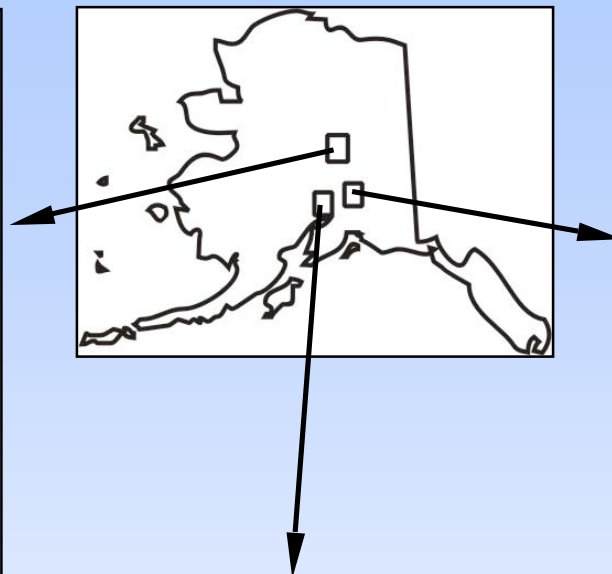
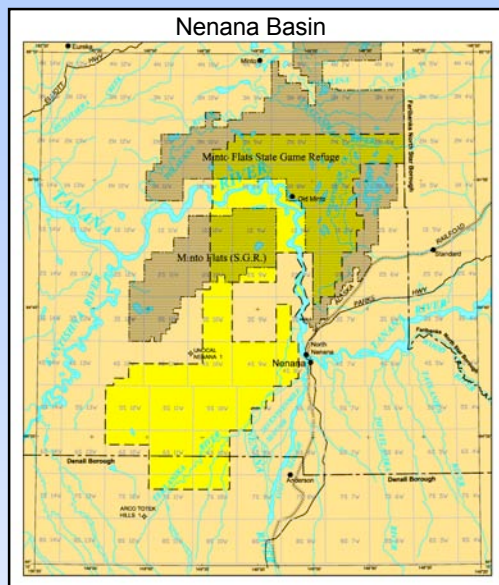


Gravity Compilation

Interior Basins Gravity Study

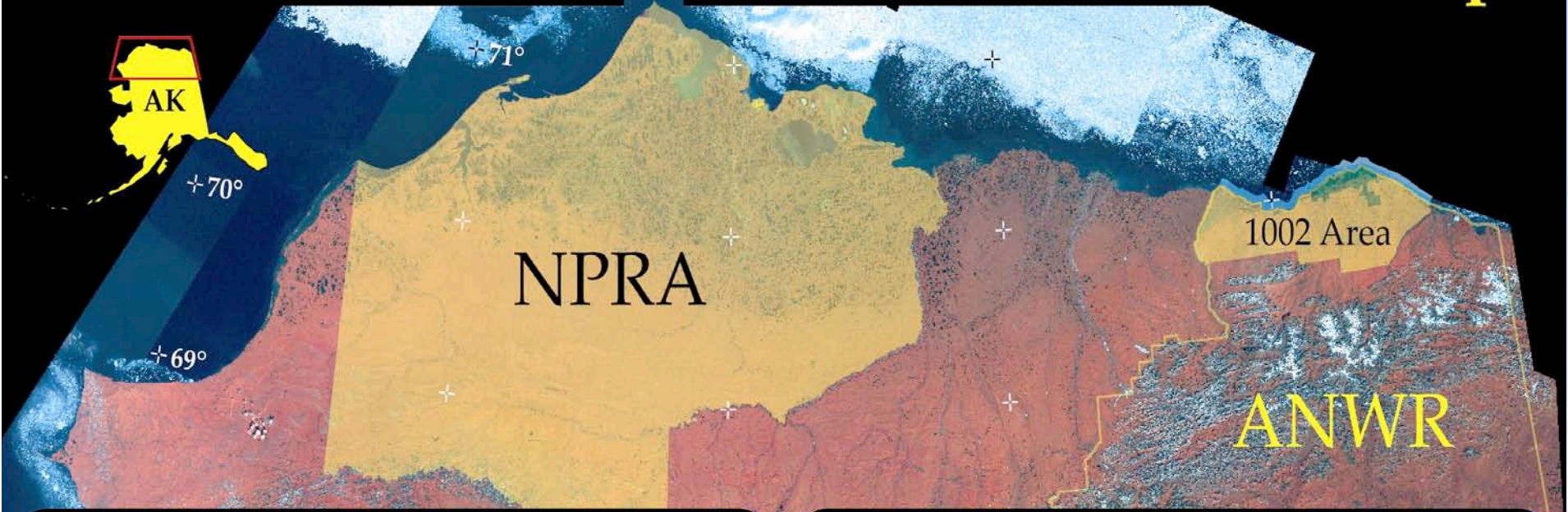


Exploration Licensing Program





Estimates of Technically Recoverable Oil Federal Lands - Alaska North Slope



NPRA

Oil Volumes (BBO)

F95	Mean	F05
6.7	10.6	15

ANWR

Oil Volumes (BBO)

	F95	Mean	F05
1002 Area (Federal Part)	4.2	7.7	11.8
Entire Assessment Area*	5.7	10.4	16.0

*(includes Native Lands & State Waters)

Current State Oil and Gas Incentive Programs

- **Exploration Incentive Credits (EIC)**
 - AS38.05.180(i) - No Sunset
- **Royalty Reduction**
 - AS38.05.180(j) - Expires 7-1-2015
- **Discovery Royalty**
 - Cook Inlet only - AS38.05.180(f)(4) - No Sunset
 - The following fields only: AS38.05.180(f)(5) - Expires 1-1-2004
Falls Creek, Nicolai Creek, North Fork, Point Starichkof,
Redoubt Shoals, & West Foreland
- **Contract Gas Price With a Utility vs Royalty Value**
 - AS38.05.180(aa)
- **Exploration Licensing**
 - AS38.05.132
- **Shallow Gas Leasing**
 - AS38.05.177

State Funded Gasline Studies

- **State Financial Participation in an Alaska Natural Gas Pipeline - January 2002**
- **Reservoir Studies - Pending**
- **Supply Study - Pending**
- **In-State Demand Study - January 2002**
- **Economic Analysis of Market Value - January 2002**
- **Royalty Valuation Policies and Practices on Public Lands in North America - Pending**

Agencies Involved with Permitting Seismic Acquisition on the North Slope

State of Alaska

DGC - Division of Governmental Coordination

ADFG - Dept. Of Fish and Game

ADEC - Dept of Environmental Conservation

ADNR - Department of Natural Resources

Local

NSB - the North Slope Borough

Villages

Federal

USFWS - US Fish and Wildlife Service

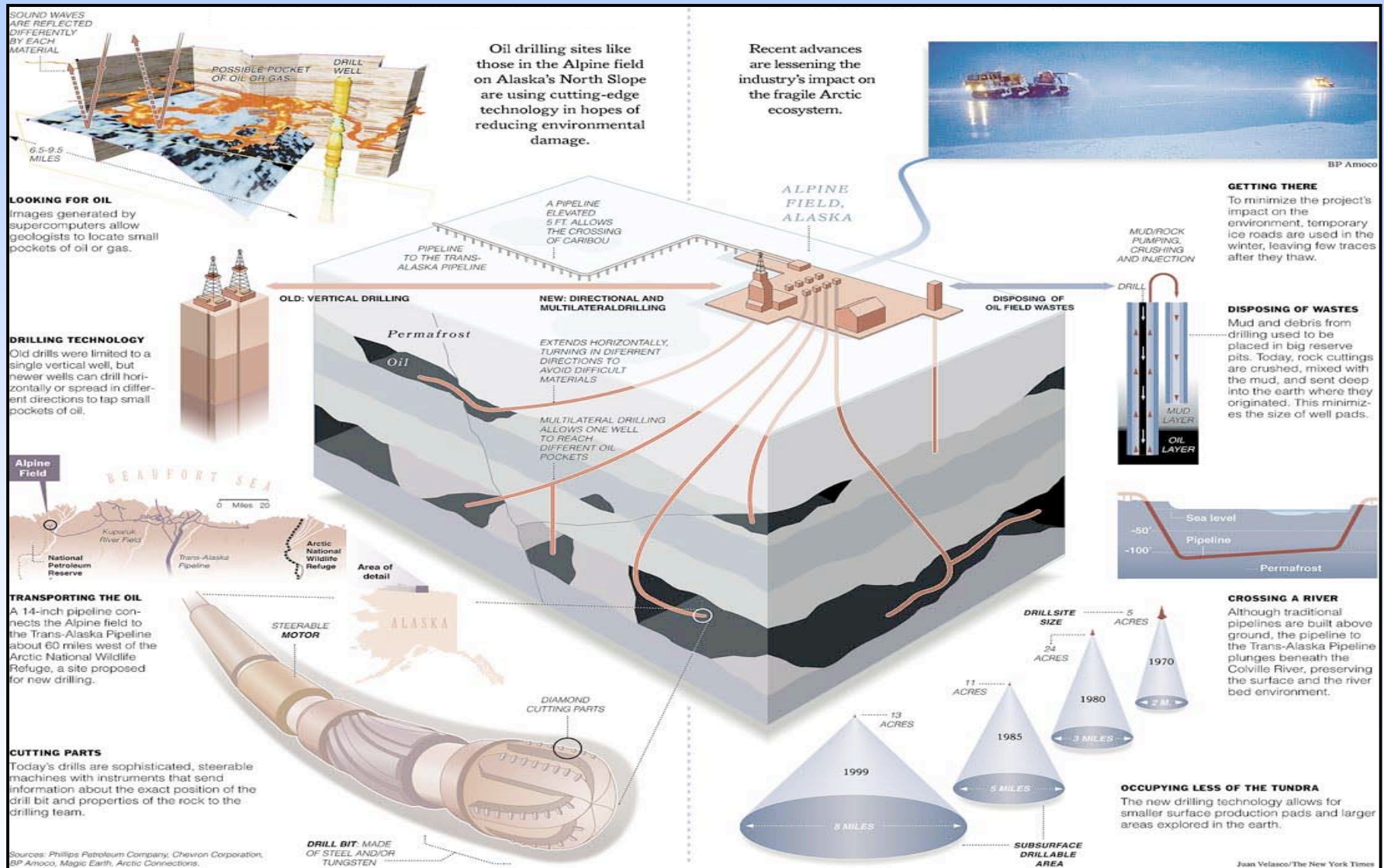
NMFS - National Marine Fisheries Service

BLM - Bureau of Land Management

Operator

Public

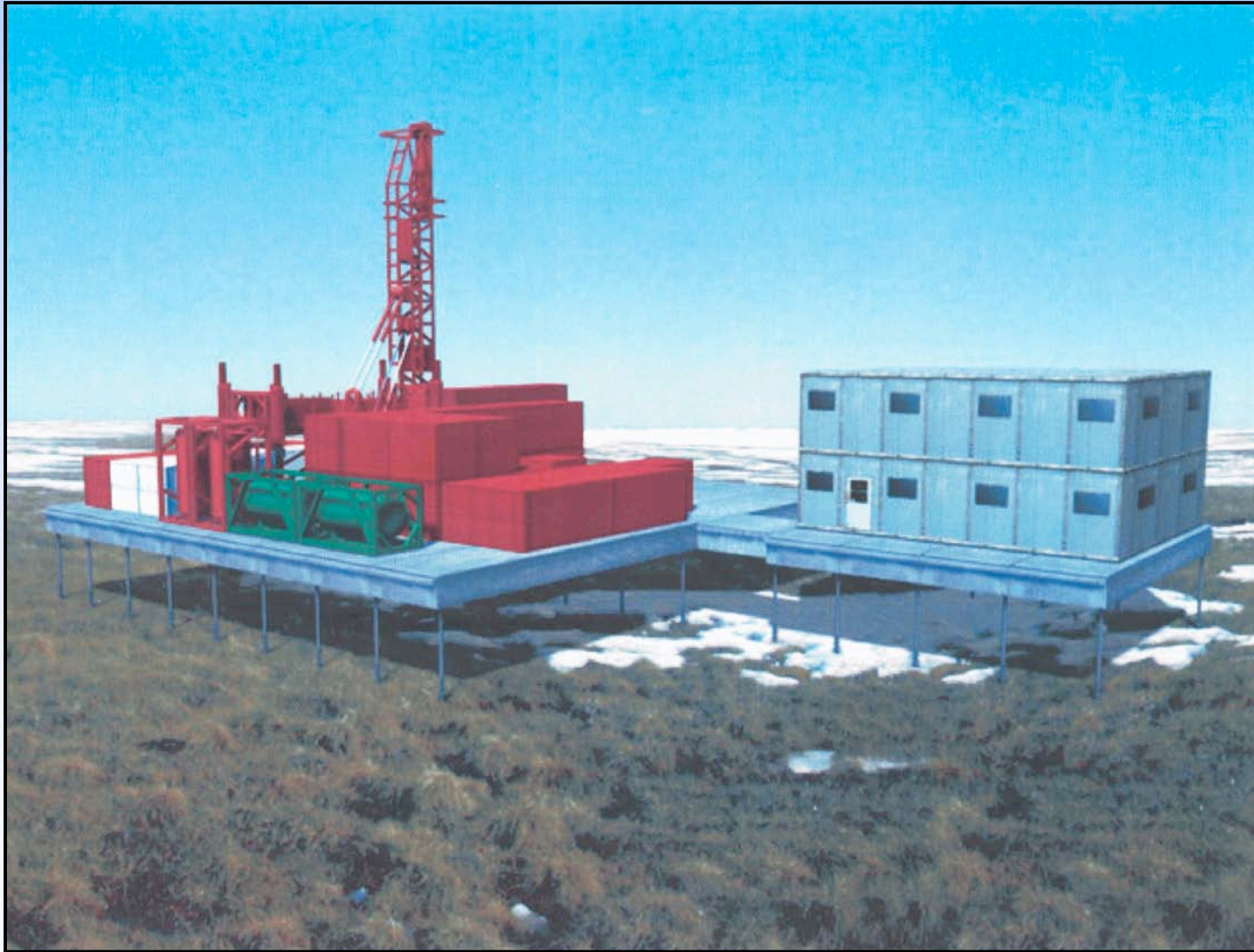
Using the Latest Drilling Technology to Reduce Environmental Damage



The Future?

Prototype Drilling Facility

Environmentally Sensitive Areas



Courtesy of Anadarko Petroleum Corporation, 2002

End