

## Unknown

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**From:** Bailey, Frank T (GOV) [frank.bailey@alaska.gov]  
**Sent:** Wednesday, October 17, 2007 4:14 PM  
**To:** ExternalEmailgsp; fek9wnr@yahoo.com  
**Subject:** FW: BP AOGA Flier

Here's the BP/AOGA flier that Kelly brought to us. I realize you may not be able to open the attachment. If not let me know and I'll transcribe some points or fax it to you somewhere.

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**From:** Bailey, Frank T (GOV)  
**Sent:** Wednesday, October 17, 2007 4:13 PM  
**To:** Balash, Joseph R (GOV); Tibbles, Michael A (GOV); Nizich, Michael A (GOV); Leighow, Sharon W (GOV); Kelly, Russell T (GOV); Leschper, Beth (GOV); Galvin, Patrick S (DOR); Perry, Kristina Y (GOV)  
**Subject:** BP AOGA Flier

Hi Joe,

Here's the flier I mentioned on the phone.

Today this flier was picked up from the Eagle River Chamber. The person who brought it to us questioned the validity of BP's stats on page 2, but the flier uses the "Take A Stand" motto to go after ACES and utilizes Pat's quote from the bill launch that starts out "...we have not said that ACES improves the investment climate."

I'm sure we'll see more of this over the next 30+ days

I like Sharon's idea of us sending out some "high road" communication from the Governor essentially encouraging folks to keep the rhetoric down and focus on what we can all accomplish, not attacking each other.

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Director, Boards and Commissions  
Office of Governor Sarah Palin  
907-269-7450

ROSTON 01073

6/10/2009

**AOGA**

Alaska energy. Alaska's future.

October 15, 2007

## Take A Stand this Alaska Day – Thursday, Oct. 18

Request a free yard sign  
to show your neighbors  
what's at stake.



**Jobs  
Not  
Taxes**

Alaskans need to take a stand for Jobs NOT Taxes. As the legislature convenes its special session on Alaska Day, Thursday, Oct. 18, to consider the state's plan to increase oil taxes for the third time in three years, it is important that legislators hear your view on this proposal.

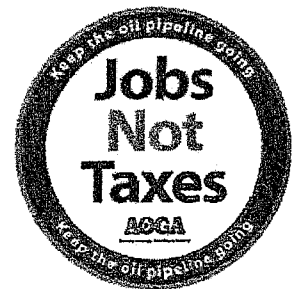
Our oil pipeline is two-thirds empty and oil production continues to fall. New industry investment is vital to produce more oil to keep the pipeline going. Increasing oil taxes will not extend the life of Alaska's economic lifeline.

Learn more at  
[www.aoga.org](http://www.aoga.org)

### Take A Stand:

- 1) Contact your legislators. They want to hear from their constituents. Tell them why you personally think the current oil tax system needs to stay in place.
- 2) Submit your opinion about the state's proposed tax increase directly on their website.
- 3) Display a free car magnet and yard sign to tell fellow Alaskans that you support "Jobs NOT Taxes".

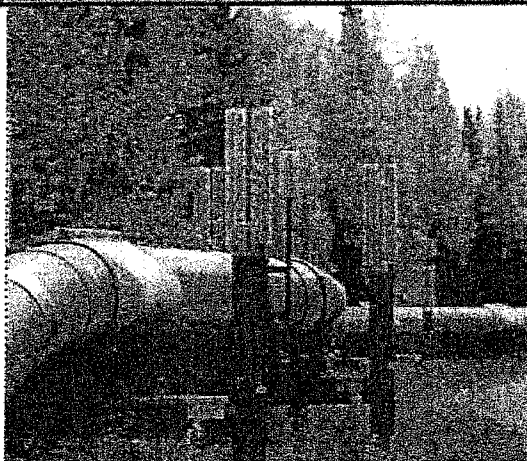
Visit [www.aoga.org](http://www.aoga.org) to find convenient links  
to assist you in **Taking a Stand**.



Take a stand by  
displaying a free  
magnet on your car.

### Did you Know?

According to the State of Alaska Department of Revenue, 25% of the oil flowing through TAPS must come from projects requiring significant new investment, in just three years. Increasing taxes adds costs to projects, and is not the way to attract this new investment.



### What Others Are Saying:

*"Frankly, we have not said that ACES improves the investment climate. Clearly, there is going to be a larger state share and that isn't going to make the economics of projects better."*

- Commissioner Pat Galvin,  
Alaska Department of Revenue

**ROSTON 01074**

Paid for by the AOGA, 121 W. Fireweed Lane, Suite 207, Anchorage, Alaska 99503

## **Facts about Alaska's Oil & Gas Production Taxes**

### **State Revenues**

On September 15, 2006, the Alaska Legislature passed the Petroleum Profits Tax (PPT).

The tax resulted in over \$1 billion dollars in additional revenue to the state during fiscal year 2007.

The state projects that the petroleum revenues for fiscal year 2007 will be over \$5 billion dollars. This estimate includes local taxes, state and royalties, and deposits to the permanent fund.

The state forecasts that the current PPT will raise \$1.3 billion in fiscal year 2008, based on \$60 oil.

On September 5, 2007, the State of Alaska announced a Special Session to revisit the PPT.

The State has announced a plan to revise the PPT increasing taxes on the oil and gas industry. Its stated goal is to raise an additional \$700 million.

### **Proposed Tax Increase**

Alaska has the highest tax in North America by far. The state estimates that the "government take" will increase even higher, to 69 cents out of every dollar with the proposed tax increase.

That is 25 to 50 percent higher than places like the Gulf of Mexico and Canada.

If approved, this will be the third tax increase in three years.

Alaska ranks among the least stable regimes in the world – a ranking of 99 out of 103 according to Wood MacKenzie, an international energy research firm, in the June 2007 study.

### **Keep the Pipeline Going**

TAPS is currently running at a third of its capacity and North Slope production is declining.

Daily oil production on the North Slope has dropped 65%, from more than 2 million barrels per day in 1988, to about 720,000 today.

Every year the largest oil discovery on the North Slope comes from within the existing oil fields. In 2006, BP invested in nearly 100 new wells, adding about 70,000 barrels per day of production. All were drilled in existing fields.

High levels of investment and continued in-fill drilling enable Alaska to hold production decline to about 6 percent a year. But without sustained investment, the decline in oil production would be significantly higher -- around 16 percent annually.

Every year, there are more jobs (5,000+) provided, more wells drilled (57) and more production from Greater Prudhoe Bay (400,000 barrels) than any other field on the North Slope.

**Alaska must attract investment in existing and new oil fields in order to stop the decline in production and to keep the pipeline going.**

**ROSTON 01075**