



# Alaska State Legislature

Senator Hollis French • Representative Les Gara

PRESS RELEASE • July 27, 2011

<http://aksenate.org/index.php?senator=french> • [http://www.akdemocrats.org/rep\\_gara](http://www.akdemocrats.org/rep_gara)  
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FOR IMMEDIATE RELEASE

## New Oil Drilling Rigs, High Profits and New Developers Undermine Parnell Demand for Oil Tax Giveaway

ANCHORAGE- New signs add to the weight of evidence that Governor Parnell's proposal to roll back taxes on oil corporations by \$8 billion over the next 5 years is an unjustified corporate giveaway.

This week pictures surfaced of two new \$100 million drilling rigs being sent from the Portland shipyard to Alaska's North Slope. The owner of the rigs, Parker Drilling, has indicated that this delivery is part of British Petroleum's land-based drilling program. The rigs made news in Portland when they required a shutdown of interstate traffic during rush hour as they were transported down the Willamette River.

"A picture is worth a thousand words," said Senator Hollis French, D-Anchorage, who took the photos during a recent tour of the port of Portland. "The governor is acting like the sky is falling, but these two rigs tell a very different story."



Courtesy: Senator Hollis French

Other evidence has also shown that Governor Parnell's giveaway is unwarranted.

### Industry Profits Continue to Climb

Yesterday, ConocoPhillips announced second quarter profits of \$490 million for its Alaska operations, a 29% increase from its second quarter numbers for 2010. Despite the increase in Alaska, the company's global profits fell during the second quarter, from \$4.2 billion last year to \$3.4 billion in 2011. "ConocoPhillips is making over \$5 million in profits

every day in Alaska, in a quarter when their global profits fell. Alaska is a cash cow for them,” said Representative Les Gara, D-Anchorage.

Evidence that Alaska’s tax regime is getting favorable reviews in the investment world can be found in a recent article posted to Forbes’ website. In the article, stock analyst Chris Mayer is quoted as follows: “So the state government created some sweetheart deals for oil and gas companies to spend money here. Among these goodies is a 40% state refund on money spent for drilling and exploration costs — paid in cash to the operator. There are other laws in place that could refund as much as 20% of other costs and 25% of net losses incurred.”

“For a small operator looking to get a sweet return on a moderate-sized pot of money, Alaska is like the El Dorado of oil and gas,” Mayer continued.

### **Development Continues Under Existing Law**

In addition to oil rigs heading north, companies that have announced or started work on the North Slope in the last year – without any new tax breaks - include:

- Spanish oil giant Repsol committed to spend \$768 million in new exploration over the next three years;
- Great Bear Petroleum announced plans for oil fracking development;
- Norway’s StatOil opened offices in Alaska last month
- Brooks Range Petroleum announced it will begin new development in Alaska
- ConocoPhillips is still working to develop NPR-A under current tax laws, which have only been delayed by a federal Army Corps of Engineer’s decision most expect to be reversed.

French and Gara both noted that the Governor’s bill contained no requirement of additional Alaska investment. “Just giving oil companies money, hoping they’ll give it back, has never worked, and won’t work now,” said Rep. Gara.

“Our motto is going to be: ‘No reduction without more production’” said Sen. French. “Rep. Gara and I are looking for ways to actually stimulate more Alaska investment.”

**Senator French and Representative Gara are holding a press conference this afternoon at 1 p.m. in Room 220 of the Anchorage Legislative Information Office, to give more information and to answer questions. For those who can’t attend in person, you can call into the teleconference at 1-855-463-5009.**

For more information, contact Senator French’s office at 907-269-0234 or Representative Gara’s office at 907-269-0106.

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