

North Slope Crude Oil & Natural Gas Liquids Production Forecast

Department of Revenue Fall 2007

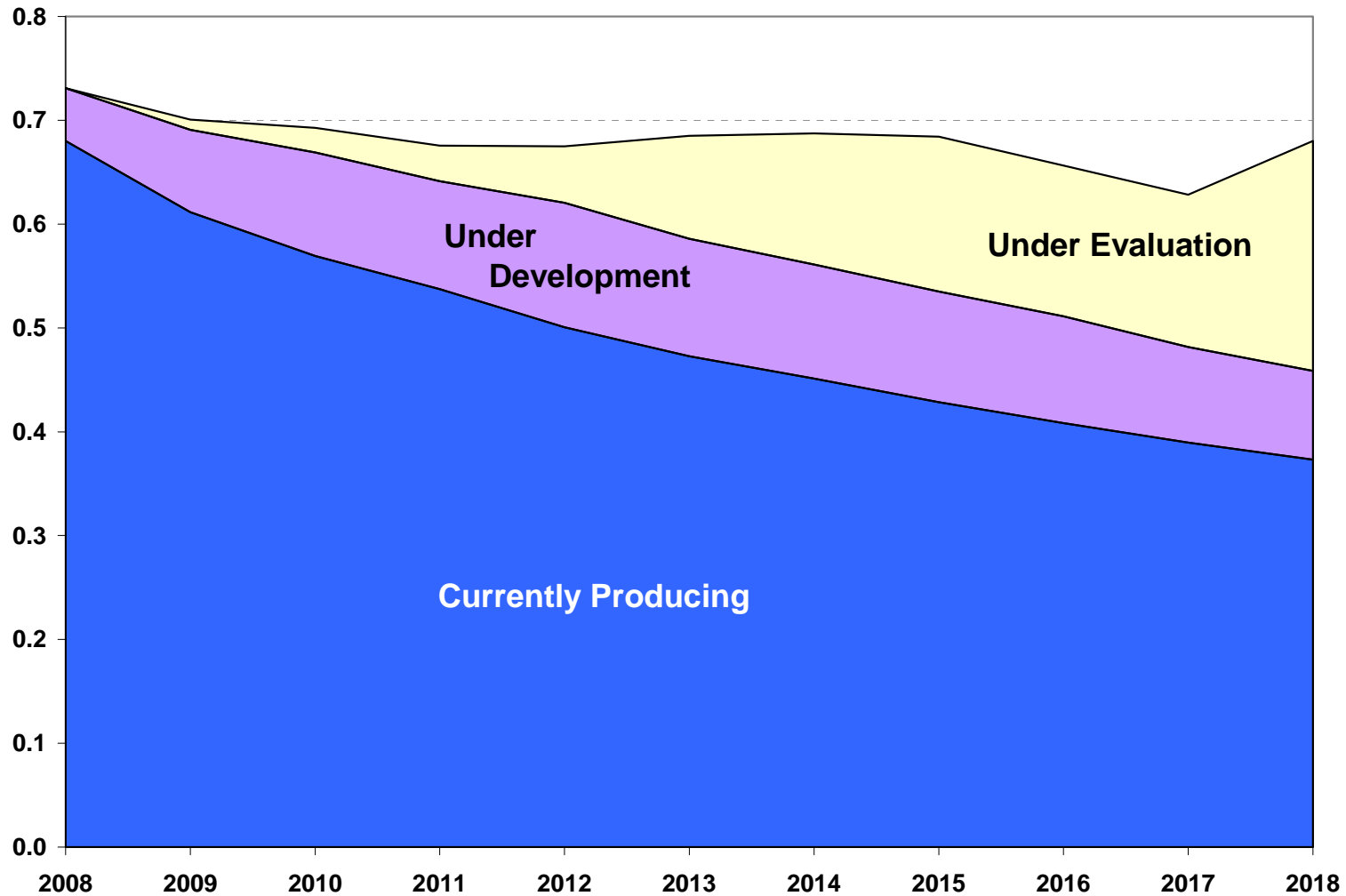
Resources Not Included In Fall 2007 Forecast

- No undiscovered resources
- 100% Ugnu viscous oil
- 96% of West Sak viscous oil
- 88% of Schrader viscous oil
- Federal OCS (Sivilluq, Kuvlum, Sandpiper)
- NPR-A (except known pools near Alpine)
- Slope wide implementation of low salinity waterflood

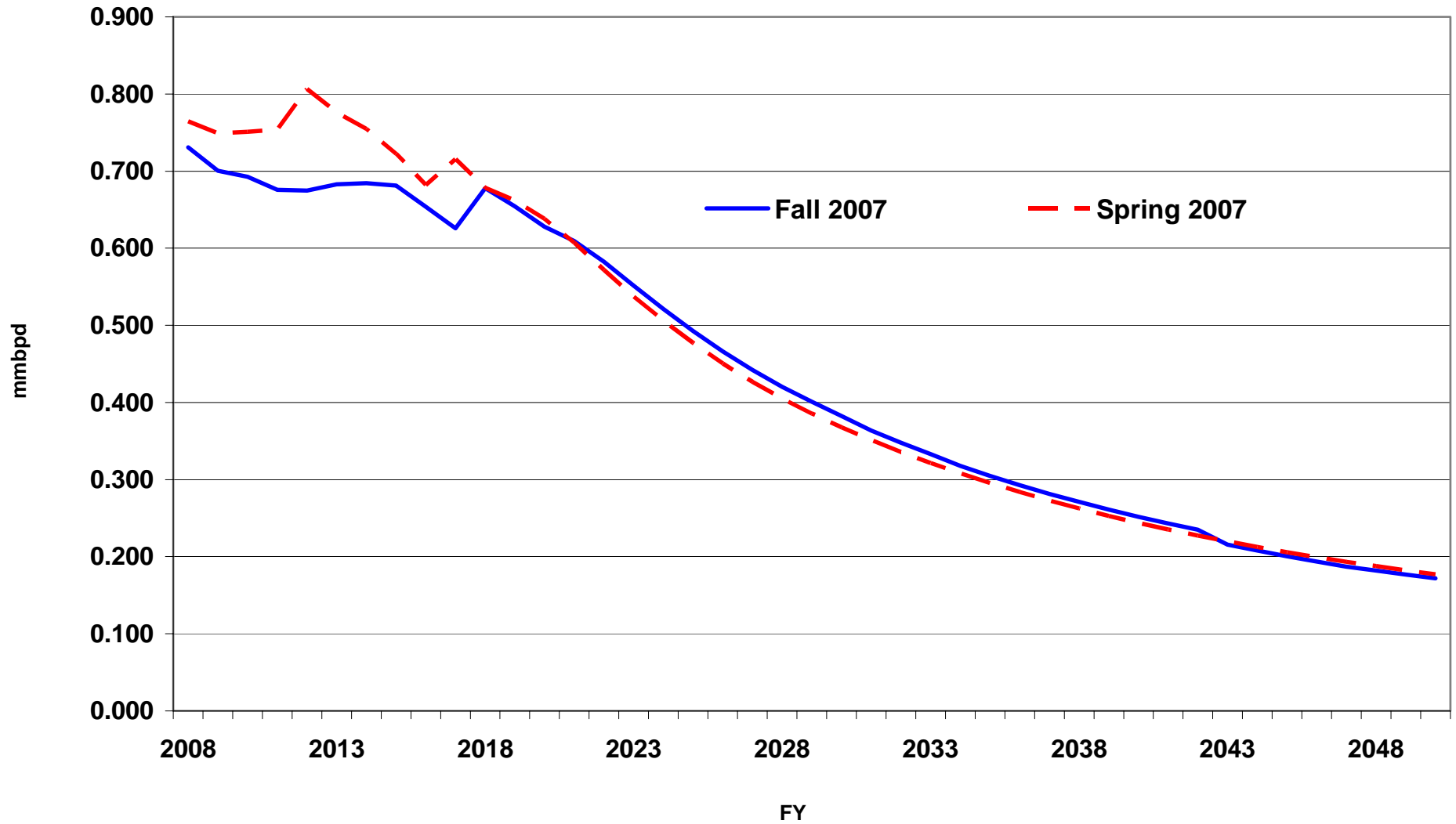
Methodology

- Production forecast is a “bottoms up” approach
- Forecast 3 types of production
 - Currently producing
 - Under development
 - Under evaluation
- Combines the following:
 - Decline curve analysis
 - Engineering principles
 - Site inspections
 - Discussions with operators
 - Use of private & public information
- Operators are given an informal opportunity to review and comment on forecast assumptions
- Continually review forecast assumptions and update daily production volumes

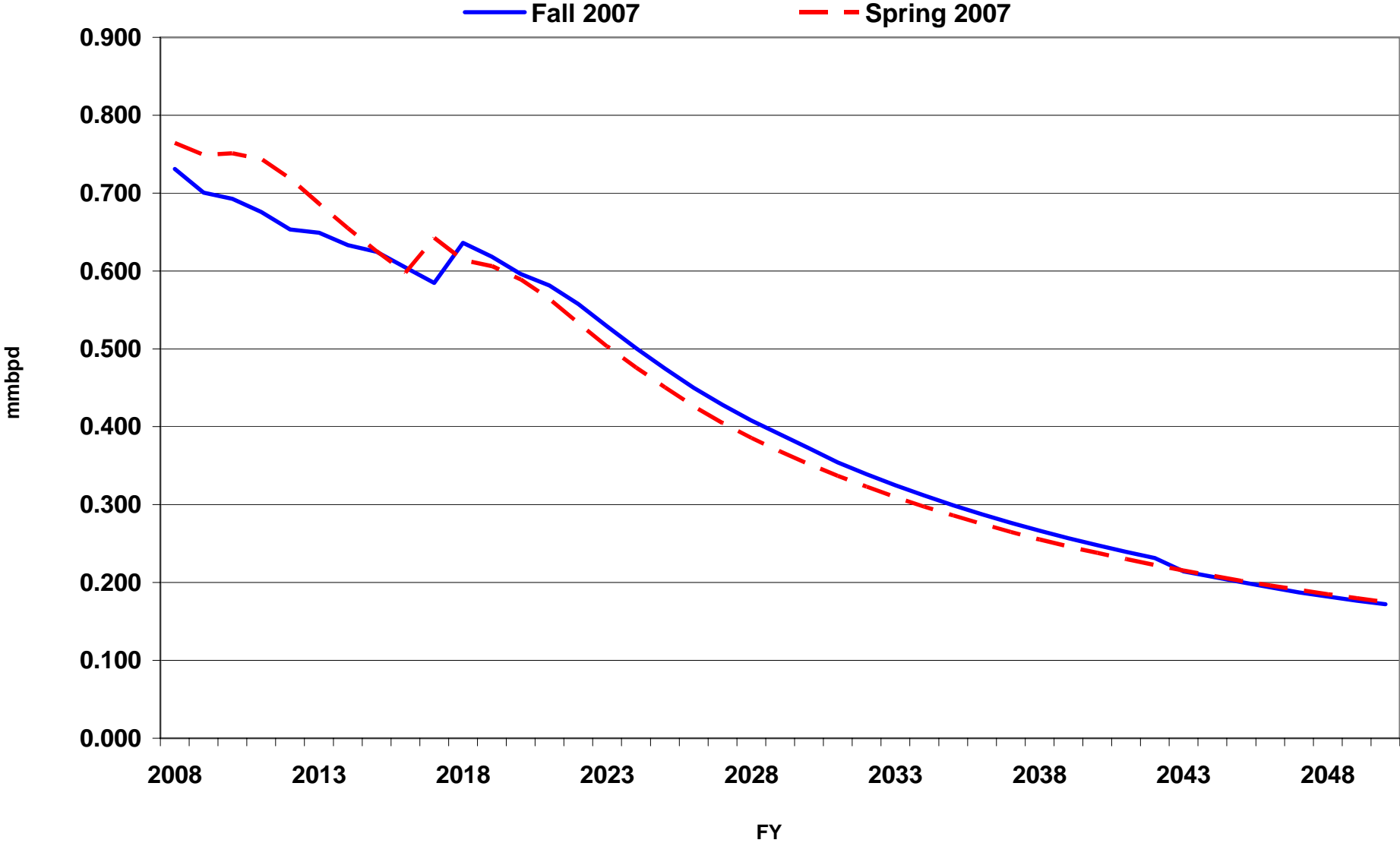
North Slope Production by Category [million barrels per day]



Alaska North Slope



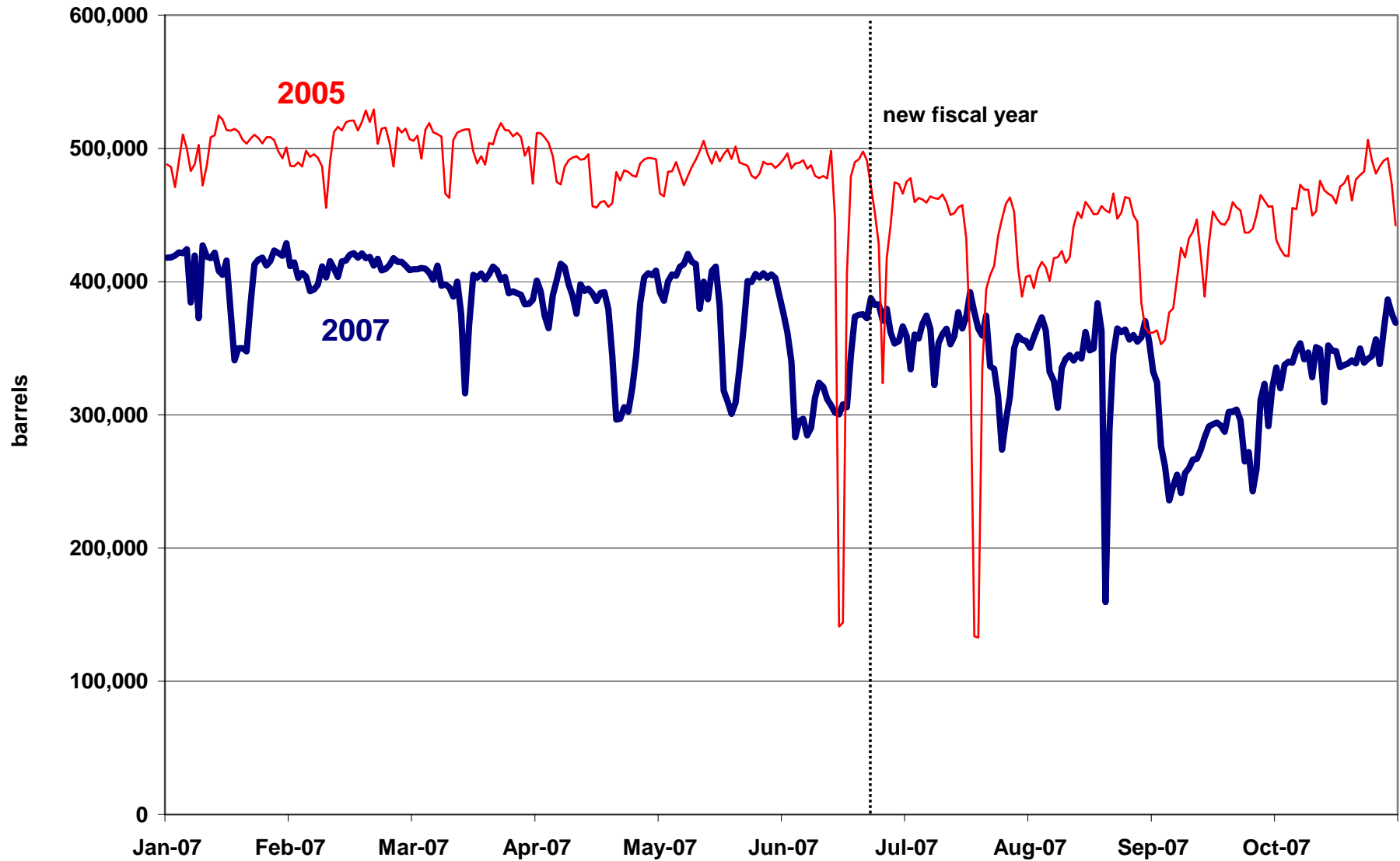
ANS Less Federal Oil [Liberty & NPRA]



Production Volume Forecast Reduced for the Next 8 Years

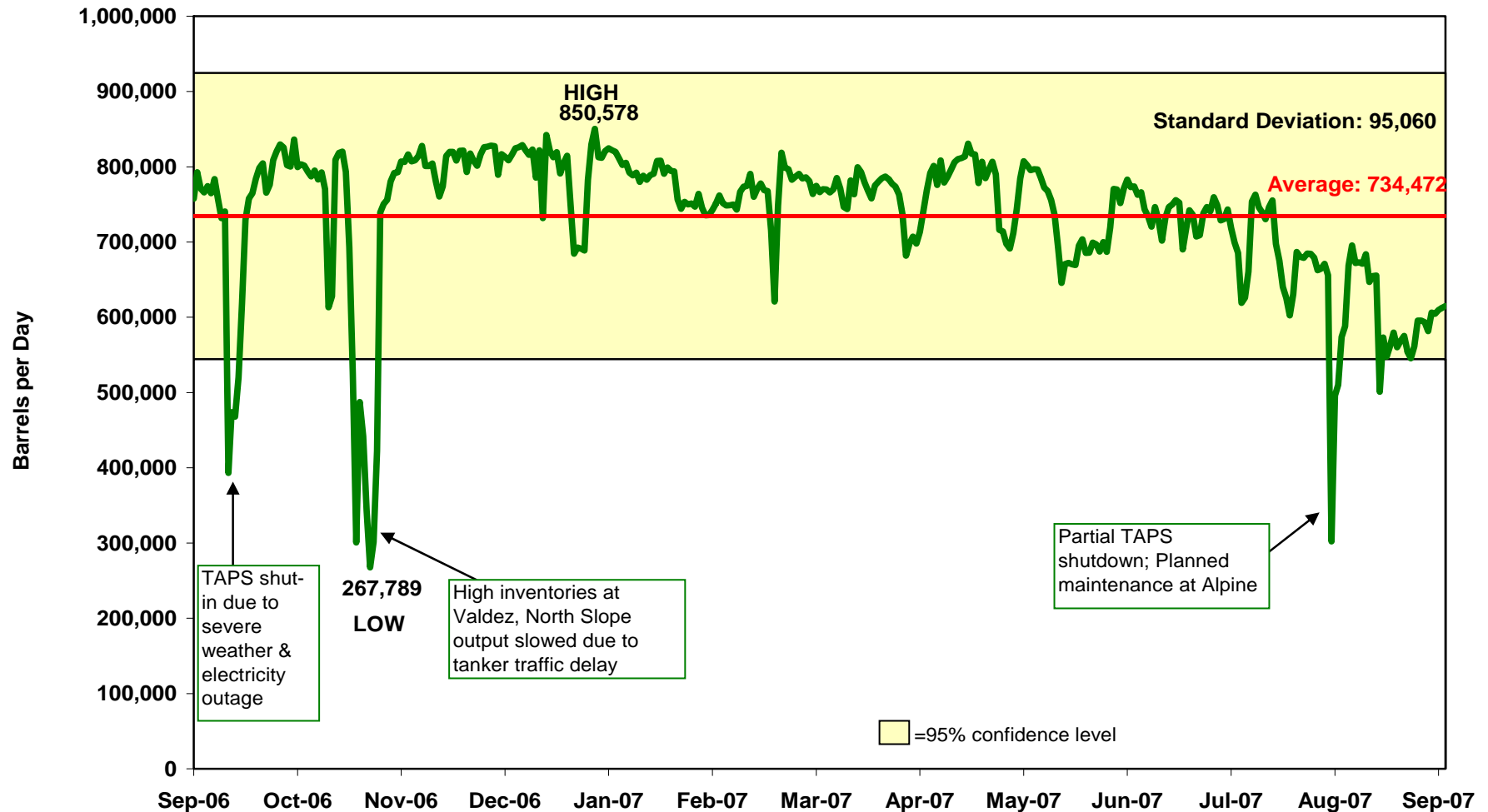
- Additional volume Reductions from
 1. Unplanned interruptions
 2. Planned infrastructure renewal
- Slowed the pace of heavy oil development
- Delayed timing of new projects to reflect revised industry estimates

Total Greater Prudhoe Bay Area Liquids January 1 - November 6



Volume Volatility

Daily ANS Production
October 1, 2006 - September 30, 2007



Changes from Spring 2007

in barrels per day

	<u>State + Federal Lands</u>	<u>State Only</u>
• FY 2008:	-38,000	-38,000
• FY 2009:	-50,000	-50,000
• FY 2010:	-60,000	-55,000
• FY 2011:	-70,000	-50,000
• FY 2012:	-130,000	-30,000
• FY 2013:	-90,000	-15,000
• FY 2014:	-70,000	+5,000
• FY 2015:	-30,000	+10,000