

Anchorage Economic Update

Presented to the Alaska State Legislature
Economic Development, Trade, and Tourism
October 26, 2007

Today's Topics

- Anchorage economy
- Southcentral Energy Situation
- Alaska's Future Workforce Needs

About AEDC

- More than 180 government and private sector investors
- Assist Anchorage and Alaska companies grow beyond our city and Alaska
- Market Anchorage and Alaska to outside businesses/industries
- Clearing house for business opportunities, generate viable opportunities for investors

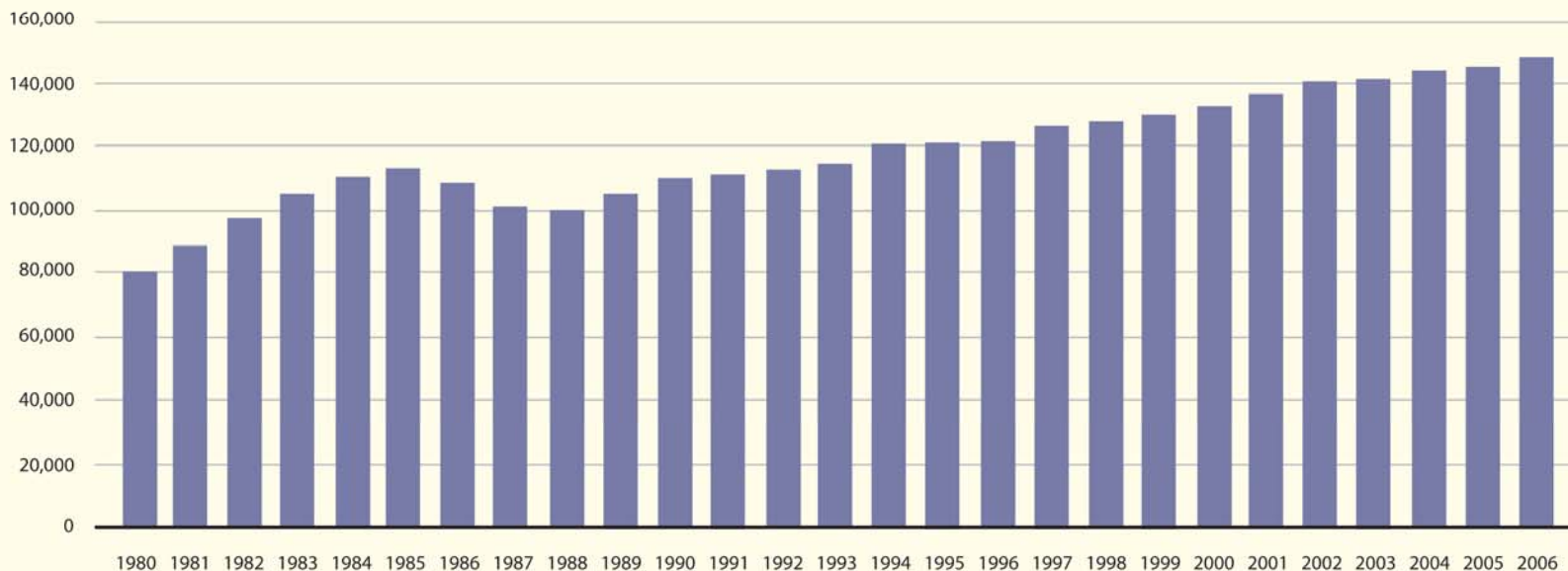
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Anchorage Historical Employment

Anchorage Historical Employment, 1980–2006,

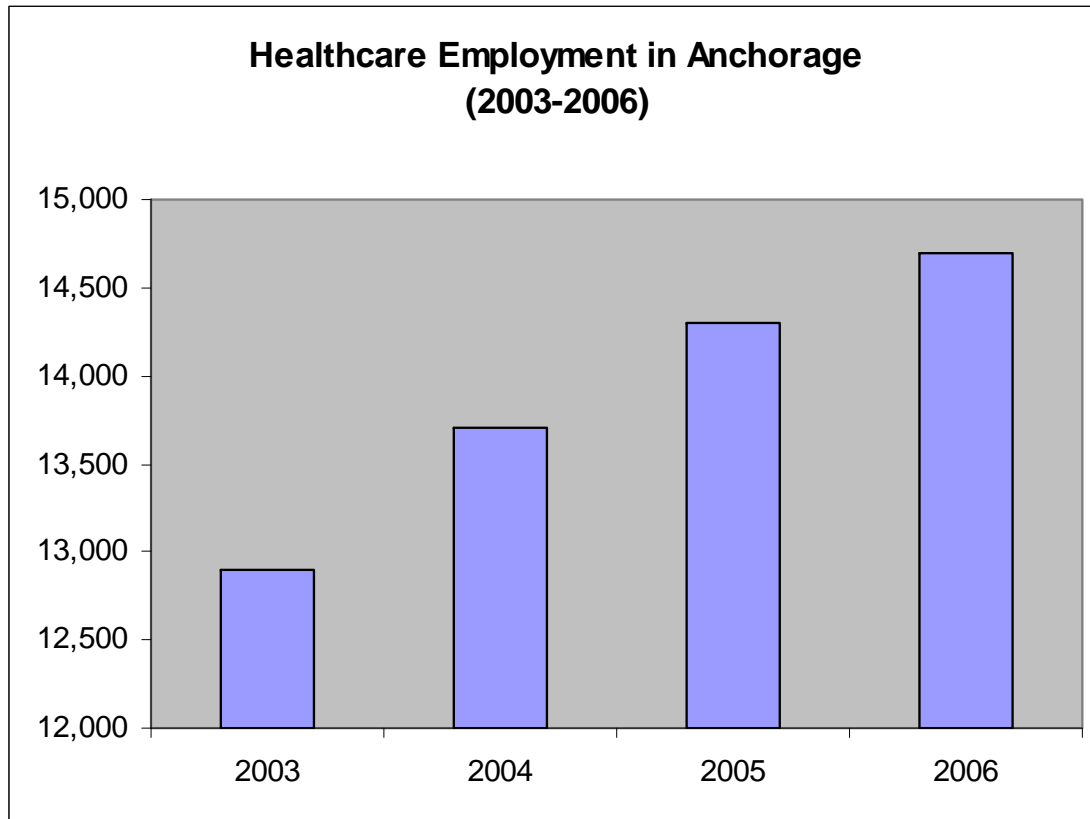


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Health Care – Up 340 Jobs in 2007

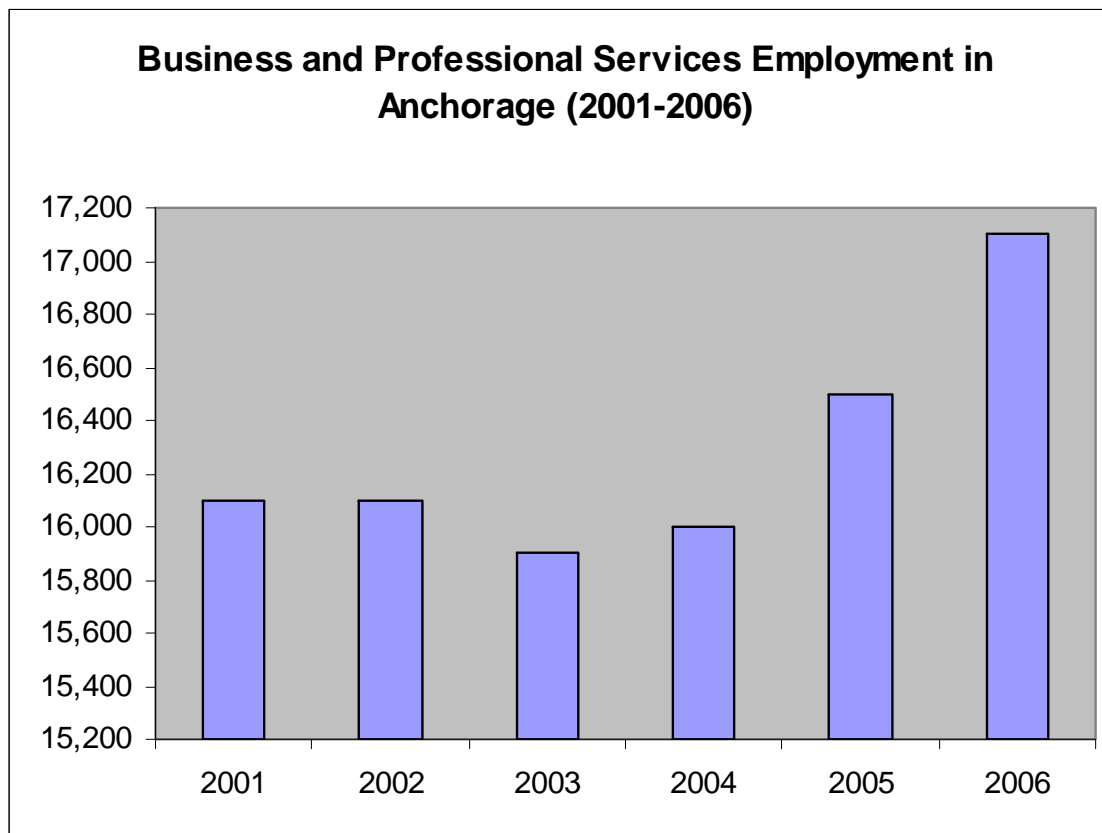


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Business and Professional Services – Up 460 Jobs

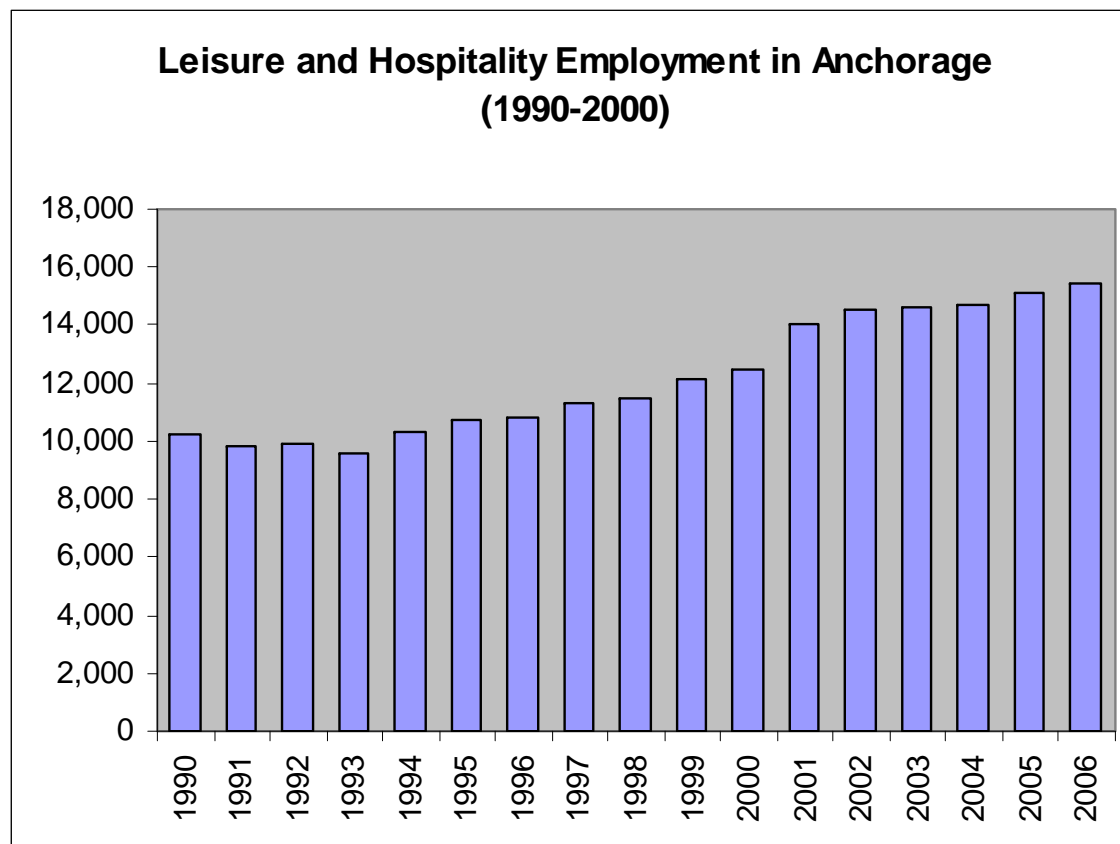


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Leisure and Hospitality – Up 360 Jobs

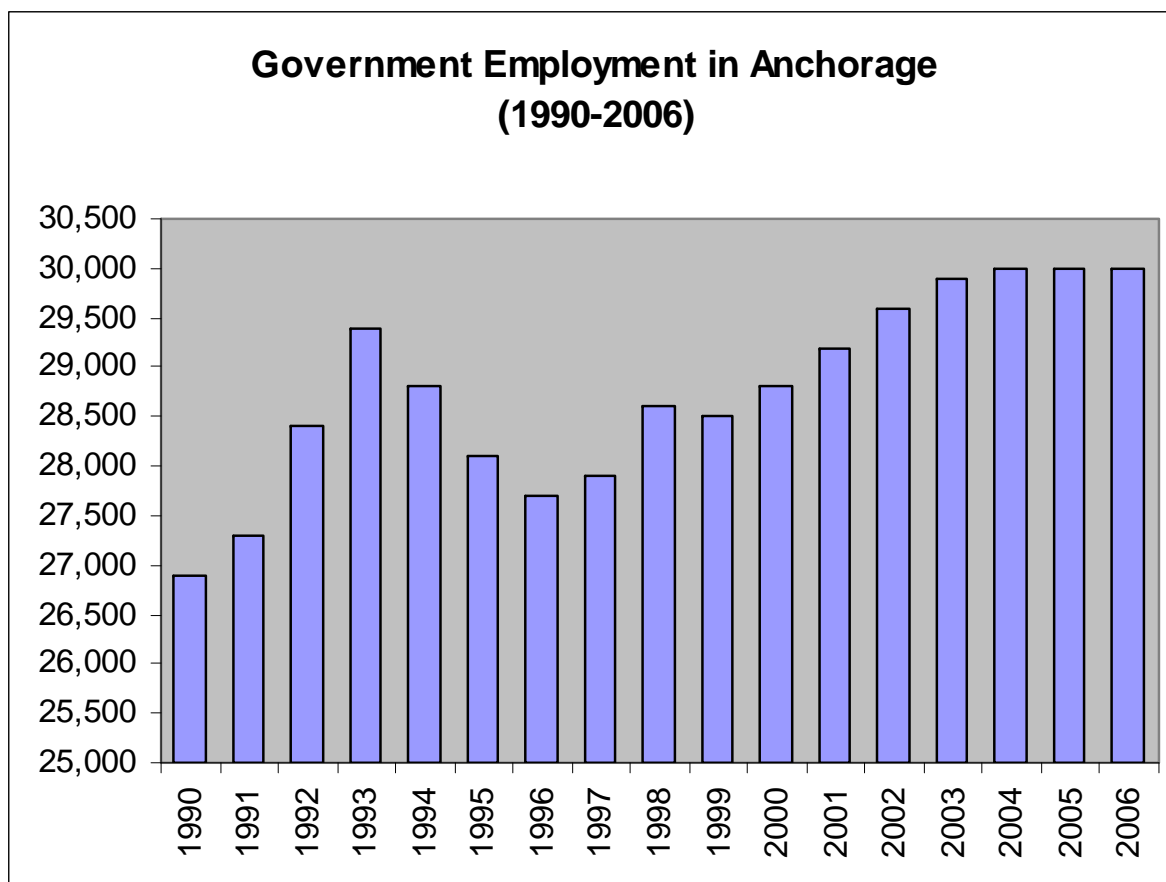


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Government – Up 200 Jobs

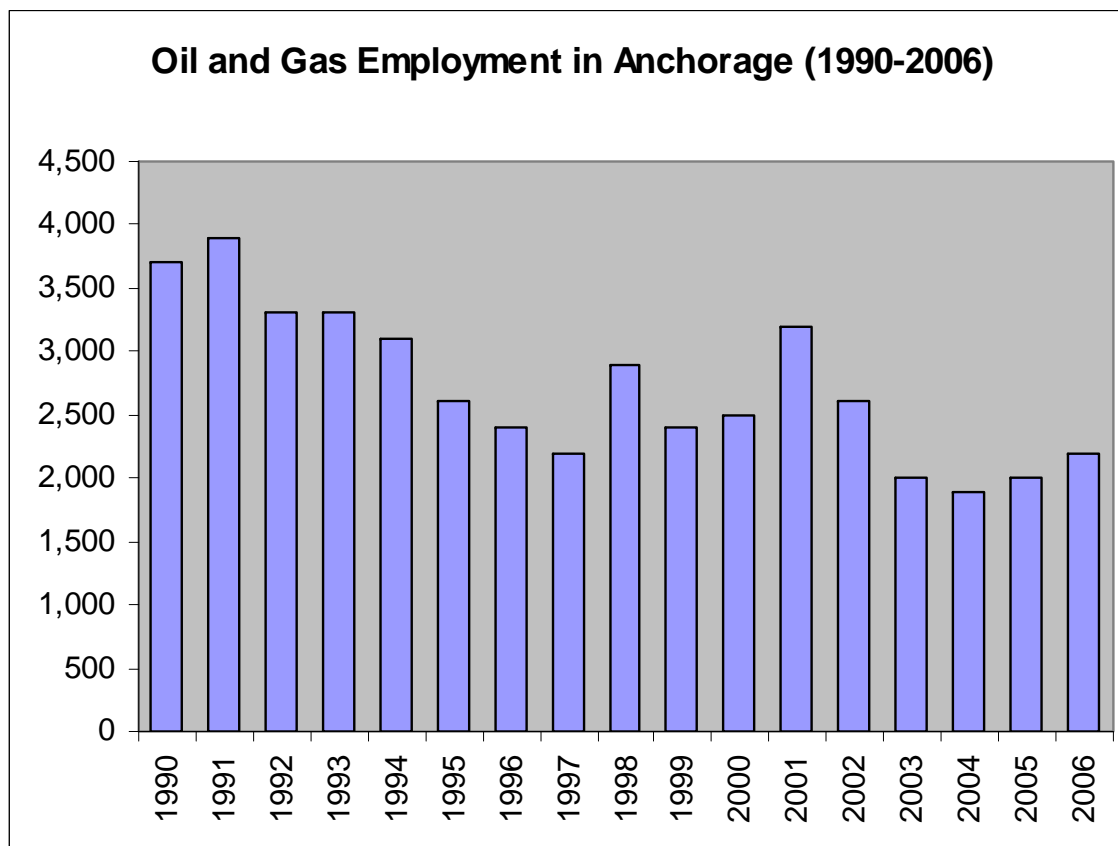


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Oil Industry – Up 80 Jobs



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Ted Stevens Anchorage International Airport



Construction - Up 40 Jobs

- AEDC predicted no growth in the construction sector in 2007
- Employment is up 0.5%
- Strong commercial construction sector
- Residential construction will continue to decline.

Other Industries

- Employment increases in transportation (other than air), manufacturing, education, and other miscellaneous services.
- These sectors combined added approximately 440 jobs to the Anchorage economy in the first five months of 2007.

Economic Forces to Watch

- Capital Projects Underway
- \$350 million Port of Anchorage expansion
- Construction of new convention center
- Museum expansion
- Multiple “Class A” office towers under construction
- Major retail centers under construction
- Statewide Development Issues
- Natural Gas Pipeline
- Increased oil & gas investments
- Expanding mining investments

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Railbelt Energy:
Natural Gas, Crude Oil & Refined
products

Cook Inlet Natural Gas Pipeline: The Crisis Point is Now

- Gas production peaked in 1996: 223 BCF gas
- 2006 gas production: 197 BCF gas
- 7.3 TCF produced to-date
- 1.685 TCF remaining proven reserves: 8 years out
- 587 Bcf proven reserves replacement since 2000, or 2.1 year supply added



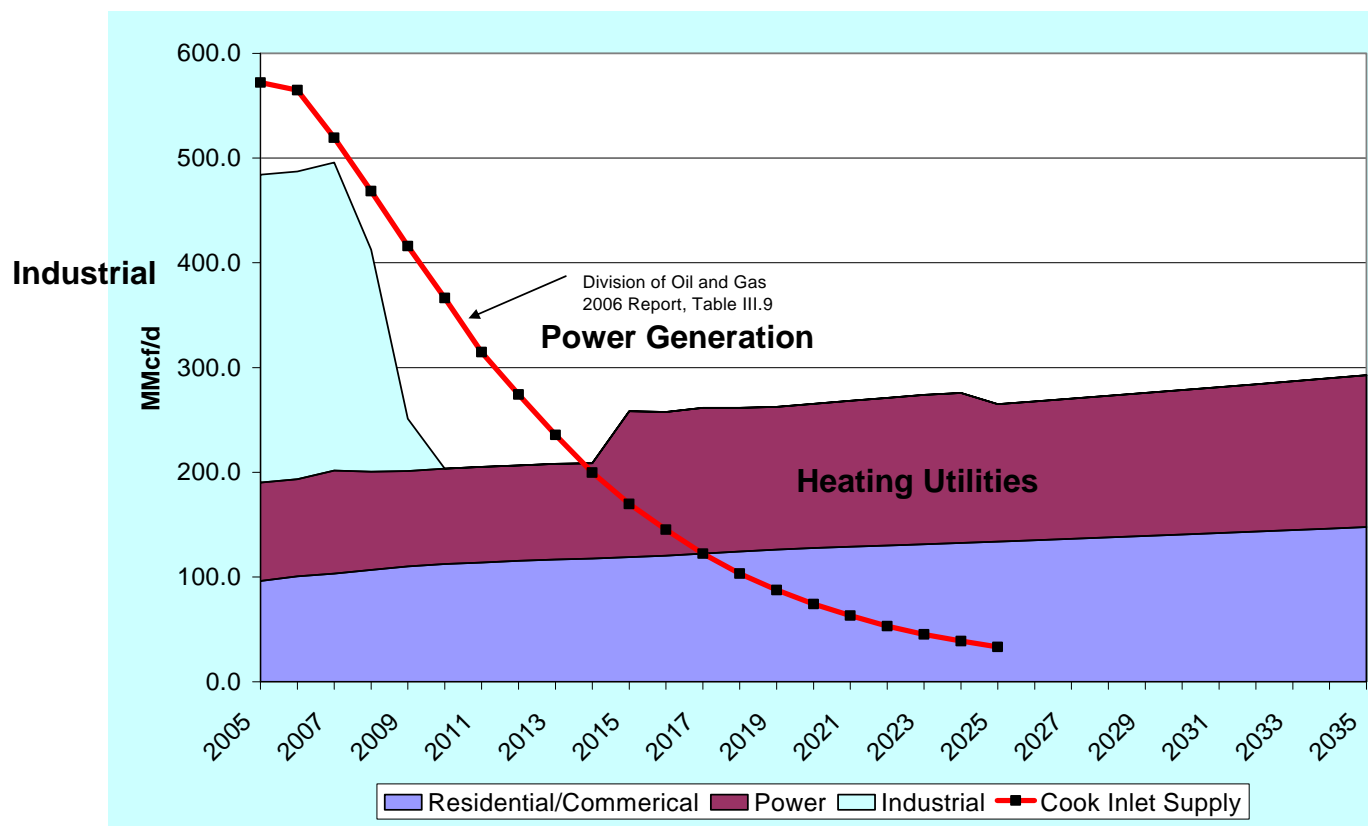
Steelhead Platform

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Projected Natural Gas Reserves Life



Graphic Source: SAIC consultants preliminary draft update to 2004 projection in U.S. Dept. of Energy

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Cook Inlet Crude Oil Supplies: The "Other" Alaska Energy Crisis

- Cook Inlet Oil production peaked in 1972: 90 MMBO
- Cook Inlet Oil production in 2006: 6.1 MMBO
- 1,324 MMB oil, produced to-date
- 102.5 MMB remaining proven oil reserves
- 51.3 MMB proven reserves replacement since year 2000



Forest Oil Osprey Platform



XTO Energy Platform "A"

Total In-State Crude Oil Usage- Net Daily Consumption Average By Source

Rated Capacity	North Slope	Cook Inlet	Foreign Imports	Average Totals
Tesoro 72,000 bbl/day	25,000 bbl/day	14,000 bbl/day	26,000 bbl/day	65,000 bbl/day
Flint Hills 220,000 bbl/day	64,000 bbl/day	0	0	64,000 bbl/day
Petro Star Fbks. 15,000 bbl/day	3,750 bbl/day	0	0	3,750 bbl/day
Petro Star Valdez 46,000 bbl/day	10,000 bbl/day	0	0	10,000 bbl/day
Totals	102,750 bbl/day	14,000 bbl/day	26,000 bbl/day	142,750 bbl/day

Source: State of Alaska, DNR, Division of Oil & Gas, "Alaska Oil & Gas Report, December 2003"

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The Global Picture



Tesoro Refinery Crude Supply

- 25,000 bbl/day from the North Slope (Kuparuk)
- 14,000 bbl/day from Cook Inlet
- 26,000 bbl/day from Indonesia, Australia, Africa & Norway

Source: Tesoro Alaska officials
DNR, Division of Oil & Gas, monthly oil production report:

<http://www.dog.dnr.state.ak.us/oil/programs/royalty/displaypdf.asp>

In-State Refined Products- Net Imports Growing For Key Fuels

Product	Tesoro Annual Production	Flint Hills Annual Production	2005 Annual In-State Demand	Difference +/-
Gasoline	4.56 million Barrels	4.44 million barrels	6.95 million barrels	+2.05 million barrels
Jet Fuel	7.92 million barrels	13.31 million barrels	32.0 million barrels	-10.77 million barrels
Distillate Fuel Products	1.11 million barrels	5.37 million barrels	14.1 million barrels	-7.62 million barrels

Sources: Production Data: State of Alaska, Department of Natural Resource, Division of
Oil & Gas- "Alaska Oil & Gas Report 2003, Chapter 6, Alaska Refining Sales & Consumption"
Consumption Data: U.S. Dept. of Energy, Energy Information Administration
"State Energy Consumption, Price, and Expenditure Estimates," 2004 data
http://www.eia.doe.gov/emeu/states/_seds_updates.html

Estimated Undiscovered & Undeveloped Additional Crude Oil Reserves

- Upper Cook Inlet 1.3 Billion Barrels

U.S. Department of Energy Estimate, AOGCC Southcentral Energy Forum, 09/21/06

http://www.state.ak.us/local/akpages/ADMIN/ogc/EnergyForum/06_ppt_pdfs/26_hite.pdf

- Federal OCS Waters 1.0 Billion Barrels

U.S. Minerals Management Service Estimate, AOGCC Southcentral Energy Forum, 09/21/06

http://www.state.ak.us/local/akpages/ADMIN/ogc/EnergyForum/06_ppt_pdfs/28_comer.pdf

- CO2 EOR (existing Fields) .3 Billion Barrels

U.S. Department of Energy Estimate, AOGCC Southcentral Energy Forum, 09/21/06

http://www.state.ak.us/local/akpages/ADMIN/ogc/EnergyForum/06_ppt_pdfs/27_hite.pdf

Total Potential Reserves 2.6 Billion Barrels

The Perfect Storm

The looming challenge of meeting
Alaska's workforce needs in the
coming decade

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Prepared for

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ALASKA DEPARTMENT OF REVENUE
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Stranded Gas Development Act Municipal Impact Analysis

For the application by BP Exploration (Alaska) Inc., ConocoPhillips
Alaska, Inc., and ExxonMobil Alaska Production, Inc.

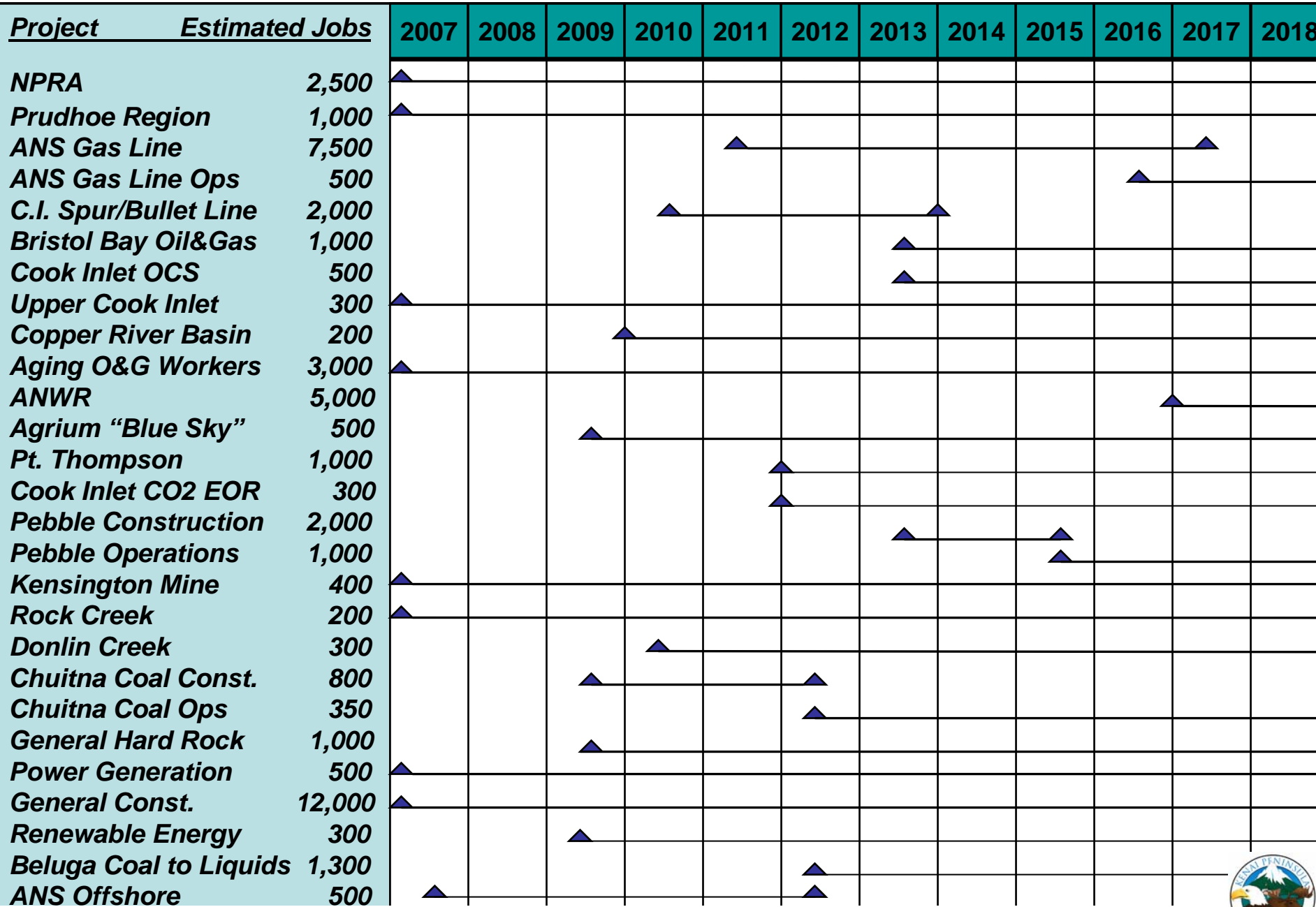
November 8, 2004

(CORRECTED)



INFORMATION INSIGHTS, INC.
212 FRONT STREET, STE. 100
FAIRBANKS, ALASKA 99701

Potential Projects and Workforce Requirements: 49,100 Jobs Possible Over the Next Decade



All Project Estimated Jobs & timelines are based on published media accounts & company information. Updated 02/15/07





Vision for Alberta's Oil Sands Development – Alaskan Delegation

by John McGinnis, Director Hydrocarbon Upgrading

September 20, 2007

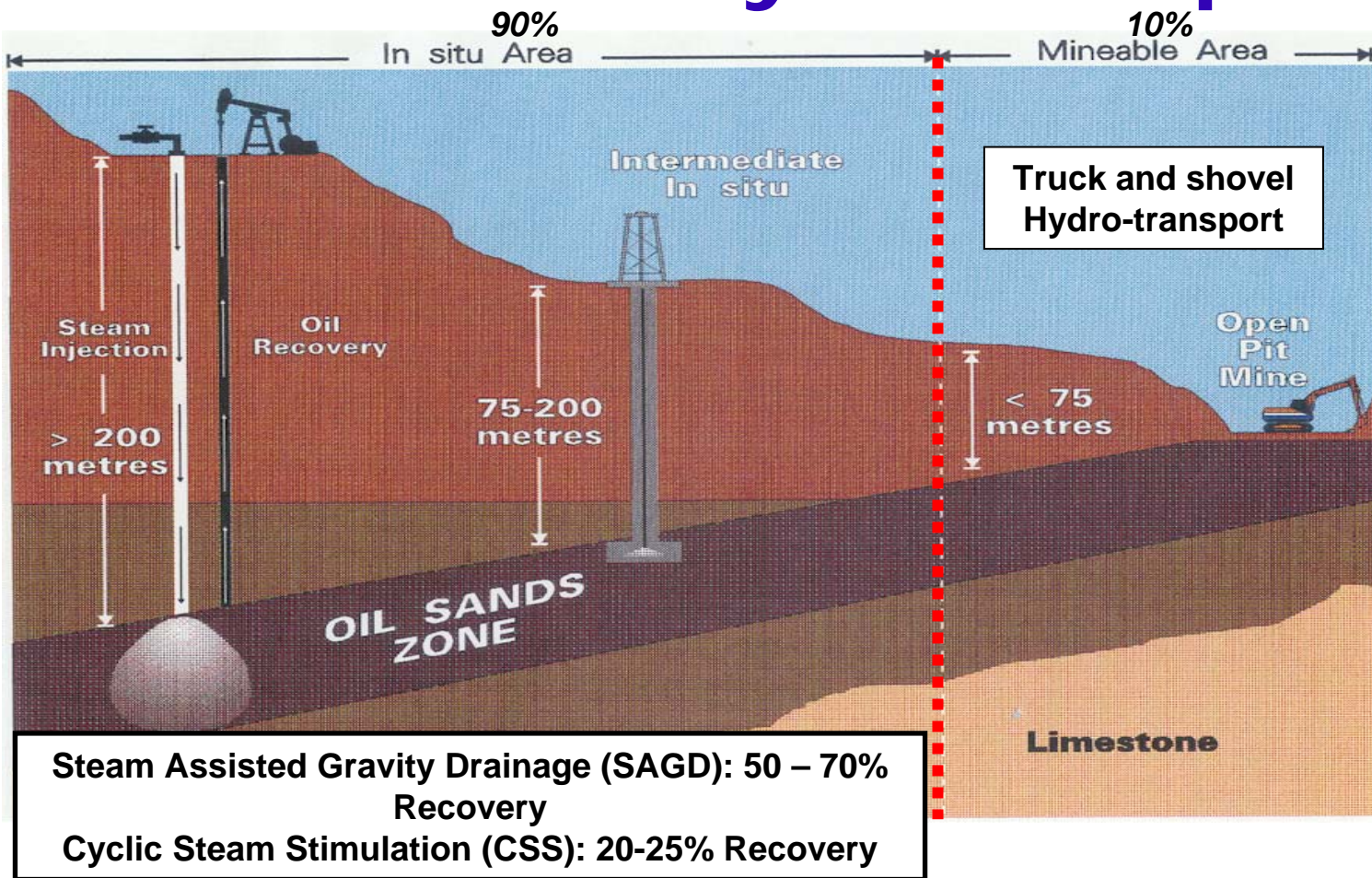


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Oil Sands Recovery Techniques

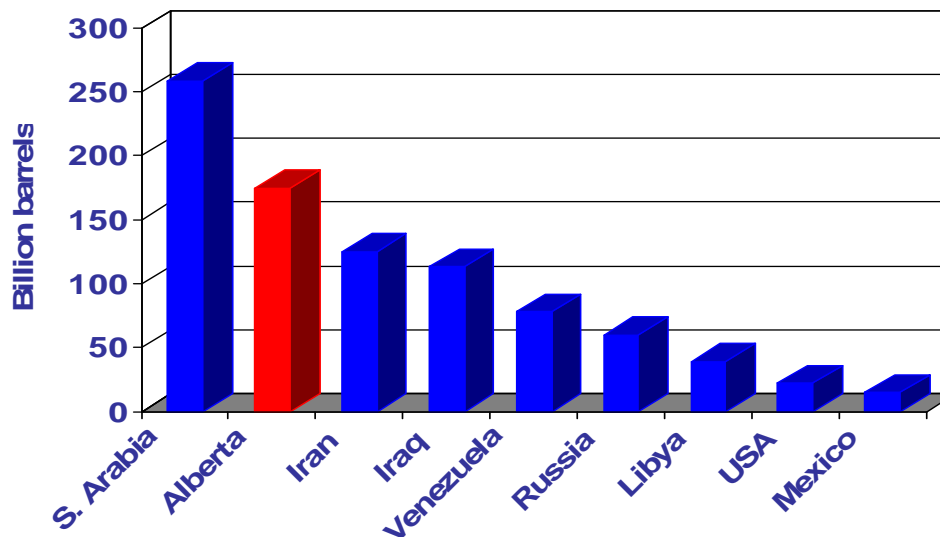


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Ranked as the second largest established oil reserves, after Saudi Arabia.



Source: Oil & Gas Journal

Alberta Economic Highlights

- Canada's fastest growing province:
 - Over the past 20 years, averaged 3.5%/year
 - In 2006, Alberta's GDP expanded 6.8% and population reached 3.3 million
- Alberta's total investment in 2005:
 - \$60.3 billion (2006 estimated at \$66 billion)
 - highest investment per capita in Canada
- Lowest overall tax level of any province:
 - 47% lower provincial & municipal taxes
 - Alberta corporate tax rate is 10.0%

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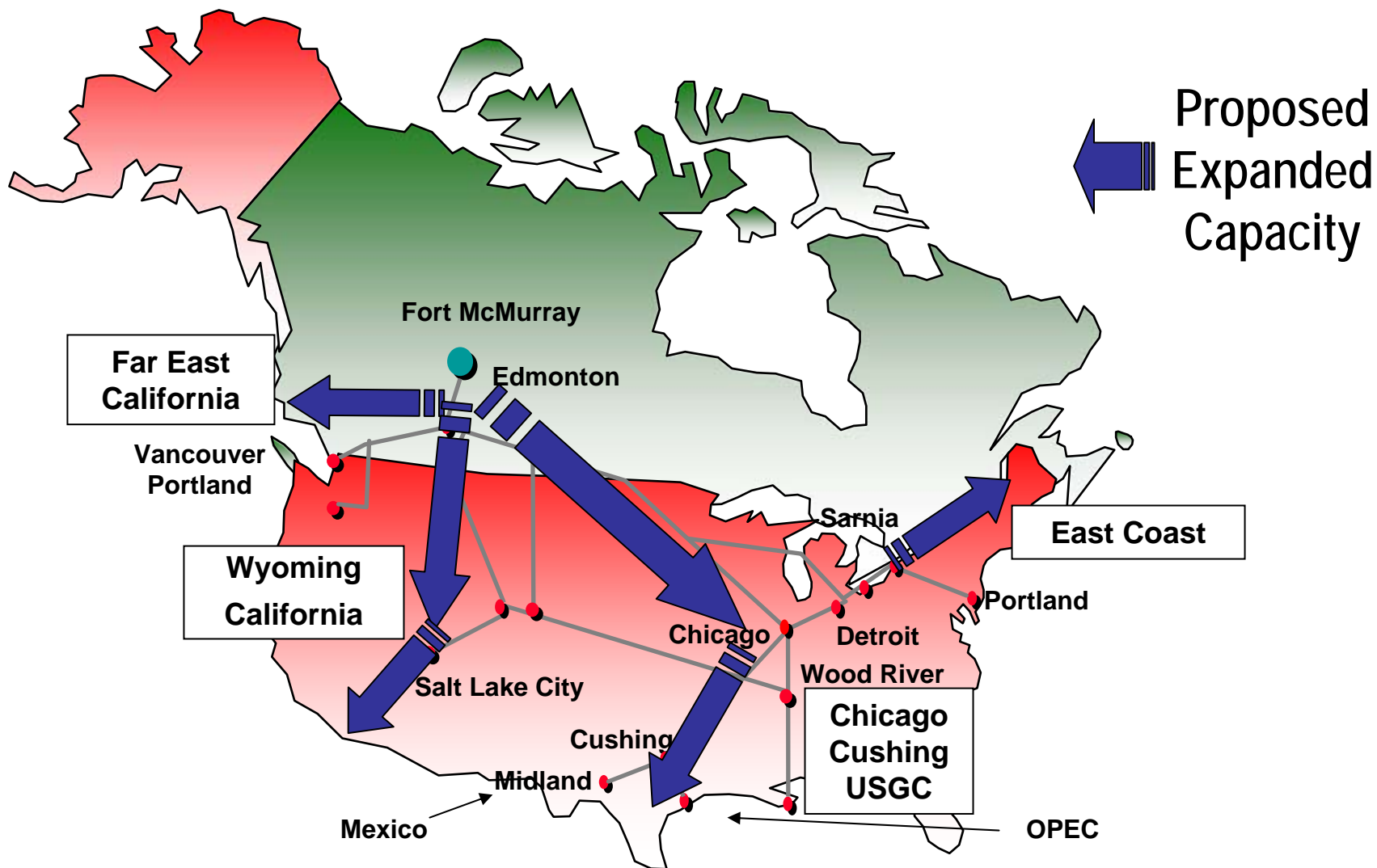


- 3.6 MBD bitumen output by 2020
 - 1 MBD upgraded to refined products
- 5 MBD bitumen output by 2030
 - 2 MBD upgraded to refined products
- Urgent to capture “window of opportunity” for exporting refined products



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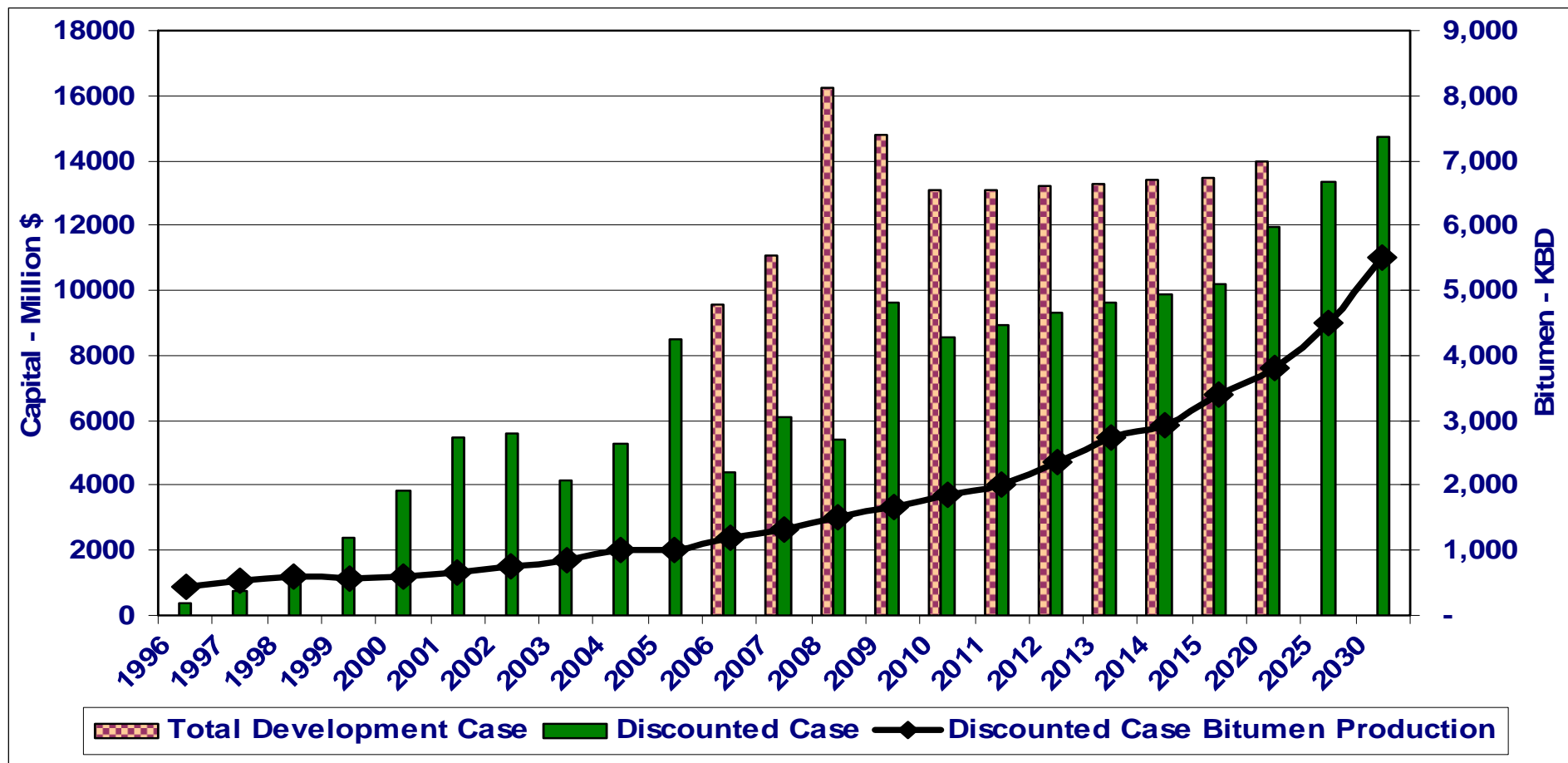


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Oil Sands Production and Capital Expenditure Projections with AIH Share

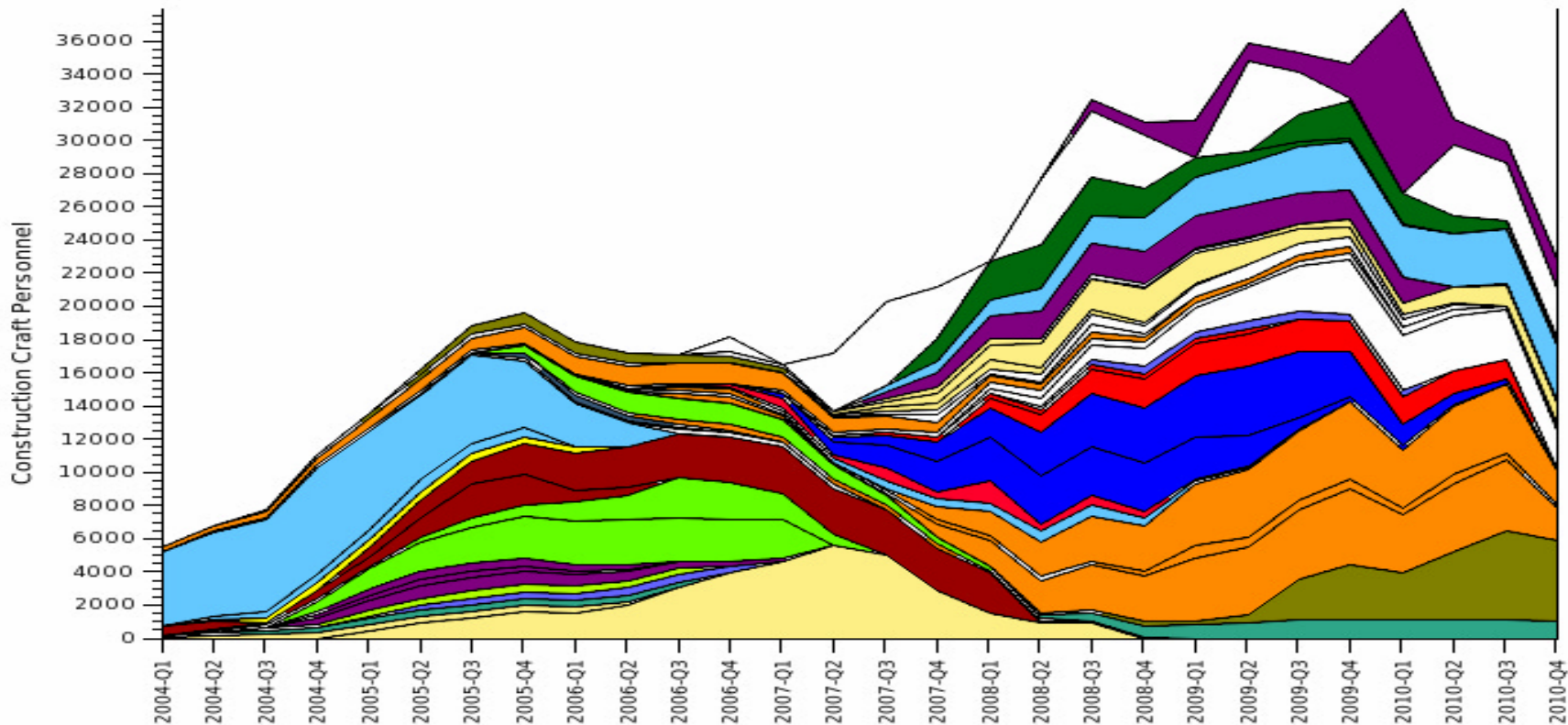


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Industrial Construction Projects
>100 MM Cdn (2004Q1 - 2010Q4)
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Source: Construction Owners Association of Alberta

In Conclusion

- The Anchorage economy is healthy
- The Railbelt energy picture is highly challenged and must be addressed now
- There is a looming storm on the horizon for Alaska's workforce needs in the coming decade and we must prepare

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