

Maximize our Oil Revenue

World oil production is very likely near its all time peak. It may be as high now as it ever gets. Once the world crosses this peak of production, the oil business is ever after a sellers market. Reaching the peak doesn't mean we're running out of oil. It means something very important though. Less oil will be available next year than this, if we've peaked. If this crucial time is here, and many industry watchers feel it is here already, then oil prices will go up fairly predictably, because demand will continue to increase, while supplies fall inexorably from now on.

If oil is peaking worldwide, then our oil will continue to be priced very high, and revenue will be large if we tax for our fair share. Since Prudhoe Bay, our largest field has been in decline since 1989, and no other major fields are on the horizon, we should count on maximizing our take on what remains to be produced on the North Slope. To hold back on a larger profits tax with the intent of encouraging production is going to prove a fool's bargain.

Here's why. All through the 90's prices were low, but the ELF was intended to enable exploration and maximize industry interest in Alaska. This never really was worth the cost of the lost revenue. Has any major production resulted from all that?

Secondly, Exxon just had the most profitable quarter of any corporation in the history of the world. If there was a good reason to invest in exploring for oil, wouldn't they have used those vast profits to explore for more oil to sell? Well, look at what they did with the money. Don't listen to what oil companies say. Watch what they do. They bought back their own stock, paid their executives royally, and rewarded shareholders. They didn't invest in exploration. Why? Because it isn't going to pay. It won't pay Alaska either to forego revenue in a desperate hope to get a few more million barrels production. North Slope production is in decline and will never fill the pipeline again. I promise. The legislature should start with an Equal Sharing Windfall Tax like that suggested by Richard Fineberg. Maximize our take and do it

NOW! We've already given away too much to the industry in "incentives".

The oil is hugely valuable and is the greatest source of wealth we'll ever have. Legislators must end the squander of our oil. We only have about 10 good years of oil production and revenue left. Don't waste it on false hopes of encouraging more discoveries. Share the profits of the last production equally. Anything less is a crime against the future and Alaskans.

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