

Dale Pittman, Exxon Mobil

4:16:40

Gara: Can you give me an estimate of how many, Point Thompson aside there's been litigation over Point Thompson – the state's been prodding you to develop and that's been going back and forth, so Point Thompson aside, can you tell me how many exploration wells Exxon has drilled on the North Slope in the past 10 years?

Pittman: I believe I can with one clarification. I think the answer is zero. I think the last exploration well we operated was in 1992. There is a bit of misunderstanding the AOGCC did just classify our two new Pt. Thompson wells as exploration wells with the lack of a category to put them in currently with the dispute.

Gara: From my perspective, under the old ELF system, which had a very low tax rate, you did essentially no exploration wells since 1992, under PPT no exploration wells, under ACES, no exploration wells, why should we believe that reducing taxes is going cause you all of a sudden to do your first exploration well since 1992?

Pittman: I can't promise you it would lead to increased exploration; it will lead to increased investment, though. There are a lot of opportunities in Alaska. But I will say we continue constant evaluation and assessment of Alaska exploration opportunities, and always have. It remains part of the Exxon Mobil exploration portfolio globally. Although Alaska's high costs and arctic conditions present unique challenges, Exxon Mobil is active in arctic areas and will remain poised to return to Alaska given the right balance between prospectivity, large prospectivity, and the right fiscal terms and regulatory policies.

4:19:20

Gara: We know that Conoco and BP, under ACES, have taken somewhere in excess of 15 billion dollars in Alaska profits, which seems like a fair amount of money, given what they do here. Would you be able to share with us what your Alaska profits have been over the last four years?

Pittman: I think we all know from prior testimony, it's a matter of corporate practice we do not divulge publicly profits or earnings either on country by country or state by state basis. I can tell you confidently that I don't know, I know that's surprising to you. But I would say obviously knowing what CPs and BPs it's probably not too hard to deduce, save the very significant investment we've been doing. We have about half a billion dollars investment alone in Point Thompson which may skew it a bit with BP and Conoco Phillips. We do comply with all regulatory we do provide all information to both the federal government and the FCC as well as your states dept of revenue.

Gara: In fairness to you Conoco is required by law to do it, BP, I don't know why they do it, maybe it's by British law, and you're not required by law, just wanted to know if you would volunteer it.

4:38:29

Gara: Rep. Herron asked in the last committee and we talked about the lack of exploration wells in the past, he asked you if we passed this bill could we expect you to drill more exploration wells and you said you'd be hard pressed to promise that even with the passage of this you'd start drilling exploration wells – is that a fair characterization and why?

Pittman: I think that is a fair characterization. But, we've heard them discuss some of the new explorers in Alaska trying to put together small accumulations. That's typically not our business model, obviously, but larger accumulations are and that's going to be our first hurdle. Balancing how big does that accumulation need to be given all the uncertainties and operating and development costs to how these decisions are being made in the future.

Claire Fitzpatrick, BP

09:43:43

Gara: I'm looking back at your testimony at the House Resources Committee and back there Rep. Gardner asked if we could expect more exploratory wells if we passed HB 110 and your response back then was that BP doesn't do what was referred to as traditional exploratory wells, but within our existing units we'd rather focus our attention on, and that leads me to believe that with HB 110 your focus would be on developing wells within your existing fields not on exploration wells, or am I misinterpreting that?

Fitzpatrick: The definition of exploration wells, is a very technical set of definitions around it, so the technically correct answer is yes, I will be focusing on developing wells and recompleting wells and on well work, if HB 110 passes. It is not BP's current intention, although that may change, I only own 27% of Prudhoe Bay, to do what is technically classified as an exploration well.

04:45:04

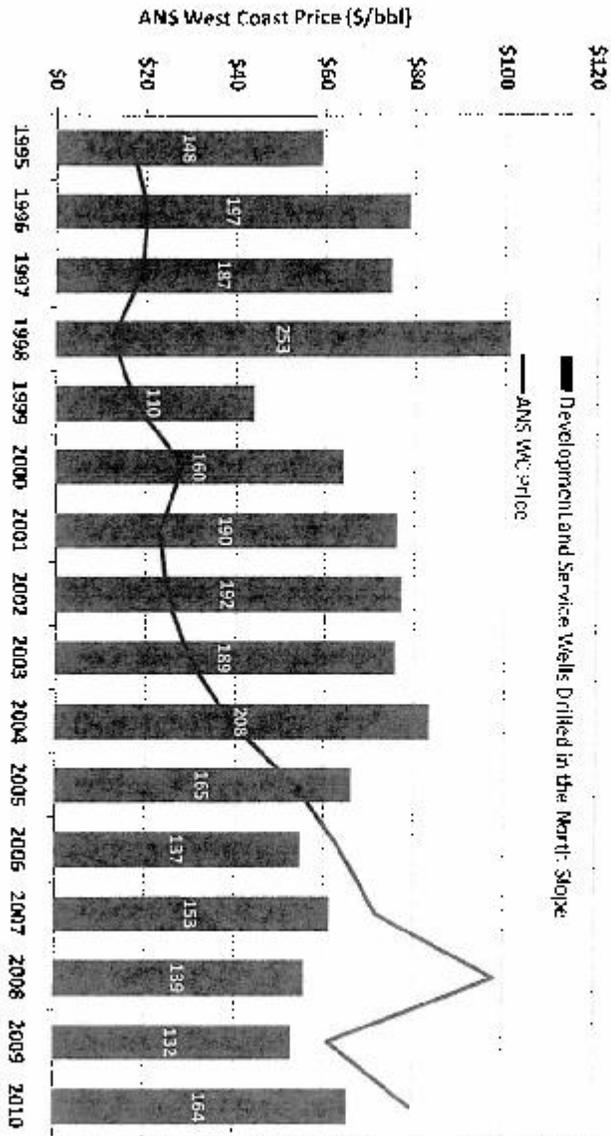
Gara: A lot of us have been looking at trying to expand exploration activity, and I would just note, unless I'm wrong, that from something we received from the AOGCC, development wells have been going up, in 2010 we have the highest numbers since 2005 in terms of development wells – 157 development and service wells so I guess I was hoping to hear your plan was to do more exploration.

04:45:47

Fitzpatrick: If your question was are we intending to do more exploration, it is not in my current plan.



North Slope Development Drilling



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Source: Alaska Oil and Gas Conservation Commission