

**F A L L 1998**



**REVENUE SOURCES BOOK  
FORECAST AND HISTORICAL DATA**

**STATE OF ALASKA  
DEPARTMENT OF REVENUE  
OIL AND GAS AUDIT DIVISION**

**Tony Knowles, Governor  
Wilson L. Condon, Commissioner  
John Pilkinton, Director  
Charles Logsdon, Chief Petroleum Economist**

**KEY CONTACT PERSONS**  
**For Questions Related To Our Fall 1998 Forecast**

Alaska Department of Revenue  
Oil and Gas Audit Division  
Bank of America Center  
550 West 7th Avenue, Suite 570  
Anchorage, Alaska 99501

(907) 276-1363 Voice  
(907) 278-5026 Fax

Home Page: <http://www.revenue.state.ak.us/oga>

John Pilkinton, Director  
(907) 343-9225  
[john\\_pilkinton@revenue.state.ak.us](mailto:john_pilkinton@revenue.state.ak.us)

Charles Logsdon, Chief Petroleum Economist  
(907) 343-9265  
[charles\\_logsdon@revenue.state.ak.us](mailto:charles_logsdon@revenue.state.ak.us)

Denise Hawes, Economist/ Editor  
(907) 343-9255  
[denise\\_hawes@revenue.state.ak.us](mailto:denise_hawes@revenue.state.ak.us)

**CONTACT PERSONS**  
**For Questions Related To Other Specific Topics**

Constitutional Budget Reserve

Sue Bump  
Alaska Department of Revenue  
Treasury Division  
(907) 465-2362  
[sue\\_bump@revenue.state.ak.us](mailto:sue_bump@revenue.state.ak.us)

Non-Petroleum Revenue  
Brett Fried  
Alaska Department of Revenue  
Income and Excise  
(907) 465-3682  
[brett\\_fried@revenue.state.ak.us](mailto:brett_fried@revenue.state.ak.us)

Alaska Permanent Fund

Jim Kelly  
Alaska Department of Revenue  
Alaska Permanent Fund Corporation  
(907) 465-2059  
[jim\\_kelly@revenue.state.ak.us](mailto:jim_kelly@revenue.state.ak.us)

Restricted General Fund Revenue

Brad Pierce  
Office of the Governor  
Management and Budget  
(907) 465-4677  
[brad\\_pierce@gov.state.ak.us](mailto:brad_pierce@gov.state.ak.us)

# STATE OF ALASKA

Department of Revenue

Office of the Commissioner

Tony Knowles, Governor

P.O. Box 110400

Juneau, Alaska 99811-0400

Telephone: (907) 465-2300

Facsimile: (907) 465-2389

December 1, 1998

The Honorable Tony Knowles  
Governor of Alaska  
P.O. Box 110001  
Juneau, Alaska 99811-0001

Dear Governor Knowles:

Alaskans are acutely aware that oil prices have a major effect on our economy and on state revenues, so it makes sense that residents closely follow world oil prices. Given that knowledge, I'm certain no one will be surprised by the projections in our Fall 1998 Revenue Forecast. Alaska's near-term revenue outlook continues to suffer from persistently low oil prices that started last February and continue into this winter. The November drop in oil prices below \$10 per barrel for Alaska North Slope crude is the latest hit to our short-term cash flow.

The one thing we have learned over the years, however, is that oil prices are volatile and that accurately predicting them is nearly impossible. Over the past 12 years, oil prices have averaged between \$16 and \$17 per barrel. Though the immediate outlook is gloomy, we expect prices will return to historic averages -- we believe it will take around 18 months for prices to recover to the \$16 level. One indication that oil prices are expected to recover is in the futures market, where oil for delivery in December 1999 is \$3 per barrel higher than today's prices.

The culprits for the low prices are last year's warmer-than-usual winter, the economic collapse in Asia, and an unfortunately timed boost in OPEC production in late 1997. Although OPEC cut back its production by close to 2 million barrels per day this year, global crude oil stockpiles remain high. Cartel members were unable to agree on further production cuts at last week's meeting and postponed any further decisions on production levels until March 1999.

Because of the supply-and-demand imbalance, prices are significantly below our estimates from the Spring 1998 Revenue Forecast. ANS oil prices have averaged \$12.75 per barrel in FY 1999 - more than \$2.50 a barrel below our spring forecast. Though prices were below \$10 a barrel last week, we

expect a slow recovery to start this winter - based on normal winter weather, the glimmer of economic recovery in Asia by the first quarter of 1999, and no increase in OPEC production. We expect ANS oil will average \$13.03 per barrel in FY 1999 and \$13.27 per barrel in FY 2000. Prices should recover to roughly \$16 per barrel by FY 2001.

In addition to low prices, ANS production also is lower than we expected in the spring. The flow has been dampened by the persistence of low prices, warmer than normal temperatures and unanticipated interruptions in production. We expect oil production in FY 1999 to average 1.177 million barrels per day, compared to 1.275 million barrels per day produced in FY 1998. The low-price environment also has hurt the timing and scope of North Slope oil field development. Because of these factors, ANS production is forecast to fall to 1.117 million barrels per day in FY 2000 before beginning a three-year increase to 1.175 million barrels per day in FY 2003, when it will start back down.

Taken together, low prices and reduced production result in net disposable General Fund revenue falling to less than \$1.4 billion in FY 1999 and FY 2000 and, despite a recovery in oil prices, fails to go above \$1.6 billion over the long term. This revenue profile puts the state's annual general fund budget short-falls at between \$800 million and \$1 billion a year, assuming the existing tax structure and oil price and production assumptions remain unchanged.

Fortunately, Alaska has financial reserves to carry it through the next few years of reduced oil prices. The Constitutional Budget Reserve has more than \$3 billion and, because of the state's success in saving money in good years, the fund gives Alaskans enough time to find sensible solutions to the state's long-term finances. People know the questions, and I hope this report provides you and all Alaskans with some of the information needed to find the answers.

Forecasting Alaska revenues in the volatile oil markets is always a difficult task. Although prices could go even lower, history suggests they will recover. We believe our reference case for state revenue provides a reasonable basis for state revenue planning purposes.

Sincerely,

Wilson L. Condon  
Commissioner

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# EXECUTIVE SUMMARY

## FALL 1998 REFERENCE CASE

### Short-Term Outlook, Actual (FY1998) and Projected (FY 1999-2001)

The worldwide oil price slide that started last spring continues. Last winter's warm weather reduced demand just as faltering Asian economies started to cut back on consumption in what had been a growing market for oil. Overproduction clearly outpaced demand and prices started down. Although OPEC has reduced production since the spring by nearly 2 million barrels per day, world inventories remain stubbornly high - caused in great part by the troubled Asian economies. The supply-and-demand imbalance continues to block a recovery in oil prices.

Our spring revenue forecast included both a low-price and a high-price case. Since July, actual prices have corresponded to our low-price case projection. As a result, we are significantly reducing our short-term reference case oil price from last spring's projection.

Unfortunately for Alaska, low oil prices are starting to delay and hinder the timing and scope of oil production investments on the North Slope. As a result, we are significantly reducing our projections of Alaska North Slope (ANS) production. Though we still expect a small production increase from FY 2000 to FY 2001, it will be from a lower base than estimated in previous forecasts. Given the uncertainty over oil prices, coupled with the state's continued heavy reliance on oil production revenues, we urge the reader to examine the petroleum revenue sensitivity matrices on Page 34 to understand how different oil prices and production levels could affect state revenues over the next three years.

#### HIGHLIGHTS:

- \* Oil prices will remain below \$14 per barrel through FY 2000 before moving back up to the \$16 per barrel level in FY 2001. We believe it will be 18 months before the Asian economies resume their fast-paced growth and that OPEC and key non-OPEC countries will be unable to cut production enough to soak up persistently high inventories.
- \* ANS production will be lower than we previously projected, however there will continue to be some significant increases in FY 2001 and FY 2002 as new fields come on line.
- \* Net disposable General Fund revenue will fall to \$1374.3 million in FY 1999, bottom out at \$1311.6 million in FY 2000 and increase to \$1484.6 million in FY 2001.
- \* Oil revenue from taxes and royalties will continue to be the major source of state General Fund revenue. Non-oil General Fund taxes, fees and royalties are projected to average \$465 million per year through FY 2001.

**Table 1. FALL 1998 SHORT-TERM REFERENCE CASE PROJECTIONS**

FY	Net Disposable		ANS Market Price \$/Barrel	ANS Production Million Barrels/ Day
	General Fund Unrestricted Revenue	General Fund Unrestricted Revenue		
	\$ Million	\$ Million		
<b>Prelim Actual 1998</b>	1853.9	1827.1	16.03	1.275
<b>1999</b>	1374.3	1403.8	13.03	1.177
<b>2000</b>	1311.6	1358.4	13.27	1.117
<b>2001</b>	1484.6	1547.0	15.90	1.146

## Long-Term Outlook (FY 2002-2020)

Our long-term outlook for revenue is based on the state's current fiscal system. Our reference case for long term oil prices results from combining a low and a high oil price scenario. In the low price scenario we derived projected oil prices based on demand projections constrained by new carbon taxes and increased efficiencies in energy consuming technology. In our high oil price scenario we assumed that oil demand would modestly outpace available supply. Alaska (ANS and Cook Inlet) oil production is projected to increase by FY 2003 to 1.194 million barrels per day before declining at an average annual rate of around 6.7 percent per year. This forecast does not include any revenue from a major North Slope gas sale or the opening of the Arctic National Wildlife Refuge (ANWR) or National Petroleum Reserve-Alaska (NPR-A).

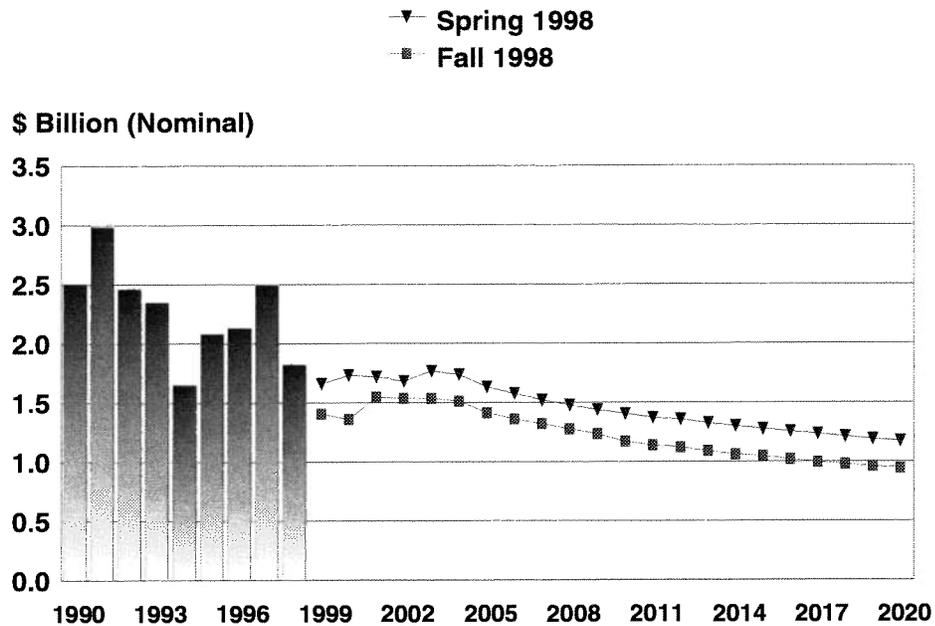
### HIGHLIGHTS:

- \* New oil field development at Alpine, Northstar and the Prudhoe Bay and Kuparuk satellite fields will result in an uptick in oil production reaching a peak in FY 2003 of 1.175 million barrels per day. Alaskan oil production is projected to decline over the long term at roughly 6.7 percent per year.
- \* The average severance tax rate will gradually decline from 8.6 percent in FY 2002 to 5.4 percent by FY 2010 as the bigger, older oil fields are depleted and the smaller newer oil fields are brought into production.
- \* Oil prices are projected to drift up slowly as consumption puts pressure on available global supplies.
- \* Non-petroleum General Fund revenues are projected to grow at about 1 percent per year.
- \* Over the FY 2002 to FY 2020 period, net disposable General Fund revenues are projected to decline at an average rate of 2.9 percent per year.

**Table 2. FALL 1998 LONG-TERM REFERENCE CASE PROJECTIONS**

FY	Net Disposable			
	General Fund	General Fund	ANS Market	ANS
	Unrestricted Revenue \$ Million	Unrestricted Revenue \$ Million	Price \$/Barrel	Production Million Barrels/ Day
<b>2002</b>	1474.1	1536.7	16.23	1.159
<b>2003</b>	1473.4	1536.1	16.66	1.175
<b>2004</b>	1449.7	1512.4	17.13	1.139
<b>2005</b>	1350.6	1413.3	17.61	1.060
<b>2010</b>	1107.5	1170.2	20.31	0.746
<b>2015</b>	984.0	1046.7	23.48	0.531
<b>2020</b>	881.5	944.2	27.40	0.367

**Figure 1. FALL 1998 REFERENCE CASE GENERAL FUND UNRESTRICTED REVENUE**  
**Preliminary Actual (FY 1998) and Projected (FY 1999-2020)**



**Figure 2. ECONOMIC LIMIT FACTOR (ELF)**  
**FOR FIELDS WITH ELF GREATER THAN ZERO**  
**Average Actual (FY 1990-1998) and Average Projected (FY 1999-2020)**

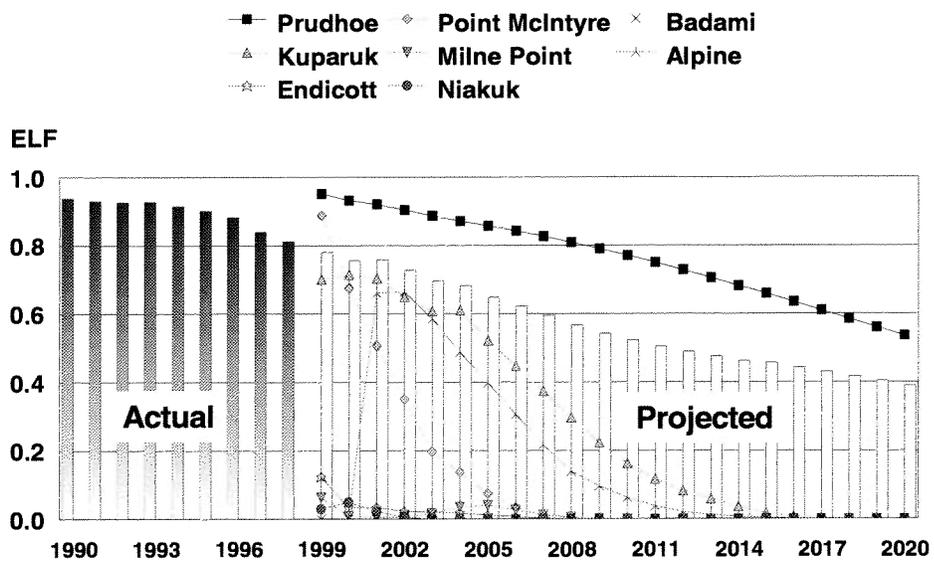


Figure 3.

### FALL 1998 REFERENCE CASE ANS MARKET PRICE Preliminary Actual (FY 1998) and Projected (FY 1999-2020)

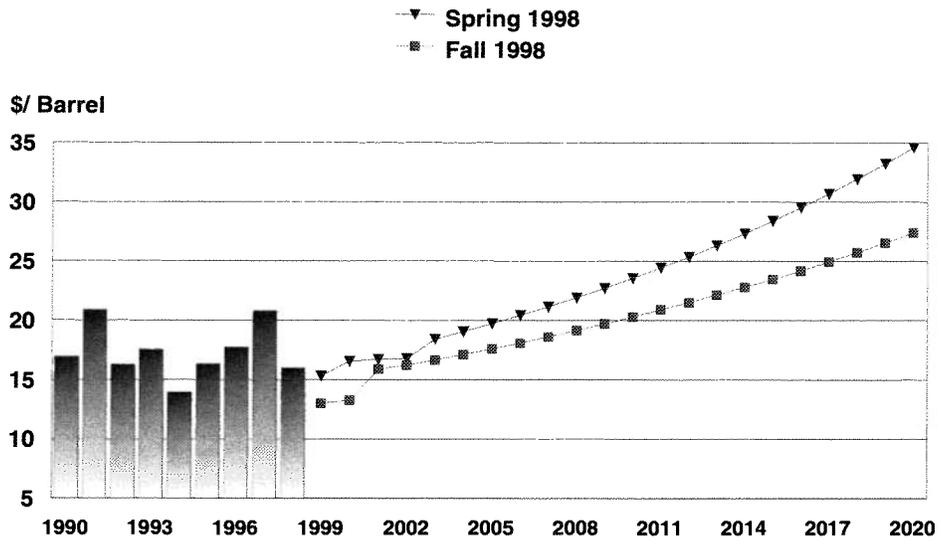
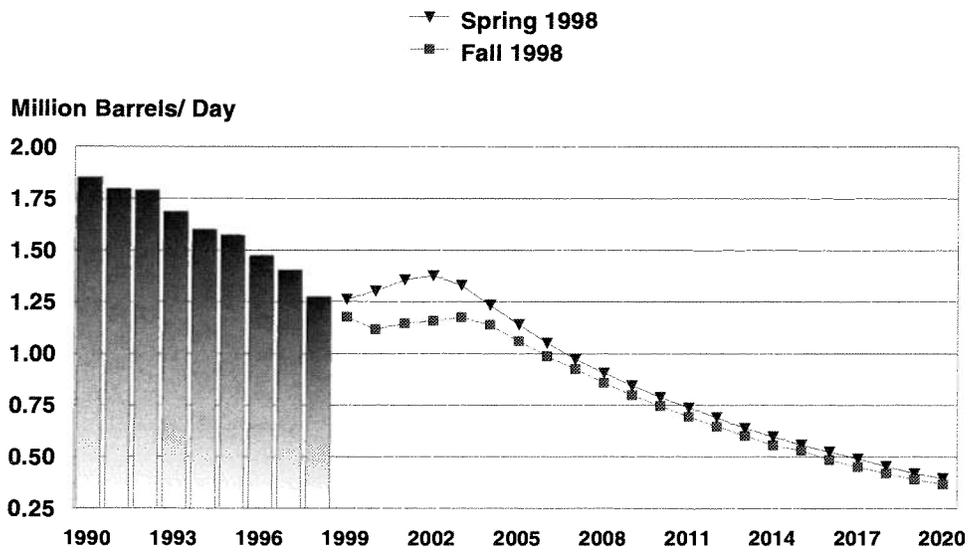


Figure 4.

### FALL 1998 REFERENCE CASE ANS PRODUCTION Preliminary Actual (FY 1998) and Projected (FY 1999-2020)



# REVENUE FORECAST

## SHORT-TERM OUTLOOK, FY 1998-2001

The pages that follow summarize the state revenue forecast by source.

The Department of Revenue has historically forecast an amount of General Fund unrestricted revenue that includes all the unrestricted revenue items in the state accounting system (AKSAS), together with certain program receipts that are accounted for as restricted revenue in AKSAS. We include all General Fund program receipts in our projections because these revenues are not restricted to any particular use.

Both the Governor's Office of Management and Budget and the Alaska State Legislature make a series of adjustments to the Department of Revenue's forecast of General Fund unrestricted revenue to derive a forecast of net disposable General Fund unrestricted revenue. Reductions include: (1) earmarking revenue for specific programs such as the Marine Highway System; (2) pass-through revenue for qualified regional aquaculture associations; and (3) revenue shared with qualified local governments and organizations (e.g., fisheries taxes). Additions include: (1) transfer payments from state-owned entities like the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority; and (2) settlements of legal disputes that are not subject to deposit into the Constitutional Budget Reserve Fund (CBRF).

Table 4 reflects the derivation of net disposable General Fund unrestricted revenue. The total revenue reflected in this table is the amount generally used for budget planning purposes. Net disposable General Fund unrestricted revenue does not include settlements from disputes over mineral taxes and royalties, or funds in the CBRF.

Table 5 reflects revenue sources that are annually appropriated under the Executive Budget Act. Much of the revenue is restricted to specific use or may be appropriated only in certain circumstances (e.g., the CBRF).

Table 6 summarizes forecast revenue and fund balances for the Constitutional Budget Reserve Fund and the Alaska Permanent Fund.

Table 3.

## GENERAL FUND UNRESTRICTED REVENUE

\$ Million

This table presents the General Fund unrestricted revenue forecast that conforms to the account structure of the state accounting system (AKSAS). All General Fund program receipts (reflected in AKSAS) are included.

	Prelim ACTUAL			
	FY 1998	FY 1999	FY 2000	FY 2001
<b>TAXES</b>				
<u>Property Tax</u> - Oil and Gas (1)	51.2	49.2	47.0	45.2
<u>Sales/Use Tax</u>				
Alcoholic Beverage	11.8	11.9	12.0	12.2
Tobacco Products	15.4	15.0	15.0	15.0
Insurance Premium (2)	33.7	27.8	28.1	28.4
Electric and Telephone Cooperative (3)	2.4	2.4	2.4	2.4
Motor Fuel Tax-Aviation (4)	5.3	5.4	5.4	5.5
Motor Fuel Tax-Highway	24.0	24.2	24.5	24.7
Motor Fuel Tax-Marine	<u>6.3</u>	<u>6.4</u>	<u>6.4</u>	<u>6.5</u>
Total	98.9	93.1	93.8	94.6
<u>Income Tax</u>				
Corporation General	53.4	55.0	50.0	50.0
Corporation Petroleum	<u>200.1</u>	<u>120.0</u>	<u>130.0</u>	<u>150.0</u>
Total	253.5	175.0	180.0	200.0
<u>Severance Tax</u>				
Oil and Gas Production	564.4	377.4	343.6	415.6
Oil and Gas Conservation	1.6	1.5	1.4	1.4
Oil and Gas Hazardous Release	<u>11.8</u>	<u>10.9</u>	<u>10.4</u>	<u>10.7</u>
Total	577.8	389.8	355.4	427.8
<u>Other Natural Resource Tax</u>				
Salmon and Seafood Marketing (5)	5.6	5.6	5.5	5.5
Salmon Enhancement (6)	4.2	4.1	4.1	4.1
Fisheries Business (7)	28.5	28.0	26.5	26.5
Fishery Resource Landing (8)	3.8	6.5	5.5	5.5
Mining	<u>1.7</u>	<u>1.7</u>	<u>2.5</u>	<u>3.0</u>
Total	43.8	45.9	44.1	44.6
<u>Other Tax</u>				
Estate	5.5	1.7	1.7	1.8
Charitable Gaming	<u>2.1</u>	<u>1.9</u>	<u>1.9</u>	<u>1.9</u>
Total	7.6	3.6	3.6	3.7
<b>TOTAL TAXES</b>	<b>1032.8</b>	<b>756.6</b>	<b>724.0</b>	<b>815.8</b>

- (1) Amounts represent the state's share of the total oil and gas property taxes collected. Estimated total property taxes and the municipalities' share are as follows (\$ Million): FY 1998, \$284.4 and \$233; FY 1999, \$271.3 and \$222.2; FY 2000, \$259.9 and \$212.9; and FY 2001, \$253 and \$207.7. Note that these tax revenues are not reflected as shared taxes in Table 4 because the state never receives the municipal portion of this tax.
- (2) In spring FY 1998, the insurance premium changed from annual payments to quarterly payments. Consequently, the FY 1998 revenue amount includes the first quarterly payment.
- (3) 100 percent of the tax is subject to sharing with qualified municipalities (AS 10.25.570). See Table 4.
- (4) 60 percent of taxes attributable to aviation fuel sales at municipally owned or operated airports are subject to sharing with qualified municipalities (AS 43.40.010). See Table 4.
- (5) Provides annual funding for the Alaska Seafood Marketing Institute (AS 16.51.120 and AS 43.76.120). The salmon marketing tax sunsets on June 30, 2003.
- (6) Provides annual funding for qualified regional aquaculture associations (AS 43.76.025). See Table 4.
- (7) Fifty percent is subject to sharing with qualified municipalities (AS 43.75.130). See Table 4.
- (8) Fifty percent is subject to sharing with qualified municipalities (AS 43.77.060). See Table 4.

	Prelim ACTUAL			
	FY 1998	FY 1999	FY 2000	FY 2001
<b>LICENSES AND PERMITS</b>				
<u>Motor Vehicle</u>	36.8	36.3	36.4	36.3
<u>Other (9)</u>	<u>37.8</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
TOTAL LICENSES AND PERMITS	74.6	71.3	71.4	71.3
<b>INTERGOVERNMENTAL RECEIPTS</b>				
	2.2	2.0	2.0	2.0
<b>CHARGES FOR SERVICES</b>				
<u>Marine Highways (10)</u>	37.1	41.0	41.0	41.0
<u>Airports/Other (11)</u>	<u>35.4</u>	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
TOTAL CHARGES FOR SERVICES	72.5	76.0	76.0	76.0
<b>FINES AND FORFEITURES</b>				
Tobacco Settlement (12)	0.0	8.2	21.9	23.6
Other (13)	<u>37.6</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	37.6	18.2	31.9	33.6
<b>RENTS AND RESOURCES</b>				
<u>Mineral Bonuses and Rents (14)(15)</u>	23.0	33.7	5.0	5.0
<u>Oil and Gas Royalties (14)</u>	480.4	352.0	353.7	449.4
<u>Timber Sales</u>	0.8	1.0	1.3	0.7
<u>Coal Rents and Royalties (14)</u>	1.2	1.2	1.2	1.2
<u>Other Resource Revenue</u>	<u>6.9</u>	<u>6.9</u>	<u>6.9</u>	<u>6.9</u>
TOTAL RENTS AND ROYALTIES	512.3	394.8	368.1	463.2
<b>INVESTMENT EARNINGS (16)</b>	60.6	50.0	50.0	50.0
<b>OTHER MISCELLANEOUS (17)</b>	34.5	35.0	35.0	35.0
<b>TOTAL GENERAL FUND</b>				
<b>UNRESTRICTED REVENUE (18)</b>	<b>1827.1</b>	<b>1403.8</b>	<b>1358.4</b>	<b>1547.0</b>

- (9) Includes amounts from professional and occupational, hunting and fishing, alcoholic beverage and other miscellaneous licenses and permits. Amounts from liquor licenses (AS 04.11.610) and coin-operated devices (AS 43.35.050) (rescinded effective January 1999) are shared to qualified municipalities. See Table 4.
- (10) The gross revenue of the state ferry system is deposited in the Alaska Marine Highway Fund (AS 19.65.06) and may then be appropriated for system operating and capital expenditures.
- (11) Includes miscellaneous receipts for services, park fees and land-disposal fees. Projections do not include health insurance premiums, statutorily designated program receipts, Alaska Public Utilities Commission or test fisheries receipts.
- (12) The initial FY 1999 payment date is estimated and all payments are preliminary estimates from the Department of Law. Actual receipts may vary due to terms of the agreement.
- (13) Includes \$25 million and \$1.5 million from one-time payments in FY 1998 per agreements between TAPS owners and the state.
- (14) Net of Permanent Fund and Public School Fund contributions.
- (15) Future oil and gas lease sales include a North Slope areawide sale in February 1999, a Cook Inlet areawide sale in May 1999 and a Beaufort Sea areawide sale, which will include offshore ANWR acreage, in October 1999. Fifty percent of the bonuses are deposited into the Permanent Fund.
- (16) Earnings include investment income from the General Fund and funds within the General Fund group. Additionally, includes interest income from state loans and royalty and severance taxes.
- (17) Projections do not include statutorily designated program receipts, Alaska Public Utilities Commission or test fisheries program receipts.
- (18) This includes all revenue that is collected by the state and is not restricted in its use. Federal and other grants are restricted revenue and are excluded.

Table 4.

**NET DISPOSABLE GENERAL FUND UNRESTRICTED REVENUE**

\$ Million

Each year the Governor's Office of Management and Budget and the Legislature must make adjustments to our forecast of General Fund unrestricted revenue to derive net disposable General Fund unrestricted revenue. First, the amount of the tax and license revenues collected by the state that are passed through to municipalities must be deducted. Second, certain pass-through and earmarked General Fund revenue items that the Legislature treats as restricted must also be deducted. Third, certain miscellaneous other revenue must be added.

	Prelim ACTUAL			
	FY 1998	FY 1999	FY 2000	FY 2001
<b>UNRESTRICTED TO RESTRICTED</b>				
<b>Taxes Shared With Municipal Government (1)</b>				
Electric and Telephone Cooperative	(2.3)	(2.3)	(2.3)	(2.3)
Fuel Tax-Aviation	(0.1)	(0.1)	(0.1)	(0.1)
Fisheries Business	(14.2)	(14.0)	(13.3)	(13.3)
Fishery Resource Landing	(3.1)	(3.0)	(2.8)	(2.8)
Liquor Licenses and Coin-Operated Devices	<u>(0.8)</u>	<u>(0.8)</u>	<u>(0.8)</u>	<u>(0.8)</u>
Total	(20.5)	(20.2)	(19.2)	(19.2)
<b>Pass Throughs (2)</b>				
Salmon Enhancement	(4.2)	(4.1)	(4.1)	(4.1)
<b>Earmarked (3)</b>				
Marine Highways	<u>(37.1)</u>	<u>(41.0)</u>	<u>(41.0)</u>	<u>(41.0)</u>
<b>TOTAL UNRESTRICTED TO RESTRICTED</b>	<b>(61.8)</b>	<b>(65.3)</b>	<b>(64.3)</b>	<b>(64.3)</b>
<b>RESTRICTED TO UNRESTRICTED</b>				
Unclaimed Property Payments	1.3	1.3	1.3	1.3
Deposit Excess Loan Funds	1.3	0.5	0.4	0.6
Trans-Alaska Liability Pipeline Fund (4)	0.0	0.0	15.8	0.0
AHFC Dividend Payment (5)	50.0	18.0	0.0	0.0
AHFC Bond Insurance Fund Closeout (6)	20.0	0.0	0.0	0.0
AIDEA Payment (7)	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL RESTRICTED TO UNRESTRICTED</b>	<b>88.6</b>	<b>35.8</b>	<b>17.5</b>	<b>1.9</b>
<b>NET ADJUSTMENTS TO GENERAL FUND</b>				
<b>UNRESTRICTED REVENUE</b>	<b>26.8</b>	<b>(29.5)</b>	<b>(46.8)</b>	<b>(62.4)</b>
<b>UNRESTRICTED GENERAL FUND</b>				
<b>AS REFLECTED IN TABLE 3</b>	<b>1827.1</b>	<b>1403.8</b>	<b>1358.4</b>	<b>1547.0</b>
<b>NET DISPOSABLE GENERAL FUND</b>				
<b>UNRESTRICTED REVENUE</b>	<b>1853.9</b>	<b>1374.3</b>	<b>1311.6</b>	<b>1484.6</b>

(1) These taxes and fees are collected by the state and some or all of the taxes or fees are paid to municipalities.

(2) This tax is collected by the state but has always been appropriated to provide funding for qualified regional aquaculture associations.

(3) These charges for services are unrestricted General Fund revenue, but for budget planning are treated as restricted revenue.

(4) Estimated year of payment.

(5) An additional \$32 million in FY 1999, \$50 million in FY 2000 and \$50 million in FY 2001 are included under corporation receipts in Table 5.

(6) An additional \$7.6 million is included under corporation receipts in Table 5 for FY 1998 (for a total AHFC insurance fund closeout payment of \$27.6 million).

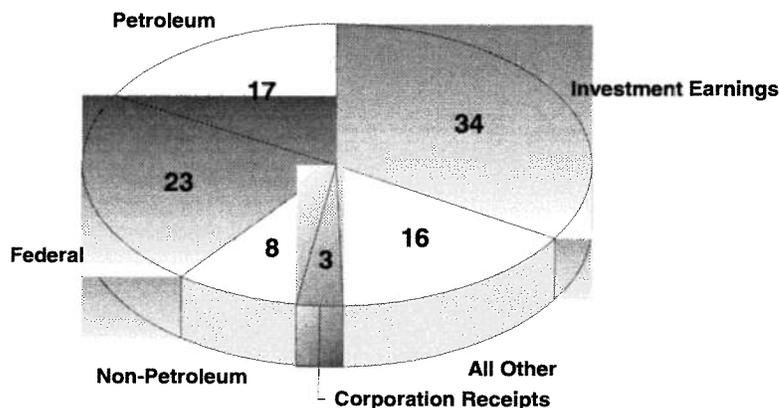
(7) The projected AIDEA dividends of \$16 million in FY 2000 and FY 2001 are assumed to be restricted corporation receipts.

## TOTAL REVENUE RECOGNIZED UNDER THE EXECUTIVE BUDGET ACT

Traditionally, the Department of Revenue has forecast state revenue only in General Fund terms since it is only this revenue over which the legislature has complete discretion. Total state revenue includes other sources including federal funds and dedicated revenues. The figure below depicts state revenue derived from all sources.

In total funds terms, investment earnings (34 percent) are the largest source of state revenue. Investment earnings include Permanent Fund net income, CBRF earnings and General Fund interest. Federal revenue (23 percent), followed by the various types of petroleum revenues (17 percent) make up the bulk of the remainder.

**Figure 5. FY 1999 TOTAL REVENUE RECOGNIZED UNDER THE EXECUTIVE BUDGET ACT**  
All Revenue Sources  
(Percent)



Petroleum revenue includes contributions to the Permanent Fund.  
Non-petroleum revenue is included in net disposable General Fund revenue.

**Table 5. TOTAL REVENUE RECOGNIZED BY THE EXECUTIVE BUDGET ACT**  
\$ Million

Many restricted and non-General Fund revenue sources are annually appropriated under the Executive Budget Act. Much of this revenue is restricted for specific uses (e.g., most federal funds) or may only be appropriated under certain conditions (e.g., the Constitutional Budget Reserve Fund). Permanent Fund net income may be legally appropriated in the same manner as unrestricted revenue, but the established practice has been to treat Permanent Fund net income as if it were restricted. Other revenue sources are either constitutionally dedicated or automatically deposited into a specific account, such as undistributed Permanent Fund net income.

The table below shows all of the state's revenue sources except for pension fund earnings, municipal bond proceeds, inter-fund transfers where the state has received no new net revenue and earnings from the Alaska Railroad. At the time of this forecast, the total funds estimates for FY 2000 are unavailable. We will include them in our spring 1999 forecast.

**RESTRICTED GENERAL FUND AND OTHER REVENUE SOURCES**

	Prelim ACTUAL	
	FY 1998	FY1999
<b><u>Appropriated</u></b>		
Federal Funds	1022.8	1434.1
Mental Health Trust Authority (MHTA)	8.6	8.8
Corporate Receipts Subject to Executive Budget Act (1)	133.9	156.1
Other Sources Net of Duplication (2)	245.4	807.4
Permanent Fund Dividends and Inflation Proofing	<u>1315.4</u>	<u>1274.0</u>
Appropriated Total	2726.1	3680.4
<b><u>Non-Appropriated or Appropriated Under Special Conditions</u></b>		
Dedicated Funds (3)	267.7	211.8
Constitutional Budget Reserve Fund (CBRF) Earnings and Estimated Settlements (4)	712.4	325.6
Permanent Fund Undistributed Net Income (5)	<u>1314.7</u>	<u>541.0</u>
Non-Appropriated Total	2294.8	1078.4
<b>TOTAL RESTRICTED AND OTHER FUNDS</b>	<b>5020.9</b>	<b>4758.8</b>
<b>NET DISPOSABLE GENERAL FUND UNRESTRICTED REVENUE</b>	<b>1853.9</b>	<b>1374.3</b>
<b>TOTAL REVENUE FROM ALL FUND SOURCES</b>	<b>6874.8</b>	<b>6133.1</b>

- (1) All quasi-independent corporations are subject to the Executive Budget Act except the Alaska Railroad Corporation.
- (2) Includes University of Alaska receipts, international airport and marine highway receipts and retirement fund distributions. FY 1998 and FY 1999 include statutorily designated program receipts, Alaska Public Utilities Commission and test fisheries receipts.
- (3) Funds include: the School Fund, Public School Trust Fund, Fish and Game Fund, Fisherman's Sick and Disabled Fund, Second Injury Fund, University of Alaska Trust Fund, FICA Administration Fund and Permanent Fund dedication.
- (4) Constitutional Budget Reserve Fund (CBRF) revenue projections include \$344 million in petroleum tax and royalty settlements for FY 1998 and \$106 million for FY 1999.
- (5) Source: Alaska Permanent Fund Corporation's November 18, 1998 projection.

**Table 6. CONSTITUTIONAL BUDGET RESERVE FUND AND ALASKA PERMANENT FUND**

\$ Million

The fall 1998 revenue forecast for the Constitutional Budget Reserve Fund and the Alaska Permanent Fund are summarized below.

	Prelim ACTUAL			
	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY2001</u>
<b>CONSTITUTIONAL BUDGET RESERVE FUND SUMMARY</b>				
Beginning Balance (1)	3171.7	3559.1	2943.3	2237.0
Earnings (2)	368.4	219.6	164.8	126.0
Petroleum Tax and Royalty Settlements and Miscellaneous Fund Transfers (3)	344.0	106.0	106.0	106.0
General Fund Surplus/CBR Draw (4)	<u>(325.0)</u>	<u>(941.4)</u>	<u>(977.1)</u>	<u>(839.8)</u>
Ending Balance	3559.1	2943.3	2237.0	1629.2
<b>ALASKA PERMANENT FUND SUMMARY (5)</b>				
<u>Principal</u>				
Beginning Balance (Cost Basis)	17828.0	18516.5	19020.8	19838.6
Dedicated Petroleum Revenue	230.5	165.0	139.4	176.1
Inflation Proofing	422.7	305.3	652.0	681.0
Deposits to Principal (6)	<u>35.3</u>	<u>34.0</u>	<u>26.4</u>	<u>28.3</u>
End-of-Year Balance (Cost Basis)	18516.5	19020.8	19838.6	20723.9
<u>Earnings and Earnings Reserve Account</u>				
ERA Beginning Balance	145.1	1388.9	1935.6	1795.2
Net Income (7)	2595.0	1859.0	1570.0	1621.0
Dividend Payout	(892.7)	(973.0)	(1032.0)	(1016.0)
Inflation Proofing	(422.7)	(305.3)	(652.0)	(681.0)
Deposits to Principal (6)	(35.3)	(34.0)	(26.4)	(28.3)
Other Appropriations	<u>(0.5)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
ERA End-of-Year Balance (Cost Basis)	1388.9	1935.6	1795.2	1690.9
<u>Market Value</u>				
Principal End-of-Year (Cost Basis)	18516.5	19020.8	19838.6	20723.9
ERA End-of-Year Balance (Cost Basis)	1388.9	1935.6	1795.2	1690.9
End-of-Year Unrealized Earnings	3971.5	2600.0	2998.0	3436.0
Dividends Payable and Other Funds (Science Technology/ Mental Health)	<u>892.7</u>	<u>973.0</u>	<u>1032.0</u>	<u>1016.0</u>
End-of-Year Balance (Market Value)	24769.6	24529.4	25663.8	26866.8

- (1) The FY 1998 beginning balance is reconciled to the annual financial report. Subsequent years are estimates.
- (2) The projected earnings rate for FY 1999 is 6.08 percent and for FY 2000 and 2001, 5.5 percent. These projections are based on Callan and Associates capital market assumptions and DOR-Treasury asset allocation.
- (3) Settlement estimates are provided by the Department of Revenue and Department of Law. Net of annual Federal Minerals and Management Service payments and Department of Revenue and Department of Law appropriations.
- (4) The FY 1999, 2000 and 2001 CBR draw projections are provided by the Office of Management and Budget.
- (5) Source: Alaska Permanent Fund Corporation's November 18, 1998 projection.
- (6) Deposits to principal include legislative appropriations from the Earnings Reserve Account (ERA) and royalty litigation settlement payments that cannot legally be used to pay Permanent Fund dividends.
- (7) Realized rate of return assumed for FY 1998 was 14.02 percent. The estimated rate of return for FY 1999 is 8.81 percent and for FY 2000 and 2001, 7.32 percent per Callan and Associates capital market assumptions.

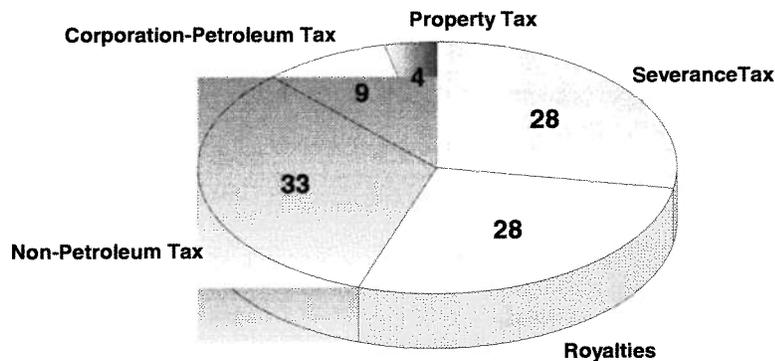
## PETROLEUM REVENUE OVERVIEW

Petroleum revenue comes from: (1) severance (or production) taxes; (2) oil and gas royalties on state and federal land; (3) petroleum corporation income tax; (4) petroleum property tax; and (5) petroleum rents and lease bonuses. Most of the state's severance tax and royalty revenue comes from Alaska North Slope production, which generated 95 percent of total petroleum revenue in FY 1998.

Figure 6 shows the break-out of FY 1999 projected petroleum and non-petroleum General Fund unrestricted revenue. (Severance Tax, 28 percent; Royalties, 28 percent; Non-Petroleum Tax, 33 percent, Corporation-Petroleum Tax, 9 percent; and, Property Tax, 4 percent.)

Figure 6.

### FY 1999 GENERAL FUND UNRESTRICTED REVENUE Petroleum and Non-Petroleum Revenue (Percent)



Petroleum revenue has provided over 75 percent of the state's General Fund unrestricted revenue since FY 1978, Prudhoe Bay's first full year of production. In FY 1998, petroleum revenue supplied 73 percent of the total General Fund unrestricted revenue. We anticipate that petroleum revenue will continue to comprise the majority of Alaska's General Fund unrestricted revenue: 69 percent in FY 1999, 66 percent in FY 2000 and 70 percent in FY 2001.

## CURRENT MARKET SITUATION

So far in FY 1999, ANS crude oil prices have averaged \$12.75 per barrel. Worldwide inventory levels remain high, as reductions in global oil production undertaken by OPEC have not been sufficient to offset reduced consumption in Asia. In the futures market assessment for June 1999 crude oil was about \$1.70 per barrel higher than current cash prices. At the end of November, prices for ANS quality crude oil were about \$10 per barrel. Uncertainty over the strength of the global economy, questions about OPEC's ability to maintain production discipline and the unknown 1998-1999 winter heating oil demands continue to dampen expectations for any near term increases in oil prices.

In this forecast we have projected that oil prices will begin to move up slowly over the next 18 months, with ANS averaging \$13.03 per barrel for FY 1999. We have based this projection on the assumptions that OPEC will maintain its current output of approximately 26.8 million barrels per day and that the increase in seasonal demand will start to draw down very high current inventories. However, given the uncertainties with respect to the global economy, we are not forecasting a return to \$16 per barrel oil prices (the average since 1986) until FY 2001.

### Organization of Petroleum Exporting Countries (OPEC)

OPEC is currently producing 26.8 million barrels per day. This corresponds to OPEC's production level two years ago, and it is 2 million barrels per day less than what OPEC was producing last February. The overall reduction in OPEC production has occurred even as Iraqi production has increased to 2.35 million barrels per day from 1996 levels of 0.6 million barrels per day. The depressed price of oil is necessarily having a major financial effect on the member countries.

Table 7.

#### OPEC PRODUCTION Million Barrels /Day

Country	November		Over/(Under) Quota
	September 1998	1997 Quota	
Algeria	0.790	0.909	(0.119)
Indonesia	1.403	1.456	(0.053)
Iran	3.360	3.942	(0.582)
Iraq	2.350	1.314	1.036
Kuwait (1)	1.985	2.190	(0.205)
Libya	1.350	1.522	(0.172)
Nigeria	2.020	2.042	(0.022)
Qatar	0.610	0.414	0.196
Saudi Arabia (1)	7.830	8.761	(0.931)
UAE	2.150	2.366	(0.216)
Venezuela	<u>2.950</u>	<u>2.583</u>	<u>0.367</u>
<b>TOTAL</b>	<b>26.798</b>	<b>27.500</b>	<b>(0.702)</b>

(1) Share output in Neutral Zone.

Source: Platt's Oilgram Price Report, October 12, 1998.

At the just-concluded OPEC meeting the members were unable to agree upon any further production cuts.

In addition to OPEC, key non-OPEC producer Mexico has made production cuts to support the market. Clearly the production cuts have yet to result in higher prices, though they certainly have prevented even larger price reductions. In this forecast, we have assumed that OPEC will hold the line at 26.8 million barrels per day. This should allow some room for modest oil price improvement from the rock bottom prices seen in late November.

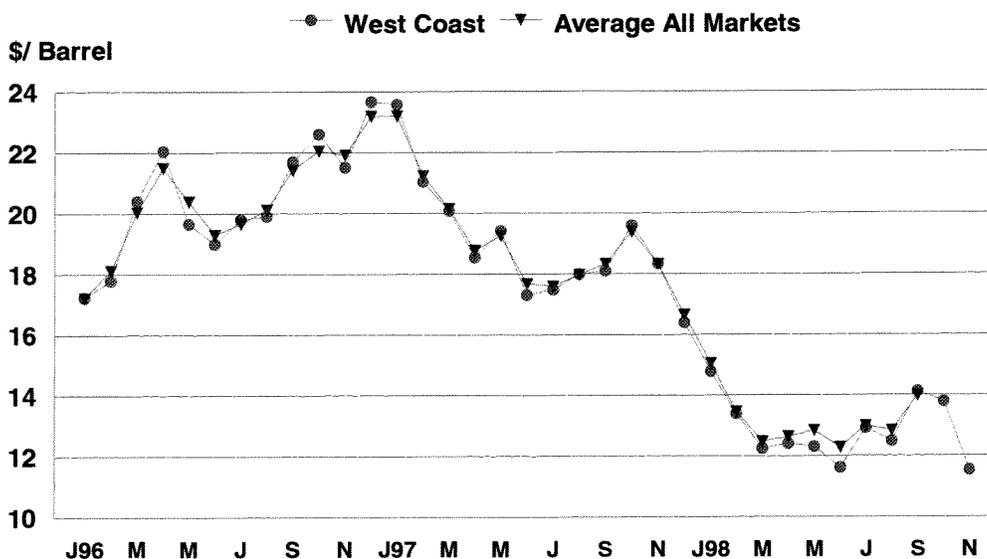
### Alaska North Slope

FY 1998 ANS West Coast spot oil prices averaged \$15.86 per barrel. Oil prices began to drop in December 1997 falling from a November average of \$18.33 per barrel to \$11.62 per barrel by June 1998. Currently ANS is selling on the spot market for between \$9 and \$10 per barrel; it has averaged \$12.75 per barrel so far in FY 1999. Approximately 98 percent of ANS production is sold on the U.S. West Coast (including Alaska and Hawaii). The remainder is exported to Asia.

The Asian market for ANS is a seasonal market with sales peaking in the winter and falling off in the summer. This pattern meshes well with the U.S. West Coast consumption pattern, where the summer driving season is the high demand period of the year. ANS sales over the last two years have averaged over 60,000 barrels per day into the Asian market with seasonal highs above 100,000 barrels per day. Given the slump in the Asian economies and our reduced ANS production forecast, we are projecting exports averaging about 20,000 barrels per day to Asia in FY 1999. Future exports are projected to fall off, averaging only 5,000 barrels per day in FY 2000 and FY 2001.

In our reference case forecast, we have assumed that ANS prices will return to the \$13 per barrel level as the winter heating season kicks in and U.S. oil inventories are drawn down. We expect ANS oil prices to average \$13.05 per barrel by next May.

Figure 7. HISTORICAL ANS SPOT PRICES



# METHODOLOGY

## ANS OIL PRICE AND PRODUCTION FORECAST ASSUMPTIONS

The Department of Revenue uses a variety of models and techniques to prepare the revenue forecast. The main petroleum forecasting model is a marketing and production model that projects severance taxes and royalties on a field-by-field basis.

Key assumptions for our fall 1998 forecast are represented in Table 8 on Page 23. Inflation rates were developed by the Department of Revenue, Department of Labor and Office of Management and Budget. Production assumptions were developed by the Department of Revenue from information provided by the producing companies, the Alaska Department of Natural Resources and the Alaska Oil and Gas Conservation Commission. Trans-Alaska Pipeline System (TAPS) tariffs are the result of the application of the TAPS-Settlement Methodology (TSM) and are based on the most recent TAPS filings. Oil price assumptions were developed by the Department of Revenue with the assistance of state economists and investment professionals from the Department of Natural Resources, Department of Labor, Office of Management and Budget and the University of Alaska.

To assist in examining other possible price and production outcomes, not included in this forecast, we have developed a revenue matrix to provide estimates for state General Fund unrestricted revenue for various alternative ANS price and production levels in FY 1999-2001. These sensitivity matrices are provided on Page 34.

### Market Price

The Department of Revenue relies on spot oil prices as reported in *Platt's Oilgram Price Report*. Currently, prices reported by the North Slope producers for severance tax and royalty purposes closely track spot oil prices. Actual royalties are paid based on a value that is determined by a market basket of crude oil prices that includes the ANS spot price.

Our fall 1998 reference case projections for ANS market prices (the average of sales prices to the U.S. West Coast, U.S. Gulf Coast and Asian market destinations) are listed in Table 8 on Page 23.

## **Transportation Costs**

Marine transportation costs to ship ANS production to markets are expected to increase over time due to the phase-in of new tanker hull requirements under the federal Oil Pollution Act of 1990. We expect a modest drop of \$0.11 per barrel in the average cost of shipping ANS in FY 1999 as shipments to the Mid-continent U.S. cease to occur. We are projecting a \$0.21 per barrel increase in FY 2001 as the first of the new tankers are brought into service and a \$0.60 per barrel increase in FY 2005 as a result of this required new capital investment.

## **Trans-Alaska Pipeline System (TAPS) Tariffs**

The TAPS tariff is determined according to the TAPS Settlement Methodology, a rate-making method approved by the Federal Energy Regulatory Commission that allows the TAPS owners to recover their costs, including an allowance for profit.

TAPS tariffs are filed on a calendar year basis with new tariffs taking effect January 1 each year. The expected tariff filing for calendar 1999 is \$2.68 per barrel. Table 8 on the next page contains projected tariffs on a fiscal year basis for FY 1999-2020.

## **Feeder Pipeline Costs**

Table 8 also contains projected pipeline costs. Certain additional transportation costs are also incurred to move the various crude oils that comprise ANS to the Trans-Alaska pipeline system. These include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil entering the pipeline.

## **Wellhead Price**

The combination of ANS wellhead value and production by field is the basis for both state severance taxes and royalties. The wellhead value by field is calculated by subtracting the relevant pipeline tariff and marine transportation costs (as well as adjustments for North Slope feeder pipelines and pipeline quality bank) from the sales price.

Table 8.

## FALL 1998 FORECAST ASSUMPTIONS

FY	Inflation Rate Percent	ANS Market Price \$/Barrel	Marine Transportation \$/Barrel	TAPS Tariff \$/Barrel	Feeder Pipeline \$/Barrel	ANS Wellhead \$/Barrel
Prelim Actual 1998	2.8	16.03	1.49	2.68	0.09	11.85
1999	1.7	13.03	1.38	2.73	0.11	8.76
2000	1.8	13.27	1.38	2.69	0.12	9.07
2001	1.9	15.90	1.59	2.66	0.15	11.49
2002	2.0	16.23	1.61	2.65	0.21	11.74
2003	2.1	16.66	1.64	2.62	0.27	12.10
2004	2.2	17.13	1.63	2.67	0.27	12.52
2005	2.2	17.61	2.26	2.79	0.26	12.27
2006	2.2	18.10	2.29	2.92	0.24	12.61
2007	2.2	18.62	2.33	3.02	0.23	13.00
2008	2.2	19.16	2.37	3.17	0.23	13.36
2009	2.2	19.72	2.40	3.30	0.22	13.76
2010	2.2	20.31	3.04	3.43	0.22	13.58
2011	2.2	20.91	3.09	3.63	0.22	13.94
2012	2.2	21.52	3.14	3.52	0.22	14.61
2013	2.2	22.15	3.19	3.75	0.22	14.96
2014	2.2	22.80	3.24	4.01	0.22	15.31
2015	2.2	23.48	3.30	4.21	0.21	15.73
2016	2.2	24.18	3.35	4.54	0.18	16.09
2017	2.2	24.94	3.41	4.86	0.18	16.48
2018	2.2	25.73	3.46	5.20	0.18	16.87
2019	2.2	26.55	3.52	5.56	0.18	17.28
2020	2.2	27.40	3.58	5.93	0.18	17.70

### Production

The production assumptions were developed on a field-by-field basis. The forecast is based on company-assessed proven and probable reserves, development plans where available, and assessments by the technical personnel at the Department of Revenue, Department of Natural Resources and the Alaska Oil and Gas Conservation Commission.

The fall 1998 production forecast has been reduced from our spring 1998 forecast largely due to the cumulative effects of the low oil prices over the last nine months. The lowered price expectations presented in this forecast are shared by the oil industry and as a result have overpowered the strong underlying momentum generated by many years of improvements in technology, cost-cutting and investment climate. North Slope producers have recently announced that capital and operating budgets have been cut across the board with the result that production will be lower than previously expected over the next one to five years.

Our original production estimates for FY 1999 have already been weakened by a number of unanticipated events including:

- \* Warmer than normal temperatures on the North Slope that decreased the efficiency of gas handling required to produce oil.
- \* The explosion at Z-Pad at the Prudhoe Bay field this fall.
- \* More downtime for maintenance than was expected.
- \* Poorer than expected reservoir performance from the Badami field.

Over the next five years we expect modest but significant delays in the start up of Northstar, Alpine and Liberty fields as well as deferred development of all major heavy oil accumulations. We still expect to see an increase in ANS production in FY 2001 as the new fields come on line, but it will be from a significantly lower level than was previously projected.

It is important to remember that the total production of producing companies have not reduced their estimates of reserves. Consequently, we still expect approximately the same number of barrels. We should also not overlook the fact that both the Point McIntyre and Tarn oil fields continue to produce at levels far above the levels we originally projected. Many of the current satellite developments in the existing oil fields continue to be commercially attractive.

Over the long term we expect ANS production to peak at 1.175 million barrels/day in FY 2003 and then begin to decline at an average rate of roughly 6.7 percent annually.

**Figure 8. ANS OIL AND NGL PRODUCTION**

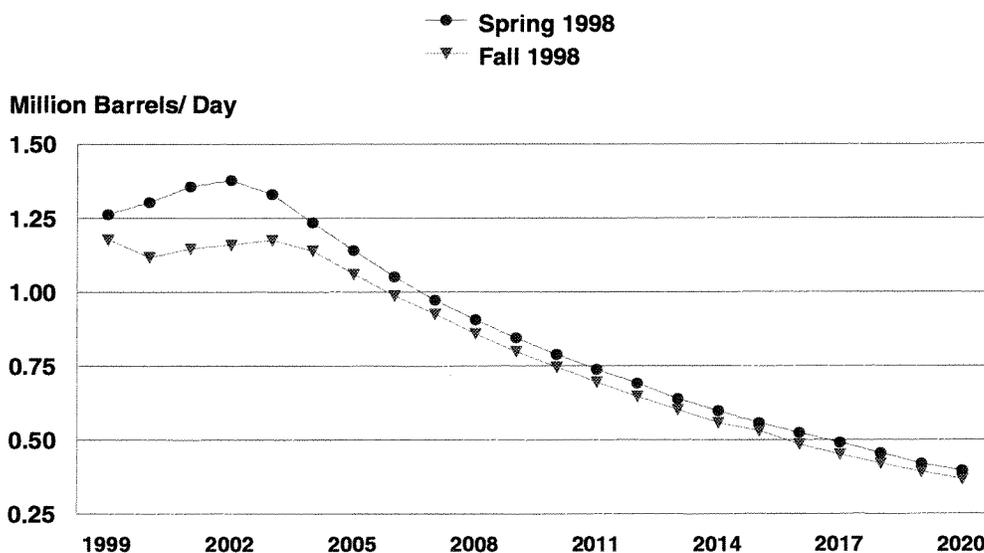


Table 9.

**ALASKA OIL AND NGL PRODUCTION**

Million Barrels per Day

		Prelim Actual			
		FY 1998	FY 1999	FY 2000	FY 2001
<b>ALASKA NORTH SLOPE</b>					
<b><u>Oil</u></b>	Prudhoe Bay	0.6540	0.5852	0.5200	0.4900
	PBU-Satellites (1)	0.0004	0.0021	0.0170	0.0360
	Kuparuk	0.2600	0.2394	0.2450	0.2400
	West Sak	0.0005	0.0032	0.0054	0.0076
	Tobasco	0.0000	0.0037	0.0123	0.0147
	Tarn	0.0000	0.0236	0.0392	0.0338
	Milne Point	0.0482	0.0511	0.0471	0.0454
	Schrader Bluff	0.0040	0.0069	0.0078	0.0072
	Sag River	0.0010	0.0003	0.0004	0.0013
	Endicott (2)	0.0540	0.0405	0.0362	0.0350
	Eider	0.0000	0.0031	0.0039	0.0031
	Badami	0.0000	0.0045	0.0050	0.0050
	Point McIntyre	0.1500	0.1182	0.0838	0.0680
	Lisburne	0.0070	0.0062	0.0093	0.0090
	Niakuk	0.0290	0.0278	0.0240	0.0220
	West Beach (3)	0.0004	0.0008	0.0035	0.0037
	Alpine	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0007</u>
	<b>Total Oil</b>	<b>1.2086</b>	<b>1.1165</b>	<b>1.0598</b>	<b>1.0917</b>
<b><u>NGLs</u></b>	Prudhoe Bay	0.0589	0.0523	0.0490	0.0470
	Endicott (2)	0.0037	0.0035	0.0038	0.0037
	Point McIntyre	0.0022	0.0031	0.0028	0.0025
	Lisburne	0.0010	0.0008	0.0009	0.0010
	Niakuk	0.0004	0.0004	0.0004	0.0004
	West Beach (3)	<u>0.0000</u>	<u>0.0000</u>	<u>0.0002</u>	<u>0.0002</u>
	<b>Total NGLs</b>	<b>0.0662</b>	<b>0.0601</b>	<b>0.0571</b>	<b>0.0548</b>
<b><u>Liquids</u></b>	Prudhoe Bay	0.7129	0.6375	0.5690	0.5370
	PBU-Satellites (1)	0.0004	0.0021	0.0170	0.0360
	Kuparuk	0.2600	0.2394	0.2450	0.2400
	West Sak	0.0005	0.0032	0.0054	0.0076
	Tobasco	0.0000	0.0037	0.0123	0.0147
	Tarn	0.0000	0.0236	0.0392	0.0338
	Milne Point	0.0482	0.0511	0.0471	0.0454
	Schrader Bluff	0.0040	0.0069	0.0078	0.0072
	Sag River	0.0010	0.0003	0.0004	0.0013
	Endicott (2)	0.0577	0.0440	0.0400	0.0387
	Eider	0.0000	0.0031	0.0039	0.0031
	Badami	0.0000	0.0045	0.0050	0.0050
	Point McIntyre	0.1522	0.1213	0.0866	0.0705
	Lisburne	0.0074	0.0066	0.0096	0.0094
	Niakuk	0.0290	0.0278	0.0242	0.0222
	West Beach (3)	0.0667	0.0608	0.0606	0.0584
	Alpine	<u>0.0000</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0007</u>
	<b>Total Liquids</b>	<b>1.2748</b>	<b>1.1766</b>	<b>1.1169</b>	<b>1.1464</b>
<b>COOK INLET</b>		<b>0.032</b>	<b>0.028</b>	<b>0.026</b>	<b>0.024</b>
<b>TOTAL ALASKA</b>		<b>1.307</b>	<b>1.204</b>	<b>1.143</b>	<b>1.170</b>

(1) Includes Midnight Sun, Sambuca and PBU-Schrader.

(2) Includes Endicott and Sag Delta.

(3) Includes West Beach and North Prudhoe Bay State.

## OTHER PETROLEUM AND NON-PETROLEUM REVENUE FORECAST ASSUMPTIONS

The non-petroleum revenues are projected based on trend extrapolation, econometric analysis and assessment by state economists and resource and financial managers.

### Petroleum Corporation Income Tax

The \$69.3 million decrease in petroleum corporate revenues in FY 1998 (from \$269.4 million in FY 1997 to \$200.1 million in FY 1998) and the projected \$80.1 million decrease in FY 1999 (to \$120 million) is a result of current and projected below-average crude oil value. Projected FY 1999 revenues are \$37.9 million less than the five-year average of \$157.9 million and \$34.1 million less than the ten-year average of \$154.1 million. In the short term, revenues are projected to improve slowly with oil prices. After FY 2004, revenue will begin to decline with decreases in petroleum value and in the size of Alaska-versus-U.S. worldwide petroleum activity.

### General Corporation Income Tax

The \$5 million increase in general corporate revenues in FY 1998 (from \$48.4 million in FY 1997 to \$53.4 million in FY 1998) and the projected \$1.6 million increase in FY 1999 (to \$55 million) appears to be primarily a result of revenue growth in the financial and utility sectors. FY 1999 revenues are projected to be \$10.4 million higher than the ten-year average (FY 1989-1998) of \$44.6 million and \$1.7 million higher than the five-year average of \$53.3 million (FY 1994-1998).

General corporation income tax revenues are a function of two factors: (1) the relative size of corporations' Alaska-versus-U.S. activity and (2) their total U.S. net earnings. These revenues do not necessarily grow at the same pace as the Alaskan economy. For example, service-sector employment and gross state product grew by 8 percent between 1994 and 1996 but corporate revenue from the service sector declined by 16 percent. Corporate revenues have also changed in structure. In 1994, forestry and seafood made up 21 percent of corporate revenues but by 1996 this was down to 7 percent. Finance (includes the insurance and real estate sectors), transportation and utility (includes the communications sector) has increased from 35 percent of total general corporate revenues to 47 percent. We believe that FY 1999 revenues reflect strong net earnings in these sectors. After FY 1999, we project a decrease in corporate revenues by \$5 million (to \$50 million) due to two factors: (1) a projected leveling of corporate earnings and (2) an increase in the number of businesses electing Subchapter S and Limited Liability Corporation status.

## **Excise Tax**

### **Alcohol and Tobacco**

Alcohol tax collections are up slightly from FY 1997 (\$11.6 million) to FY 1998 (\$11.8 million). This is still lower than the ten-year average of \$12 million and the five-year average of \$11.9 million. We are predicting that alcohol revenue will increase slowly at 1 percent a year at about the same rate as population growth.

On October 1, 1997, the cigarette tax rate increased from \$0.29 to \$1 per pack (for 20 cigarettes), and the tax rate on other tobacco products (e.g., cigars and smokeless) increased from 25 percent to 75 percent of the wholesale price. The revenue from the \$0.71 cigarette tax rate increase goes to the School Fund and is included under restricted revenue (see Table 5). The revenue from other tobacco products goes directly to the General Fund.

Tobacco tax general fund revenue increased by \$1.7 million in FY 1998 (from \$13.7 million in FY 1997 to \$15.4 million in FY 1998) as a result of the increase in other-tobacco-products revenues from \$1.7 million to \$3.4 million. In FY 1999, we project that General Fund cigarette and other-tobacco-products revenues will level off at \$10.2 million and \$4.8 million, respectively (for a total of \$15 million in tobacco General Fund revenue).

### **Motor Fuel**

In July 1997, the following three changes were made to the Alaska motor fuel statute: (1) the gasohol exemption was repealed, (2) an exemption for marine bunker fuel was passed, and (3) the foreign flight exemption was expanded. Primarily as a result of these changes, highway gas revenues increased from \$19.9 million in FY 1997 to \$24 million in FY 1998 and aviation and jet fuel revenues decreased from \$8.1 million to \$5.3 million. The decrease in marine fuel tax revenue from \$7.3 million to \$6.3 million follows the general trend downward (from FY 1996). This trend in marine fuel tax revenue is consistent with a downturn in the fishing industry. Additionally, the marine fuel tax exemption served to increase the downturn trend (from FY 1997-1998). Total motor fuel FY 1998 revenues are \$35.6 million and are projected to grow slowly at 1 percent a year.

## **Fisheries Business Tax**

The downward trend in fisheries business tax revenue (from a high of \$42.2 million in FY 1993) appears to have leveled off in FY 1998 at \$28.5 million (see Table 10). The decrease from FY 1997 (\$31.0 million) to FY 1998 was a result of low salmon prices and harvests. The projected FY 1999 fisheries business tax revenue of \$28.0 million is \$4.6 million lower than the ten-year average (FY 1989-1998) of \$32.6 million and \$6.1 million lower than the five-year average (FY 1994-FY 1998) of \$34.1 million.

Although sockeye volumes continued to decrease in FY 1999, this was offset by higher sockeye prices and a higher total value for pinks. Consequently, the total value for salmon in FY 1999 will closely mirror the total value of salmon in FY 1998. Additionally, the decline in halibut value will be offset by an increase in the volume of shellfish. However, after FY 1999 shellfish volumes should decline due to tanner crab moving into the downward portion of its natural cycle. Groundfish value is down in FY 1999 because of a decrease in the price of pollock. Pollock volumes subject to the fisheries business tax should, however, increase after FY 1999 due to the increased allocation specified in the "American Fisheries Act."

**Table 10. FISHERIES BUSINESS TAX**  
\$ Million

	Prelim Actual FY 1998		FY 1999 Projected		FY 2000-2001 Projected Change from FY 1999
	Value of Catch	Tax Revenue	Value of Catch	Tax Revenue	
Halibut	100	3.1	63	2.0	Catch Down/ Unit Value Up
Salmon	288	11.0	290	11.0	Catch Same/ Unit Value Same
Herring	18	0.7	13	0.5	Catch Same/ Unit Value Same
Shellfish	179	6.6	210	7.8	Catch Down/ Unit Value Down
Groundfish	<u>220</u>	<u>7.1</u>	<u>200</u>	<u>6.7</u>	Catch Up/ Unit Value Same
<b>TOTAL</b>	<b>805</b>	<b>28.5</b>	<b>776</b>	<b>28.0</b>	

### Petroleum Property Tax

Oil and gas property tax is levied at 20 mills on the full and true value of taxable property. The amount of this tax will continue to decline as new investments in oil facilities fail to keep pace with the depreciation of existing facilities. The table below shows the distribution of the petroleum property tax between local communities and the state for FY 1998.

**Table 11. FY 1998 PETROLEUM PROPERTY TAX**  
\$ Million

Borough	Gross Tax	Local Tax	State Tax
North Slope	223.99	207.19	16.80
Unorganized	29.36	N/A	29.36
Valdez	13.78	13.78	0.00
Kenai	10.24	6.36	3.88
Fairbanks	5.73	4.55	1.18
Anchorage	1.12	1.04	0.08
Matanuska-Susitna	0.08	0.05	0.03
Cordova	0.06	0.04	0.02
Whittier	<u>0.01</u>	<u>0.00</u>	<u>0.01</u>
<b>TOTAL</b>	<b>284.37</b>	<b>233.01</b>	<b>51.36</b>

Total cashflow collections may not match final accounting in AKSAS.

## ECONOMIC FUNDAMENTALS AND KEY MARKET ASSUMPTIONS

The following key assumptions about the economic fundamentals underpinning the oil market are the foundation for our oil price forecast. In this forecast we consider a single scenario for the short term (FY 1999-2001) and two scenarios for the long term (FY 2002-2020).

### Short-Term Oil Market Assumptions, FY 1999-2001

We assume that the global economic growth rate will slow over the next two years. This will be the result of the economic collapse in the Far East and the inability of the Japanese economy to get back on a positive growth path. The effect of the collapse in Asian oil demand was already evident in 1998 as the global consumption growth rate fell to below 1 percent per year from the roughly 2.5 percent per year experienced in 1996 and 1997. We believe that the winter in the Northern Hemisphere will be more normal after last winter's very mild "El Nino" influenced temperatures.

We assume that world supply from non-OPEC countries will continue to grow but at a modest pace (0.4 million barrels per day), as the very low current oil price environment slows the pace of new development and shuts in some high-cost production. As a result of the assumed low-growth demand and the slight uptick in non-OPEC production, OPEC will need to manage its share of the market very tightly to move prices above their severely depressed levels. We assume that OPEC will be modestly successful in restricting production with the result that prices will drift back up over \$13 per barrel for ANS quality oil by summer 1999. Our specific key market assumptions follow:

1. OECD (developed countries) oil consumption grows by 0.4 million barrels per day in 1999 and 2000 and 0.5 million barrels per day in 2001. Non-OECD oil consumption grows by only 0.1 million barrels per day in 1999 and 2000 and 0.3 million barrels per day in 2001.
2. Non-OPEC production grows by 0.4 million barrels per day in 1999 and 2000, and 0.5 million barrels per day in 2001, matching almost exactly our assumed growth in global consumption.
3. The demand for OPEC crude oil will average 26.8 million barrels per day in 1999, 26.9 million barrels per day in 2000, and 27.2 million barrels per day in 2001. These projected levels of production are almost 1 million barrels per day lower than what the OPEC produced in FY 1998. This much lower market for OPEC production explains quite dramatically why oil prices have been so severely depressed over the last eight months.
4. Currently, OPEC is producing 26.8 million barrels per day. We believe that the most likely scenario is that OPEC will continue to hold the line on production and that winter in the Northern hemisphere will be closer to normal. We assume that oil prices will average just over \$13 per barrel over the next 18 months before returning to the \$16 per barrel level in FY 2001 as the Asian economies once again begin to pick up steam.

Table 12.

**FALL 1998 SHORT-TERM REFERENCE CASE  
Key ANS Revenue, Price and Production Projections**

FY	Net Disposable		ANS Market Price \$/ Barrel	ANS Production Million Barrels/ Day
	General Fund Unrestricted Revenue \$ Million	General Fund Unrestricted Revenue \$ Million		
	<b>Prelim Actual 1998</b>	1,853.9		
<b>1999</b>	1,374.3	1,403.8	13.03	1.177
<b>2000</b>	1,311.6	1,358.4	13.27	1.117
<b>2001</b>	1,484.6	1,547.0	15.90	1.146

**Long-Term Oil Market Assumptions, FY 2002-2020**

The fall 1998 reference case forecast considers two scenarios: a low-resource price (Constrained Demand) and a high-resource price scenario (Constrained Supply). The low-price scenario assumes that demand growth slows due to a combination of new carbon taxes that raise the price of oil to consumers, greater efficiencies in consumption and increased consumer awareness of the global warming issue. The high-price scenario assumes that the demand for oil continues to grow robustly, putting modest pressure on supply availability that results in increasing oil prices.

## **CONSTRAINED DEMAND SCENARIO**

1. A \$50 per ton carbon tax is imposed on fossil fuels.
2. OECD consumption grows at 0.4 percent per year, averaging 50.8 million barrels per day in 2020 compared to 1998 consumption of 46.8 million barrels per day. Non-OECD consumption grows at a rate of 2.1 percent per year, averaging 43.4 million barrels per day in 2020 compared to 1998 consumption of 27.7 million barrels per day.
3. Non-OPEC production grows at about 1 percent per year, averaging 56.4 million barrels per day in 2020 compared to 1998 production of 44.9 million barrels per day.
4. OPEC production grows to 50.2 million barrels per day by 2020, not quite twice as much as its 1998 average production rates.

## **CONSTRAINED SUPPLY SCENARIO**

1. Oil consumption continues to grow on a one-for one basis with global economic growth that is assumed to be close to 2.5 percent per year.
2. OECD oil consumption grows at 1.5 percent per year, averaging 65 million barrels per day in 2020 compared to 1998 consumption of 46.8 million barrels per day. Non-OECD consumption grows at 3.2 percent per year, averaging 55.8 million barrels per day in 2020 compared to 1998 consumption of 27.7 million barrels per day.
3. Non-OPEC production grows at a rate of 1.6 percent per year, averaging 63.5 million barrels per day in 2020 compared to 1998 production of 44.9 million barrels per day.
4. OPEC production grows to 57.2 million barrels per day by 2020.

The oil prices in our reference case were developed by assuming that these two scenarios were broadly representative of the future oil market fundamentals over the long run. The oil prices assumed for each of these two scenarios were then weighted (roughly 55 percent for the high and 45 percent for the low) and averaged to reflect the likelihood that either one or the other of the two scenarios would occur.

Table 13.

**FALL 1998 LONG-TERM REFERENCE CASE  
Key ANS Revenue, Price and Production Projections**

FY	Net Disposable			
	General Fund	General Fund	ANS Market	ANS
	Unrestricted	Unrestricted		
	Revenue \$ Million	Revenue \$ Million	Price \$/ Barrel	Production Million Barrels/ Day
2002	1474.1	1536.7	16.23	1.159
2003	1473.4	1536.1	16.66	1.175
2004	1449.7	1512.4	17.13	1.139
2005	1350.6	1413.3	17.61	1.060
2006	1295.9	1358.6	18.10	0.987
2007	1258.1	1320.8	18.62	0.925
2008	1212.5	1275.2	19.16	0.859
2009	1170.1	1232.8	19.72	0.799
2010	1107.5	1170.2	20.31	0.746
2011	1074.8	1137.5	20.91	0.695
2012	1056.3	1119.0	21.52	0.647
2013	1026.4	1089.1	22.15	0.602
2014	997.4	1060.1	22.80	0.557
2015	984.0	1046.7	23.48	0.531
2016	954.9	1017.6	24.18	0.485
2017	932.1	994.8	24.94	0.451
2018	914.8	977.5	25.73	0.420
2019	896.8	959.5	26.55	0.392
2020	881.5	944.2	27.40	0.367

Table 14.

## GLOBAL MARKET ASSUMPTIONS

Million Barrels per Day

	ACTUAL 1998	Projected			CONSTRAINED DEMAND (Low Growth)				CONSTRAINED CAPACITY (High Growth)			
		1999	2000	2001	2005	2010	2015	2020	2005	2010	2015	2020
<b>DEMAND</b>												
<b>OECD</b>												
North America	23.0	23.2	23.4	23.6	24.0	24.5	25.0	25.5	25.6	28.2	31.2	34.4
Europe	15.2	15.6	15.8	15.9	15.9	15.9	15.9	15.9	16.6	17.4	18.3	19.2
Pacific	<u>8.6</u>	<u>8.4</u>	<u>8.4</u>	<u>8.5</u>	<u>8.7</u>	<u>8.9</u>	<u>9.1</u>	<u>9.4</u>	<u>9.0</u>	<u>9.7</u>	<u>10.5</u>	<u>11.3</u>
<b>Total OECD</b>	<b>46.8</b>	<b>47.2</b>	<b>47.6</b>	<b>48.1</b>	<b>48.6</b>	<b>49.3</b>	<b>50.0</b>	<b>50.8</b>	<b>51.2</b>	<b>55.4</b>	<b>60.0</b>	<b>65.0</b>
<b>Non-OECD</b>												
Former Soviet Union	4.4	4.3	4.2	4.2	4.3	4.4	4.5	4.6	4.7	5.5	6.4	7.4
Eastern Europe	0.8	0.8	0.8	0.8	0.8	0.9	0.9	1.0	0.9	1.0	1.1	1.2
China	4.3	4.3	4.4	4.5	5.1	5.9	6.8	7.9	5.3	6.4	7.8	9.5
Asia	6.8	6.7	6.6	6.6	7.4	8.6	9.9	11.5	7.7	9.3	11.4	13.8
Latin America	4.7	4.8	4.9	5.0	5.4	5.9	6.5	7.2	5.8	7.1	8.6	10.5
Middle East	4.4	4.5	4.6	4.7	5.1	5.6	6.2	6.8	5.3	6.1	7.1	8.2
Africa	<u>2.4</u>	<u>2.4</u>	<u>2.5</u>	<u>2.5</u>	<u>2.8</u>	<u>3.3</u>	<u>3.8</u>	<u>4.4</u>	<u>2.9</u>	<u>3.6</u>	<u>4.4</u>	<u>5.3</u>
<b>Total Non-OECD</b>	<b>27.7</b>	<b>27.8</b>	<b>27.9</b>	<b>28.2</b>	<b>30.8</b>	<b>34.5</b>	<b>38.7</b>	<b>43.4</b>	<b>32.5</b>	<b>38.9</b>	<b>46.6</b>	<b>55.8</b>
<b>TOTAL DEMAND</b>	<b>74.5</b>	<b>75.0</b>	<b>75.5</b>	<b>76.3</b>	<b>79.5</b>	<b>83.8</b>	<b>88.7</b>	<b>94.2</b>	<b>83.7</b>	<b>94.3</b>	<b>106.6</b>	<b>120.8</b>
<b>SUPPLY</b>												
<b>Non-OPEC</b>												
OECD	22.2	22.6	22.8	23.1	23.1	23.1	23.1	23.1	22.7	22.7	22.7	22.7
Former Soviet Union	7.2	7.1	7.1	7.0	7.3	7.6	8.0	8.4	9.3	11.9	12.5	12.5
Eastern Europe	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	3.2	3.2	3.2	3.2	3.4	3.7	4.0	4.3	3.6	3.9	4.2	4.5
LDCs	10.4	10.5	10.6	10.8	11.6	12.9	14.2	15.7	13.3	16.2	19.0	19.0
Processing Gain	<u>1.6</u>	<u>1.7</u>	<u>1.8</u>	<u>1.9</u>	<u>2.3</u>	<u>2.9</u>	<u>3.7</u>	<u>4.7</u>	<u>2.3</u>	<u>2.9</u>	<u>3.7</u>	<u>4.7</u>
<b>Total NonOPEC</b>	<b>44.9</b>	<b>45.3</b>	<b>45.7</b>	<b>46.2</b>	<b>47.9</b>	<b>50.4</b>	<b>53.2</b>	<b>56.4</b>	<b>51.4</b>	<b>57.7</b>	<b>62.2</b>	<b>63.5</b>
<b>OPEC</b>												
Oil	27.8	26.8	26.9	27.2	28.5	30.3	32.3	34.5	29.2	33.5	41.2	54.0
NGLs	<u>2.9</u>	<u>2.9</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.1</u>	<u>3.2</u>	<u>3.3</u>	<u>3.0</u>	<u>3.1</u>	<u>3.2</u>	<u>3.3</u>
<b>Total OPEC</b>	<b>30.7</b>	<b>29.7</b>	<b>29.8</b>	<b>30.1</b>	<b>31.5</b>	<b>33.4</b>	<b>35.5</b>	<b>37.8</b>	<b>32.4</b>	<b>36.6</b>	<b>44.4</b>	<b>57.2</b>
<b>TOTAL SUPPLY</b>	<b>75.6</b>	<b>75.0</b>	<b>75.5</b>	<b>76.3</b>	<b>79.5</b>	<b>83.8</b>	<b>88.7</b>	<b>94.2</b>	<b>83.7</b>	<b>94.3</b>	<b>106.6</b>	<b>120.8</b>

(1) Lesser Developed Countries (LDCs) include Asia (excluding China), Latin America, the Middle East and Africa.

Due to rounding to one decimal, columns may not exactly total.

Table 15.

**GENERAL FUND UNRESTRICTED REVENUE**  
**Sensitivity Matrices for Annual Price and Production**  
 \$ Million

**FY 1999**

ANS Market	ANS Production					
	Million Barrels per Day					
	1.000	1.050	1.100	1.150	1.200	1.250
\$ per Barrel						
<b>\$ 9</b>	1,097	1,111	1,125	1,139	1,152	1,166
<b>\$10</b>	1,130	1,146	1,162	1,179	1,195	1,211
<b>\$11</b>	1,169	1,188	1,208	1,227	1,246	1,266
<b>\$12</b>	1,232	1,257	1,281	1,306	1,330	1,355
<b>\$13</b>	1,296	1,325	1,355	1,385	1,414	1,444
<b>\$14</b>	1,359	1,394	1,429	1,464	1,499	1,534
<b>\$15</b>	1,422	1,462	1,502	1,543	1,583	1,623
<b>\$16</b>	1,485	1,531	1,576	1,621	1,667	1,712
<b>\$17</b>	1,549	1,599	1,650	1,700	1,751	1,801

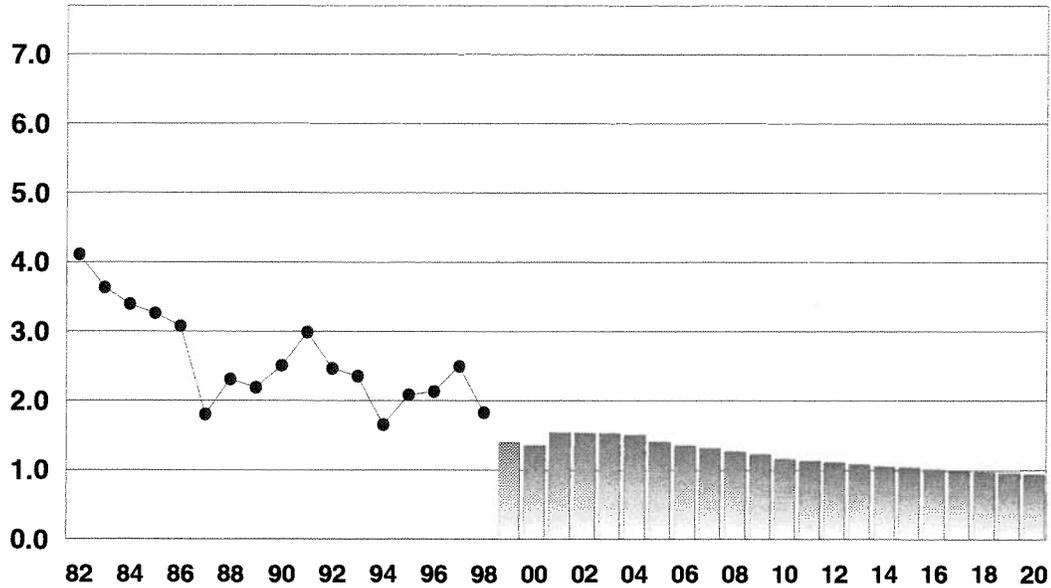
**FY 2000**

ANS Market	ANS Production					
	Million Barrels per Day					
	1.000	1.050	1.100	1.150	1.200	1.250
\$ per Barrel						
<b>\$ 9</b>	1,026	1,042	1,059	1,075	1,092	1,108
<b>\$10</b>	1,073	1,092	1,111	1,129	1,148	1,167
<b>\$11</b>	1,139	1,161	1,183	1,206	1,228	1,250
<b>\$12</b>	1,205	1,231	1,256	1,282	1,307	1,333
<b>\$13</b>	1,271	1,300	1,329	1,358	1,386	1,415
<b>\$14</b>	1,337	1,369	1,401	1,434	1,466	1,498
<b>\$15</b>	1,403	1,439	1,474	1,510	1,545	1,581
<b>\$16</b>	1,469	1,508	1,547	1,586	1,625	1,663
<b>\$17</b>	1,535	1,577	1,620	1,662	1,704	1,746

**FY 2001**

ANS Market	ANS Production					
	Million Barrels per Day					
	1.000	1.050	1.100	1.150	1.200	1.250
\$ per Barrel						
<b>\$ 9</b>	1,032	1,047	1,063	1,078	1,094	1,109
<b>\$10</b>	1,069	1,086	1,103	1,121	1,138	1,155
<b>\$11</b>	1,132	1,152	1,173	1,193	1,214	1,234
<b>\$12</b>	1,195	1,219	1,242	1,266	1,290	1,313
<b>\$13</b>	1,258	1,285	1,312	1,339	1,366	1,393
<b>\$14</b>	1,321	1,351	1,381	1,411	1,441	1,472
<b>\$15</b>	1,384	1,418	1,451	1,484	1,517	1,551
<b>\$16</b>	1,448	1,484	1,520	1,557	1,593	1,630
<b>\$17</b>	1,511	1,550	1,590	1,629	1,669	1,709

**Figure 9. GENERAL FUND UNRESTRICTED REVENUE, Nominal Dollars**  
**Actual (FY 1982-1997), Preliminary Actual (FY 1998) and Projected (FY 1999-2020)**  
 \$ Billion



**Figure 10. GENERAL FUND UNRESTRICTED REVENUE, Real 1998 Dollars**  
**Actual (FY 1982-1997), Preliminary Actual (FY 1998) and Projected (FY 1999-2020)**  
 \$ Billion

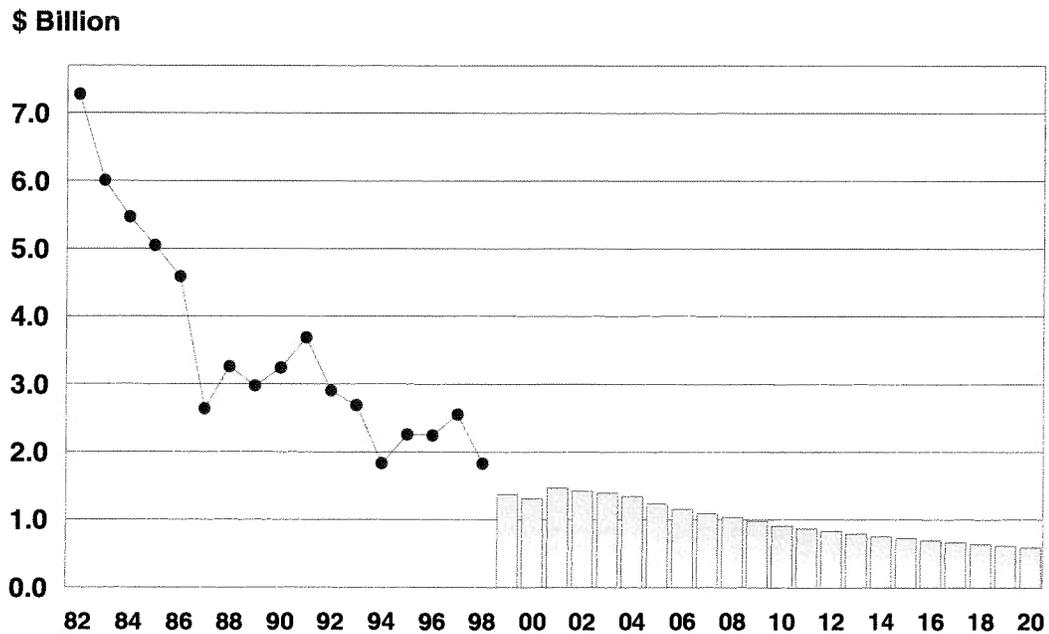


Table 16.

**PETROLEUM PRODUCTION TAX AND  
ROYALTY REVENUE FORECAST**

\$ Million

FY	Oil Royalty	Oil Severance	Conservation Tax	Hazardous Release	Gas Royalty	Gas Severance	ANS TOTAL	Oil Royalty	Oil Severance	Conservation Tax	Hazardous Release	Gas Royalty	Gas Severance	COOK INLET TOTAL	ALASKA TOTAL
Prelim Actual 1998	440.9	561.9	1.5	11.3	0.8	1.9	1018.3	13.5	0.0	0.1	0.3	20.9	18.4	53.2	1071.5
1999	314.3	363.3	1.4	10.6	0.4	1.1	691.2	20.1	0.0	0.0	0.3	17.1	13.1	50.6	741.7
2000	316.0	328.9	1.4	10.1	0.5	1.1	658.0	19.6	0.0	0.0	0.3	17.6	13.6	51.1	709.1
2001	408.6	400.1	1.4	10.5	0.6	1.3	822.6	21.9	0.0	0.0	0.2	18.3	14.2	54.6	877.2
2002	416.1	368.3	1.4	10.6	0.6	1.3	798.3	20.4	0.0	0.0	0.2	19.1	14.7	54.5	852.8
2003	429.5	354.6	1.4	10.8	0.6	1.3	798.3	19.2	0.0	0.0	0.2	19.9	15.3	54.6	852.9
2004	434.2	344.1	1.4	10.5	0.7	1.3	792.1	18.2	0.0	0.0	0.2	20.8	16.0	55.1	847.2
2005	395.6	292.5	1.3	9.8	0.7	1.3	701.2	17.2	0.0	0.0	0.2	21.7	16.6	55.6	756.8
2006	380.8	264.0	1.2	9.1	0.7	1.3	657.1	16.3	0.0	0.0	0.1	22.6	17.3	56.4	713.5
2007	376.0	241.0	1.1	8.5	0.7	1.3	628.6	15.5	0.0	0.0	0.1	23.6	18.0	57.3	685.9
2008	363.1	217.0	1.1	8.0	0.8	1.3	591.2	14.9	0.0	0.0	0.1	24.6	18.7	58.4	649.6
2009	348.5	198.1	1.0	7.4	0.8	1.3	557.1	14.2	0.0	0.0	0.1	25.7	19.5	59.5	616.6
2010	317.1	175.4	0.9	6.8	0.8	1.3	502.4	13.6	0.0	0.0	0.1	26.8	20.3	60.9	563.3
2011	304.3	162.6	0.8	6.4	0.8	1.3	476.3	13.0	0.0	0.0	0.1	28.0	21.2	62.4	538.6
2012	298.9	155.2	0.8	5.9	0.9	1.4	463.1	12.5	0.0	0.0	0.1	29.3	22.1	64.0	527.1
2013	285.2	144.7	0.7	5.5	0.9	1.4	438.5	12.0	0.0	0.0	0.1	30.6	23.0	65.8	504.2
2014	271.0	135.0	0.7	5.0	0.9	1.4	414.0	11.4	0.0	0.0	0.1	32.0	24.0	67.6	481.6
2015	266.3	130.0	0.6	4.7	1.0	1.4	404.1	11.0	0.0	0.0	0.1	33.5	25.1	69.7	473.7
2016	249.0	121.4	0.6	4.2	1.0	1.5	377.8	10.6	0.0	0.0	0.1	35.0	26.2	71.9	449.7
2017	236.9	113.2	0.5	3.9	1.0	1.5	357.2	10.3	0.0	0.0	0.1	36.7	27.3	74.3	431.5
2018	226.0	105.9	0.5	3.6	1.1	1.5	338.6	9.9	0.0	0.0	0.1	38.4	28.5	76.9	415.5
2019	216.1	99.0	0.5	3.4	1.1	1.6	321.6	9.6	0.0	0.0	0.1	40.2	29.8	79.7	401.2
2020	207.5	92.8	0.4	3.2	1.2	1.6	306.6	9.4	0.0	0.0	0.1	42.1	31.1	82.6	389.2

Table 17.

**DETAILED REVENUE PROJECTIONS**  
\$ Million

FY	Production Property Corporation			Petroleum			Mineral NonPetro			TOTAL		Permanent Fund		Public School Fund		GENERAL FUND	
	Tax	Tax	Tax	Royalties	Gross	TOTAL	Bonuses and GF	Rents	Interest	NonPetro	REVENUE	Dedication	Dedication	Dedication	NOMINAL	REAL \$1998	
1998	577.8	51.2	200.1	689.3	1518.4	48.1	494.6	542.7	2061.1	230.5	3.4	1827.1	1827.1	1827.1	1827.1	1827.1	
1999	389.8	49.2	120.0	483.4	1042.4	69.7	459.2	528.9	1571.2	165.0	2.4	1403.8	1403.8	1380.3	1380.3	1380.3	
2000	355.4	47.0	130.0	488.8	1021.2	11.7	467.3	479.0	1500.2	139.4	2.4	1358.4	1358.4	1312.0	1312.0	1312.0	
2001	427.8	45.2	150.0	621.8	1244.8	11.7	469.6	481.3	1726.1	176.0	3.1	1547.0	1547.0	1466.4	1466.4	1466.4	
2002	396.6	43.1	160.0	636.9	1236.6	11.7	475.8	487.5	1724.1	184.3	3.2	1536.7	1536.7	1428.0	1428.0	1428.0	
2003	383.7	41.0	160.0	661.2	1245.9	11.7	477.1	488.8	1734.7	195.4	3.3	1536.1	1536.1	1398.1	1398.1	1398.1	
2004	373.4	39.0	150.5	667.2	1230.2	11.7	470.6	482.4	1712.5	196.8	3.3	1512.4	1512.4	1346.9	1346.9	1346.9	
2005	321.7	37.1	146.0	610.9	1115.7	11.7	468.3	480.1	1595.7	179.4	3.1	1413.3	1413.3	1231.5	1231.5	1231.5	
2006	293.1	35.2	137.3	588.4	1054.0	11.7	467.7	479.4	1533.4	171.8	2.9	1358.6	1358.6	1158.5	1158.5	1158.5	
2007	270.1	33.5	129.0	581.3	1013.9	11.7	467.4	479.1	1493.0	169.3	2.9	1320.8	1320.8	1101.9	1101.9	1101.9	
2008	246.3	31.8	121.3	563.3	962.7	11.7	467.5	479.2	1441.9	163.9	2.8	1275.2	1275.2	1041.0	1041.0	1041.0	
2009	227.5	30.1	114.0	542.8	914.4	11.7	467.1	478.8	1393.2	157.7	2.7	1232.8	1232.8	984.7	984.7	984.7	
2010	204.9	28.4	107.2	499.6	840.1	11.7	466.3	478.0	1318.1	145.4	2.5	1170.2	1170.2	914.6	914.6	914.6	
2011	192.5	26.8	100.7	482.2	802.3	11.7	466.3	478.0	1280.3	140.3	2.4	1137.5	1137.5	869.9	869.9	869.9	
2012	185.5	25.4	94.7	475.5	781.1	11.7	466.8	478.5	1259.6	138.2	2.4	1119.0	1119.0	837.3	837.3	837.3	
2013	175.5	24.0	89.0	457.4	745.9	11.7	466.9	478.6	1224.5	133.1	2.3	1089.1	1089.1	797.4	797.4	797.4	
2014	166.2	22.8	83.7	437.7	710.4	11.7	467.0	478.7	1189.1	126.8	2.2	1060.1	1060.1	759.5	759.5	759.5	
2015	161.9	21.7	78.7	432.2	694.4	11.7	467.7	479.4	1173.8	124.9	2.2	1046.7	1046.7	733.8	733.8	733.8	
2016	154.0	20.6	73.9	409.2	657.7	11.7	468.4	480.1	1137.8	118.2	2.0	1017.6	1017.6	698.0	698.0	698.0	
2017	146.6	19.6	69.5	394.1	629.7	11.7	469.2	480.9	1110.6	113.9	2.0	994.8	994.8	667.6	667.6	667.6	
2018	140.1	18.5	65.3	380.6	604.6	11.7	473.2	484.9	1089.5	110.0	1.9	977.5	977.5	641.9	641.9	641.9	
2019	134.2	17.5	61.4	368.7	581.8	11.7	474.3	486.1	1067.9	106.6	1.8	959.5	959.5	616.5	616.5	616.5	
2020	129.2	16.5	57.7	358.9	562.2	11.7	475.7	487.4	1049.6	103.7	1.8	944.2	944.2	593.6	593.6	593.6	

Prelim Actual

Table 18.

**PROJECTED AND HISTORICAL CRUDE OIL PRICES**  
\$ per Barrel-Nominal and Real \$1998

	ANS West Coast		ANS Market		ANS Wellhead		West Texas Intermediate	
	Nominal	Real \$1998	Nominal	Real \$1998	Nominal	Real \$1998	Nominal	Real \$1998
1985	N/A	N/A	27.89	43.15	17.37	26.87	28.15	43.55
1986	N/A	N/A	22.03	32.85	12.41	18.50	23.11	34.46
1987	N/A	N/A	14.98	21.95	7.84	11.49	16.14	23.65
1988	16.12	22.77	16.45	23.23	10.68	15.08	18.53	26.17
1989	14.61	19.86	14.80	20.12	9.55	12.98	16.93	23.02
1990	17.22	22.26	17.34	22.42	11.89	15.37	20.06	25.93
1991	21.57	26.62	21.72	26.80	15.38	18.98	24.95	30.79
1992	16.64	19.61	16.88	19.90	11.20	13.21	20.69	24.39
1993	17.83	20.39	17.93	20.50	12.80	14.64	20.69	23.66
1994	14.05	15.60	14.22	15.79	9.57	10.62	16.69	18.53
1995	16.77	18.16	16.83	18.23	11.51	12.47	18.46	19.99
1996	17.74	18.65	17.77	18.68	12.60	13.24	19.20	20.18
1997	20.90	21.38	20.85	21.33	16.43	16.81	22.54	23.06
1998	<b>16.02</b>	<b>16.02</b>	<b>16.03</b>	<b>16.03</b>	<b>11.91</b>	<b>11.91</b>	<b>18.03</b>	<b>18.03</b>
1999	13.03	12.82	13.03	12.82	8.76	8.61	14.20	13.96
2000	13.27	12.82	13.27	12.82	9.07	8.76	14.60	14.10
2001	15.91	15.08	15.90	15.07	11.49	10.89	17.50	16.59
2002	16.24	15.09	16.23	15.09	11.74	10.91	17.86	16.60
2003	16.67	15.17	16.66	15.16	12.10	11.01	18.34	16.69
2004	17.13	15.26	17.13	15.26	12.52	11.15	18.84	16.78
2005	17.61	15.35	17.61	15.35	12.27	10.69	19.37	16.88
2006	18.10	15.43	18.10	15.43	12.61	10.75	19.91	16.98
2007	18.62	15.53	18.62	15.53	13.00	10.84	20.48	17.09
2008	19.16	15.64	19.16	15.64	13.36	10.91	21.08	17.21
2009	19.72	15.75	19.72	15.75	13.76	10.99	21.69	17.33
2010	20.31	15.87	20.31	15.87	13.58	10.62	22.34	17.46
2011	20.91	15.99	20.91	15.99	13.94	10.66	23.00	17.59
2012	21.52	16.10	21.52	16.10	14.61	10.93	23.67	17.71
2013	22.15	16.22	22.15	16.22	14.96	10.96	24.37	17.84
2014	22.80	16.33	22.80	16.33	15.31	10.97	25.08	17.97
2015	23.48	16.46	23.48	16.46	15.73	11.03	25.83	18.11
2016	24.18	16.59	24.18	16.59	16.09	11.04	26.60	18.24
2017	24.94	16.74	24.94	16.74	16.48	11.06	27.43	18.41
2018	25.73	16.90	25.73	16.90	16.87	11.08	28.30	18.59
2019	26.55	17.06	26.55	17.06	17.28	11.10	29.21	18.77
2020	27.40	17.23	27.40	17.23	17.70	11.13	30.14	18.95

**Table 19. PROJECTED AND HISTORICAL CRUDE OIL AND NGL PRODUCTION**

Million Barrels per Day

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Prudhoe Bay	0.713	0.638	0.569	0.537	0.501	0.471	0.448	0.422	0.401	0.381	0.357	0.340	0.324	0.309	0.295	0.282	0.269	0.269	0.256	0.243	0.231	0.220	0.209
PBU-Satellite	0.000	0.002	0.017	0.036	0.052	0.064	0.068	0.070	0.074	0.076	0.073	0.067	0.061	0.054	0.046	0.040	0.035	0.030	0.025	0.021	0.018	0.015	0.013
Kuparuk	0.260	0.239	0.245	0.240	0.223	0.212	0.208	0.188	0.170	0.154	0.139	0.125	0.113	0.102	0.092	0.083	0.075	0.067	0.060	0.054	0.048	0.044	0.040
West Sak	0.001	0.003	0.005	0.008	0.012	0.017	0.030	0.034	0.034	0.033	0.033	0.031	0.030	0.029	0.028	0.026	0.025	0.024	0.023	0.021	0.020	0.019	0.018
Tabasco	0.000	0.004	0.012	0.015	0.013	0.009	0.007	0.005	0.004	0.004	0.003	0.003	0.003	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.000
Tarn	0.000	0.024	0.039	0.034	0.026	0.019	0.015	0.013	0.010	0.009	0.009	0.007	0.007	0.006	0.005	0.005	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milne Point	0.048	0.051	0.047	0.045	0.047	0.051	0.054	0.055	0.052	0.050	0.047	0.044	0.041	0.039	0.036	0.034	0.031	0.029	0.027	0.025	0.023	0.022	0.020
Schrader Bluff	0.004	0.007	0.008	0.007	0.007	0.007	0.007	0.007	0.008	0.010	0.013	0.014	0.015	0.016	0.016	0.016	0.015	0.014	0.013	0.012	0.011	0.010	0.009
Sag River	0.001	0.000	0.000	0.001	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000
Endicott	0.058	0.044	0.040	0.039	0.037	0.036	0.035	0.033	0.031	0.029	0.028	0.027	0.025	0.024	0.023	0.021	0.020	0.019	0.018	0.018	0.017	0.016	0.015
Eider	0.000	0.003	0.004	0.003	0.003	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Badami	0.000	0.004	0.005	0.005	0.005	0.005	0.005	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Lisburne	0.008	0.007	0.010	0.010	0.010	0.009	0.008	0.007	0.006	0.006	0.005	0.005	0.004	0.004	0.004	0.004	0.003	0.003	0.003	0.003	0.002	0.002	0.002
Point McIntyre	0.152	0.121	0.087	0.070	0.060	0.051	0.046	0.040	0.035	0.031	0.028	0.024	0.022	0.019	0.017	0.016	0.014	0.012	0.011	0.009	0.008	0.007	0.006
Niakuk	0.029	0.028	0.024	0.022	0.020	0.017	0.014	0.012	0.010	0.009	0.008	0.007	0.006	0.005	0.004	0.004	0.003	0.003	0.002	0.002	0.002	0.001	0.001
West Beach	0.000	0.001	0.004	0.004	0.003	0.003	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Alpine	0.000	0.000	0.000	0.070	0.075	0.072	0.067	0.061	0.056	0.051	0.046	0.042	0.039	0.036	0.033	0.031	0.029	0.027	0.025	0.023	0.022	0.021	0.020
Liberty	0.000	0.000	0.000	0.000	0.025	0.050	0.043	0.036	0.031	0.026	0.022	0.019	0.017	0.015	0.014	0.012	0.011	0.010	0.000	0.000	0.000	0.000	0.000
Known Onshore	0.000	0.000	0.000	0.000	0.015	0.030	0.030	0.026	0.024	0.021	0.019	0.017	0.016	0.014	0.013	0.011	0.010	0.009	0.008	0.007	0.007	0.006	0.005
Northstar	0.000	0.000	0.000	0.000	0.025	0.050	0.050	0.042	0.036	0.031	0.027	0.024	0.021	0.019	0.017	0.015	0.014	0.012	0.011	0.010	0.009	0.008	0.007
ANS	1.275	1.177	1.117	1.146	1.159	1.175	1.139	1.060	0.987	0.925	0.859	0.799	0.746	0.695	0.647	0.602	0.557	0.531	0.485	0.451	0.420	0.392	0.367
Cook Inlet	0.032	0.028	0.026	0.024	0.021	0.020	0.018	0.016	0.015	0.014	0.013	0.012	0.011	0.010	0.009	0.009	0.008	0.007	0.007	0.007	0.006	0.006	0.005
ALASKA	1.307	1.204	1.143	1.170	1.180	1.194	1.156	1.076	1.002	0.939	0.872	0.811	0.757	0.705	0.656	0.611	0.565	0.538	0.492	0.458	0.426	0.398	0.372

# **HISTORICAL OVERVIEW**

## **REVENUE, PRICES AND PRODUCTION**

The pages that follow contain historical revenue, price and production data. Table 20 on Page 41 shows historical petroleum revenue by type from FY 1965-1998.

Table 21 on Page 42 shows General Fund unrestricted revenue by type from FY 1984-1998.

Finally, this section concludes with Tables 22 and 23 on Page 44 with historical crude oil prices and production for the North Slope and Cook Inlet (FY 1981-1998).

**Table 20. HISTORICAL UNRESTRICTED PETROLEUM REVENUE**

\$ Million

FY	(3)(4)										Total GF Unrestricted Revenue	Petroleum Revenue to Unrestricted GF
	Corporation		Petroleum		(1)(2) Royalties and Rents	(1)(2) Bonuses and Rents	Petroleum		Total Petroleum Revenue	Total GF Unrestricted Revenue		
	Tax	Severance Tax	Property Tax	Reserve Tax			Special Settlements	Petroleum Revenue				
1965		0.3				8.4	7.8			16.5	83.0	20%
1966		0.3				8.0	13.3			21.6	86.5	25%
1967		0.5				9.6	11.4			21.5	86.6	25%
1968	0.1	10.2				17.0	24.7			52.0	112.7	46%
1969	0.1	5.6				24.7	4.1			34.5	112.4	31%
1970	0.4	7.9				27.5	903.1			938.9	1067.3	88%
1971	0.9	10.5				32.5	3.1			47.0	220.4	21%
1972	1.2	11.4				32.5	3.3			48.4	219.2	22%
1973	0.9	12.0				30.2	7.2			50.3	208.2	24%
1974	1.2	14.8				35.8	28.4			80.2	254.9	31%
1975	2.5	26.6	6.6			49.8	4.9			90.4	333.4	27%
1976	4.9	28.0	83.4	223.1		48.4	3.7			391.5	709.8	55%
1977	5.0	23.8	139.1	270.6		36.3	2.8			477.6	874.3	55%
1978	8.4	107.7	173.0			150.6	1.8			441.5	764.9	58%
1979	232.6	173.8	163.4			250.2	1.6			821.6	1133.0	73%
1980	547.5	506.5	168.9			689.4	344.2			2256.5	2501.2	90%
1981	860.1	1170.2	143.0			1119.7	11.3			3304.3	3718.0	89%
1982	668.9	1581.7	142.7			1174.4	7.1			3574.8	4108.4	87%
1983	236.0	1493.7	152.6			1105.6	38.7			3026.6	3631.0	83%
1984	265.1	1393.1	131.0			1058.5	13.9			2861.6	3390.1	84%
1985	168.6	1389.4	128.4			1042.2	14.9			2743.5	3260.0	84%
1986	133.9	1107.9	113.5			845.0	38.9	418.2		2657.4	3075.5	86%
1987	120.4	648.5	102.5			448.3	4.3	70.5		1394.5	1799.4	77%
1988	158.0	818.7	96.2			701.5	11.3	163.9		1949.6	2305.8	85%
1989	166.0	698.8	89.7			611.5	16.7	257.7		1840.4	2186.2	84%
1990	117.2	1001.6	89.8	0.0		753.7	4.2	154.8		2121.3	2507.2	85%
1991	185.1	1284.8	85.0	0.0		958.7	24.7	33.5		2571.8	2986.6	86%
1992	165.5	1053.2	69.0	0.0		708.2	6.8	4.7		2007.4	2462.6	82%
1993	117.6	1017.6	66.9	0.0		716.7	44.3	4.7		1967.8	2352.0	84%
1994	17.8	692.1	61.5	0.0		516.1	5.1	0.1		1292.7	1652.5	78%
1995	128.5	793.9	57.3	0.0		631.8	5.0	0.7		1617.2	2082.9	78%
1996	173.7	787.2	56.0	0.0		642.2	5.7	0.0		1664.8	2133.3	78%
1997	269.4	921.6	53.6	0.0		759.2	6.4	0.0		2010.2	2494.9	81%
1998	200.1	577.8	51.3	0.0		480.4	23.0	0.0		1332.6	1827.1	73%

- (1) These categories are primarily composed of petroleum revenue, however, they include some additional revenue from other minerals (mostly coal).
- (2) Royalties and bonuses and rents are net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.
- (3) Not subject to CBRF deposits.
- (4) Tax settlements are in the CBRF.

Table 21.

## HISTORICAL GENERAL FUND UNRESTRICTED REVENUE

\$ Million

## TAX PORTION

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
<b>TAXES</b>															
<b>Property Tax</b>	131.0	128.4	113.5	102.5	96.2	89.7	89.8	85.0	69.0	66.9	61.5	57.3	56.0	53.6	51.2
<b>Sales/Use</b>															
Alcoholic Beverages	13.0	13.9	13.3	12.6	12.1	11.8	12.0	12.2	12.0	11.9	12.0	12.0	12.0	11.6	11.8
Tobacco Products	2.0	2.0	4.9	6.6	6.1	6.4	11.0	14.0	14.3	14.0	14.1	14.4	14.2	13.7	15.4
Insurance Premium	16.2	17.5	21.1	23.7	23.7	19.4	22.7	24.4	25.5	26.3	26.1	27.9	28.2	28.4	33.7
Motor Fuel Tax-Aviation	8.1	8.0	8.1	8.5	9.0	10.1	9.4	10.7	10.7	6.4	6.9	8.0	8.2	8.1	5.3
Motor Fuel Tax-Highway	20.2	23.7	22.7	18.3	19.3	20.0	22.9	19.1	23.2	25.6	25.5	24.0	21.0	19.9	24.0
Motor Fuel Tax-Marine	3.9	4.3	5.3	5.4	5.3	7.2	9.2	10.0	9.4	8.8	8.1	7.6	8.5	7.3	6.3
Total	63.4	69.4	75.4	75.1	75.5	74.9	87.2	90.4	95.1	93	92.7	93.9	92.1	89.0	96.5
<b>Income Tax</b>															
Corporation General	39.5	36.0	11.2	20.5	23.4	38.0	45.3	37.9	33.7	25.1	44.3	67.0	53.3	48.4	53.4
Corporation Petroleum	265.1	168.6	133.9	120.4	158.0	166.0	117.2	185.1	165.5	117.6	17.8	128.5	173.7	269.4	200.1
Total	304.6	204.6	145.1	140.9	181.4	204.0	162.5	223.0	199.2	142.7	62.1	195.5	227.0	317.8	253.5
<b>Severance Tax</b>															
Oil and Gas Production	1392.4	1388.7	1107.4	647.3	816.4	696.4	972.3	1253.8	1022.2	989.4	662.8	769.8	771.7	907.0	564.4
Oil and Gas Conservation	0.7	0.7	0.5	1.2	2.3	2.4	2.4	2.3	2.3	2.1	2.3	2.0	1.8	1.7	1.6
Oil and Gas Hazardous Release	0.0	0.0	0.0	0.0	0.0	0.0	26.9	28.0	28.7	26.1	27.0	22.1	13.7	12.9	11.8
Total	1393.1	1389.4	1107.9	648.5	818.7	698.8	1001.6	1284.1	1053.2	1017.6	692.1	793.9	787.2	921.6	577.8
<b>Other Natural Resource Tax</b>															
Salmon and Seafood Marketing	1.1	1.0	1.1	1.4	2.7	3.3	3.3	3.3	2.8	3.6	5.8	7.9	8.6	7.6	5.6
Salmon Enhancement	2.2	2.6	4.3	4.4	5.8	9.5	6.5	6.2	4.2	6.8	5.0	5.7	5.2	4.2	4.2
Fisheries Business	19.0	18.7	21.1	26.5	22.5	26.7	25.1	31.1	30.1	42.2	33.9	39.0	38.2	31.0	28.5
Fish Landing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	7.3	7.1	7.3	3.8
Total	22.3	22.3	26.5	32.3	31.0	39.5	34.9	40.6	37.1	52.6	44.8	59.9	59.1	50.1	42.1
<b>Other Tax</b>															
Estate	0.7	0.5	0.7	1.1	0.3	0.7	1.1	3.3	1.0	0.9	1.6	1.2	1.7	1.7	5.5
Other	21.9	40.9	4.3	3.8	3.8	4.2	4.7	4.1	4.1	4.1	4.7	4.8	4.9	5.0	6.2
Total	22.6	41.4	5.0	4.9	4.1	4.9	5.8	7.4	5.1	5.0	6.3	6.0	6.6	6.7	11.7
<b>TOTAL TAXES</b>	<b>1937.0</b>	<b>1855.5</b>	<b>1473.4</b>	<b>1004.2</b>	<b>1206.9</b>	<b>1111.8</b>	<b>1381.8</b>	<b>1730.5</b>	<b>1458.7</b>	<b>1377.8</b>	<b>959.5</b>	<b>1206.5</b>	<b>1228.0</b>	<b>1438.8</b>	<b>1032.8</b>

(1) Starting in FY 1996, all program receipts are included in General Fund unrestricted revenue. FY 1996 also includes payment from the TAPS Liability Fund.

NON-TAX PORTION

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
<u>Licenses and Permits</u>	26.7	28.9	29.3	29.2	28.3	28.3	27.8	29.1	32.4	32.7	35.7	34.7	60.9	69.0	74.6
<u>Intergovernmental Receipts</u>															
Federal Shared Revenues	14.0	10.5	14.5	9.7	6.9	6.1	10.0	14.8	11.4	10.3	4.3	4.2	1.0	2.0	2.2
<u>Charges for Services</u>															
Marine Highways	32	33.4	32.3	31.3	29.8	33.1	34	40.7	42.3	40.8	40.4	41.5	38.5	38.6	37.1
Other	14.7	19.2	15.9	15.7	10.0	10.5	12.2	16.5	44.1	14.3	18.0	18.1	36.9	39.5	35.4
Total	46.7	52.6	48.2	47.0	39.8	43.6	46.2	57.2	86.4	55.1	58.4	59.6	75.4	78.1	72.5
<u>Fines and Forfeitures</u>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.4	8.2	37.6
<u>Rents and Royalties</u>															
Mineral Bonuses, Rents, Royalties	16.1	16.6	40.9	6.5	11.6	16.7	5.3	24.8	6.5	44.3	5.2	5.6	6.9	7.4	23.0
Oil and Gas Royalties	1047.5	1034.0	830.7	439.3	694.8	605.9	747.4	951.6	702.4	711.3	512.1	628.3	642.2	759.2	480.4
Timber Sales	2.9	3.1	2.9	7.2	1.1	0.5	0.8	0.4	0.6	0.6	0.4	0.6	1.5	1.9	0.8
Sale of State Property	7.0	8.5	8.7	7.0	3.8	4.9	4.3	4.7	1.0	4.0	9.0	21.8	8.1	8.6	8.1
Total	1073.5	1062.2	883.2	460	711.3	628	757.8	981.5	710.5	760.2	526.7	656.3	658.7	777.1	512.3
<u>Investment Earnings</u>	282.7	233.5	195.2	161.9	132.6	100.7	117.9	125.0	101.8	70.9	31.7	72.4	64.1	77.1	60.6
<u>Miscellaneous Revenue</u>	9.5	16.8	13.0	16.9	16.1	10.0	10.9	14.9	61.4	45.0	36.2	49.2	35.8	44.6	34.5
<b>Sub-Total NON-TAX REVENUE</b>	<b>1453.1</b>	<b>1404.5</b>	<b>1183.4</b>	<b>724.7</b>	<b>935.0</b>	<b>816.7</b>	<b>970.6</b>	<b>1222.5</b>	<b>1003.9</b>	<b>974.2</b>	<b>693.0</b>	<b>876.4</b>	<b>905.3</b>	<b>1056.1</b>	<b>794.3</b>
Plus: Income from prior years	0.0	0.0	418.7	70.5	163.9	257.7	154.8	33.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL NON-TAX REVENUE</b>	<b>1453.1</b>	<b>1404.5</b>	<b>1602.1</b>	<b>795.2</b>	<b>1098.9</b>	<b>1074.4</b>	<b>1125.4</b>	<b>1256.1</b>	<b>1003.9</b>	<b>974.2</b>	<b>693.0</b>	<b>876.4</b>	<b>905.3</b>	<b>1056.1</b>	<b>794.3</b>
<b>TOTAL TAX REVENUE</b>	<b>1937.0</b>	<b>1855.5</b>	<b>1473.4</b>	<b>1004.2</b>	<b>1206.9</b>	<b>1111.8</b>	<b>1381.8</b>	<b>1730.5</b>	<b>1458.7</b>	<b>1377.8</b>	<b>959.5</b>	<b>1206.5</b>	<b>1228.0</b>	<b>1438.8</b>	<b>1032.8</b>
<b>TOTAL GENERAL FUND</b>															
<b>UNRESTRICTED REVENUE</b>	<b>3390.1</b>	<b>3260.0</b>	<b>3075.5</b>	<b>1799.4</b>	<b>2305.8</b>	<b>2186.2</b>	<b>2507.2</b>	<b>2986.6</b>	<b>2462.6</b>	<b>2352.0</b>	<b>1652.5</b>	<b>2082.9</b>	<b>2133.3</b>	<b>2494.9</b>	<b>1827.1</b>

(1) Starting in FY 1996, all program receipts are included in General Fund unrestricted revenue. FY 1996 also includes payment from the TAPS Liability Fund.

Table 22.

**HISTORICAL  
CRUDE OIL PRICES**  
\$ per Barrel

FY	ANS West Coast		ANS Gulf Coast		ANS Average Reported		WTI	
	Spot	Spot	Spot	Spot	Sales	Sales	Spot	Spot
1981	.	34.92	34.10	34.10	34.10	34.10	.	.
1982	.	32.04	30.28	30.28	30.28	30.28	32.98	32.98
1983	.	30.31	28.04	28.04	28.04	28.04	32.52	32.52
1984	.	29.23	26.77	26.77	26.77	26.77	30.59	30.59
1985	.	27.89	26.27	26.27	26.27	26.27	28.15	28.15
1986	.	22.03	21.52	21.52	21.52	21.52	23.11	23.11
1987	.	15.05	13.43	13.43	13.43	13.43	16.14	16.14
1988	16.12	16.97	16.15	16.15	16.15	16.15	18.53	18.53
1989	14.61	15.21	14.36	14.36	14.36	14.36	16.93	16.93
1990	17.22	17.66	17.01	17.01	17.01	17.01	20.06	20.06
1991	21.57	22.21	20.93	20.93	20.93	20.93	24.95	24.95
1992	16.64	17.81	16.33	16.33	16.33	16.33	20.69	20.69
1993	17.83	18.53	17.58	17.58	17.58	17.58	20.69	20.69
1994	14.05	15.03	13.99	13.99	13.99	13.99	16.69	16.69
1995	16.77	17.10	16.39	16.39	16.39	16.39	18.46	18.46
1996	17.74	17.73	17.81	17.81	17.81	17.81	19.20	19.20
1997	20.90	.	20.85	20.85	20.85	20.85	22.54	22.54
1998	16.02	.	16.03	16.03	16.03	16.03	18.03	18.03

Source: Platt's Oilgram Price Report,  
Alaska Department of Revenue, Oil and Gas Audit Division.

Table 23.

**HISTORICAL  
CRUDE OIL AND NGL PRODUCTION**  
Million Barrels per Day

FY	ANS		Cook Inlet		TOTAL
	ANS	Cook Inlet	ANS	Cook Inlet	
1981	1.511	0.093	1.511	0.093	1.604
1982	1.570	0.080	1.570	0.080	1.650
1983	1.627	0.073	1.627	0.073	1.700
1984	1.657	0.065	1.657	0.065	1.722
1985	1.694	0.055	1.694	0.055	1.749
1986	1.802	0.045	1.802	0.045	1.847
1987	1.849	0.047	1.849	0.047	1.896
1988	2.005	0.043	2.005	0.043	2.048
1989	1.960	0.043	1.960	0.043	2.003
1990	1.853	0.033	1.853	0.033	1.886
1991	1.799	0.040	1.799	0.040	1.839
1992	1.791	0.042	1.791	0.042	1.833
1993	1.687	0.041	1.687	0.041	1.728
1994	1.601	0.038	1.601	0.038	1.639
1995	1.573	0.042	1.573	0.042	1.615
1996	1.474	0.042	1.474	0.042	1.516
1997	1.404	0.037	1.404	0.037	1.441
1998	1.275	0.032	1.275	0.032	1.307

Source: Alaska Department of Revenue, Oil and  
Gas Audit.

In accordance with AS 37.07.060(b)(4), the Revenue Sources Book is compiled biannually by the Department of Revenue to assist the governor in formulating a proposed comprehensive financial plan for presentation to the state Legislature. Within the publication are shown prior year actuals, revised current year estimates and future year projections.

Anticipated state income is projected through the use of a number of data sources: (1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues; (2) a petroleum revenue model created by the department's Oil and Gas Audit Division; and (3) estimates from individual state agencies.

We thank the various state agencies for their cooperation in computing anticipated revenues for publication in this document.

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