

Help independents find oil and move it

COMPASS: *Other points of view*

By ERIC CROFT

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My parents grew up in West Texas, on top of the Permian Basin, one of the largest geological formations of oil in the world. When they met, the most important thing they had in common was the deep desire to get out of that flat, hot, dry place and as far away as possible. I had the good sense to be born in Alaska.

By the time my folks met, the Permian was a mature field. Most of the early exploration and development had been done by the world's largest oil companies, but later the independents largely took over, finding smaller deposits the majors were not interested in and keeping the formation producing for many extra years.

We now have a mature field on the North Slope and need to change our way of thinking to fit this new reality. To get more oil in the pipeline, we need to find out what the independents need and help them get it.

Now, everybody likes a tax reduction and some of the independents have supported Gov. Sean Parnell's proposal to give \$2 billion a year of your money away. But 90 percent of the money would go to BP, Exxon and Conoco Phillips, who are all more likely to use the money in other places. Much better would be to target that 10 percent, or \$200 million, directly at the independents with a tax credit for exploration wells. It won't mortgage your children's future, and it gets the money to the activity we want, new exploration to put new oil in the pipeline.

But we need to do more. For years the independents have complained about the two things that really stop oil development: the tariff on the TAPS pipeline and access to facilities on the North Slope. Let me explain.

What if I offered you the opportunity to find oil on my land but admitted that the only way you could get the oil to market was on a pipe owned by your competitors. That would be a problem, right? Now, what if I had to admit that the pipeline owners had been overcharging everyone on the pipeline for decades and that I knew about it and did nothing? Pretty bad, huh? Now, what if I added that even getting your oil to Pump Station 1 would be difficult because you would have to cross land owned by your competitors or use feeder lines owned by them or use their gas handling facilities and that I had never gotten around to making sure your competitors had to provide these things to you at a reasonable price?

Sound like something you want to invest in, looking for oil on my land?

The Legislature has known about this problem for years, so why has nothing been done? Well, by coincidence, the big oil companies and their contractors spend lots on lobbyists and campaigns. Just saying.

It got so bad that in-state refiner Tesoro and independent producer Anadarko had to sue the pipeline owners to get a reasonable rate. They recently won, and won big, lowering our gasoline prices and helping exploration. But did the state help? No. Sat on the sidelines.

What can you do?

First, let's get a real \$200 million exploration tax credit targeted at exploration wells instead of throwing \$2 billion at the big oil companies and hoping they spend some of it here.

Second, support bills to provide facilities access for the independents to get oil to the pipeline, like Rep. Berta Gardner's HB 220.

Finally, let's agree that government having too much money sitting around is a bad idea. Democrats tend to spend it on big government programs, and Republicans tend to give it away to big corporations. Our state government has more than \$13 billion in its savings account, and this may have short-circuited their brains. Tell them to deposit \$10 billion in the Permanent Fund. Rep. Mike Doogan (my legislator and a fellow Spenardiac) has introduced HB 194 to do just that.

These are real steps that reward real exploration activity without giving away our future.

Eric Croft is the proud father of Shannon and Burke, a recovering state representative and a certified bow hunter who has yet to hit anything that can move.

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