

Continuing the progress for Alaska and America

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Thank you. It is a pleasure to be here. This conference provides a valuable forum to discuss a topic important to Alaska and important to the United States.

My comments today will focus on the theme of continuing progress — progress for Alaska and for America.

But before I continue, I would like to take a moment to thank the contractors, suppliers, and government representatives here today. Thank you for the remarkable work you do to deliver Alaska’s energy resources to hungry markets.

In addition, on behalf of ExxonMobil, I would like to thank the many contractors and suppliers who are working with us on Point Thomson. Your efforts to work safely and in an environmentally sound manner are recognized and appreciated.

ExxonMobil has a long history in Alaska and remains one of its largest investors. We are committed to the state and we see ourselves as a partner of the state.

Our history has provided us with insight into the challenges associated with exploring, developing, producing, and transporting oil and natural gas in this unique environment.

As Governor Parnell said, Alaska has much to offer, not the least of which is the ability to provide cleaner burning natural gas to domestic markets. In this regard, the state has made considerable progress, to the benefit of Alaskans and Americans alike.

Progress is, by definition, a journey and not a destination. And, in Alaska, we certainly have more ground to cover in our journey together. Importantly, we share several common goals regarding future energy development in the state.

Without a doubt, the work we do together can bring more prosperity to Alaska — prosperity measured by state revenues, job creation, and overall economic growth.

The results of our work will also benefit others by supplying much needed, reliable, cleaner-burning energy to North American consumers.

But we cannot separate Alaska from the overall energy landscape. The global energy challenge is bigger than any single state, and bigger than the United States for that matter. It is also bigger than the current global economic downturn.

For those of us in the oil and gas industry, we understand that our history is marked by the ups and downs of economic cycles. This understanding assures us that as serious as today's global economic situation is proving to be, it is only temporary.

Despite this downturn, we can take comfort in understanding the fundamental relationship between energy and the economy.

Simply put, the world's economies will recover and, as they do, the world will require more energy to fuel that recovery. We know this because history has shown time and time again, that energy demand and economic growth go hand-in-hand.

When we discuss the world's energy needs, we must remember that growing energy demand not only reflects progress, but also enables progress.

For developed nations, reliable energy fuels the technologies and comforts that enrich our daily lives. Energy powers our computers, propels our vehicles, links our communications, and advances our medical technologies.

For developing nations, expanding reliable and affordable energy supplies will mean that hundreds of millions of people will achieve higher standards of living. They will live safer, healthier lives filled with opportunity due to modernized agriculture, increased trade, and improved transportation.

Driven by economic progress, in both the developed and developing worlds, global energy demand is set to grow significantly.

We expect global energy demand, from all sources, to be about 35 percent higher in the year 2030 than it was in 2005. Supplying this increase will be a tall order.

To meet the expected demand growth, we will need everything we can collectively muster, including new technologies, greater energy efficiency, human ingenuity, and all resources, conventional and unconventional.

And last but not least, we will need to work together with a shared commitment and endurance.

The energy industry operates at an enormous scale with very long time horizons. Our scale and timelines can be difficult for many to grasp, including policymakers. But

understanding these dimensions is essential to develop solutions to the challenges we face.

Consider that the world currently uses the equivalent of about 240 million barrels of oil per day to fuel transportation, generate electricity, run farms and factories, heat and cool homes, and much more.

It is an enormous challenge to simply sustain this output, let alone grow it. Tackling the growth challenge requires long-term planning, discipline, and commitment.

Time in our industry is not measured in business cycles, and it is not measured in election cycles. It is measured in decades and in generations.

The energy we use today is the product of government policies, technical work, and investment decisions, in many cases made decades ago. Similarly, the energy we will use tomorrow will be the product of policies, decisions, and commitments that we make today.

In addition, the energy that powers the global economy requires a large and complex infrastructure. New supplies will increasingly come to markets from hundreds, even thousands of miles away — originating from deep below the ocean's surface, remote arctic regions, or layers of rock once thought impermeable.

To conquer such challenges requires not only long-term planning and commitment, but also technology. The energy industry is one of the most technologically advanced industries in the world.

And collectively, we must bolster our commitment to technology development — technology to support integrated solutions. Solutions which address the energy supply, security, efficiency, and environmental goals we all share.

Meeting the world's energy demand will also require an unprecedented level of new investment. The International Energy Agency estimates that the industry will need to invest more than \$25 trillion for the period 2008 through 2030 to meet the expected growth in demand.

This understanding is important, because as we develop the energy solutions of tomorrow, we must also continue to meet the needs of today. And that brings me to oil and natural gas.

There is consensus that oil and natural gas will continue to supply the majority of the world's energy needs in the foreseeable future. No other energy sources can match their availability, versatility, affordability, and scale.

Thankfully, there are sufficient oil and natural gas resources conventional and unconventional — here in Alaska, and elsewhere, to meet this rising demand.

In Alaska, given the large resources at Prudhoe Bay and Point Thomson, it is particularly interesting to analyze the growing role of natural gas.

Worldwide, natural gas is expected to be the fastest growing major fuel source. By 2030, natural gas demand is expected to be 55 percent higher than it was in 2005.

Much of this demand will be for power generation, reflecting the fact that cleaner-burning natural gas offers significant advantages in meeting growing electricity demand, while reducing emissions versus other alternatives.

This outlook should be greeted with applause in Alaska. America has large resources of natural gas, and significant volumes lie on the North Slope.

Alaska is in an enviable position to step up and supply natural gas needed here, in Canada, and in the Lower 48. And now is the time to step up.

So what is required? Stepping up will require everyone around the table to commit. But let's be clear, commitment means more than rallying around a common vision or definition of success.

It will require taking action to support progress — regardless of current prices, election cycles, and other distractions that occur over time.

They say that the most enduring lessons are those we learn the hard way. At ExxonMobil, we have our share of lessons learned from our experiences around the world. They make us a better, stronger company today.

For example, years ago, we used to forecast future oil and gas prices. And, we were rarely right. Today, instead of forecasting prices, to help make investment decisions, we focus on the fundamentals — fundamentals such as the quality of the resources, our confidence in the technologies, the capital efficiency of the investment, the expected demand in the marketplace, and the stability and commitment of host governments.

I make this point to stress that, while gas prices have fallen considerably from the highs we saw as recent as 2008, ExxonMobil has the confidence and ability to invest when we find opportunities with the right fundamentals.

Said another way, our decisions are based on sound business and operating parameters and not based on market volatility of the day.

We successfully conceptualize, commercialize, and execute large-scale, multi-billion dollar projects, and we assume the associated technical, operational, and commercial risks that come with such projects.

As an example, ExxonMobil is working with TransCanada and the state to progress the Alaska Pipeline Project. We joined this team after assessing the fundamentals and

concluding that this approach provides the best avenue to commercialize Alaska's North Slope natural gas.

We believe combining the experience of ExxonMobil and TransCanada will ensure excellence in project planning and execution.

We also look forward to working with the state of Alaska to establish the predictable and durable fiscal terms needed to support commitment to and completion of the pipeline.

ExxonMobil is ready and willing to commit to projects such as this because the fundamentals point to natural gas being a necessary and fast-growing component of the global energy mix. Now is the time to demonstrate leadership and take action in Alaska in support of the pipeline project.

It was not long ago that ExxonMobil was in a similar situation in the Middle East, assessing a world-class natural gas opportunity in the State of Qatar.

Fundamentals pointed to the need to develop projects of an enormous scale. Working in partnership with Qatar Petroleum and the State of Qatar, we have successfully commercialized the world's largest non-associated natural gas field.

Our partnership is playing a key role in Qatar's rapid transformation into the world's largest supplier of reliable, liquefied natural gas.

Natural gas from Qatar has rapidly evolved from a regional supply source to a significant component of the global energy mix.

These achievements required more than a shared vision of success. The partners demonstrated commitment to work together to create a brighter energy and economic future for the people of Qatar — a future that is now being achieved through ExxonMobil's project management expertise and investments and Qatar's investment policies and durable fiscal terms.

As the world's largest publicly traded oil and natural gas company, ExxonMobil's commitment to meeting the world's energy supply challenge is perhaps best demonstrated by our investments.

Over the next five years, we are planning to invest \$25 to \$30 billion annually on energy projects. These are record investment levels for us.

We are able to confidently pursue these plans based on our long-term view of industry fundamentals and financial discipline, both in good times and in bad.

Investment is a good thing, and Alaskans, being blessed to live in a resource-rich state, know the benefits associated with large-scale investment.

The development of Alaska's resources over the past several decades required massive investments. And, it required the expertise of people who knew the requirements and challenges posed here.

If Point Thomson, the gas pipeline, and other projects progress, together we will create more jobs and train more workers, bringing additional prosperity to Alaska and Alaskans.

Today, thanks to prior investments, the energy industry provides the vast majority of the state's tax revenue. This is money that benefits all Alaskans.

The next major investment opportunity in Alaska is upon us now. We can see the potential that progress will provide. Natural gas resources on the North Slope can produce for decades to come.

Point Thomson, in particular, stands out as an example of this opportunity. It is currently one of Alaska's largest projects in the execution phase, providing jobs and new investment.

ExxonMobil wants to see Point Thomson developed. We believe it underpins the success of the Alaska Pipeline Project. Our commitment to achieving progress at Point Thomson is demonstrated by investments which have now topped \$1 billion, including more than \$300 million in the last two years.

We have made substantial progress in the field, including safely drilling the first project well to total depth. This well reaches out horizontally from the shore-based rig to a subsurface target nearly two miles offshore.

To maintain the momentum established by the more than 150 companies working at Point Thomson, it is important that we resolve the outstanding issues with the Department of Natural Resources now. We stand ready to do so.

Point Thomson is important to Alaska and it is important to ExxonMobil and its partners.

As ExxonMobil's presence as an operator grows, we are also growing our relationship with the people of Alaska.

Today, we are involved with more than 50 non-profit organizations in the state. These include the United Way, Covenant House, and the Alaska Native Heritage Center. In Alaska and around the globe, we strive to contribute to, and be a part of, the communities within which we live and work.

We have been a sponsor of the Iditarod Dog Sled race since 1978. In 2009, we expanded our support by sponsoring the Iditarod Education Program through a \$1.25 million multi-year contribution.

Later today, The University of Alaska will announce a \$100,000 grant from ExxonMobil for a new Junior Academy within the Alaska Native Science and Engineering Program.

Through our contribution, the program will expand to include high school juniors, helping them connect with careers that are critical to the future of Alaska and our industry.

We look forward to increasing our community investments in Alaska as our operations grow.

One of the benefits of being a global oil and gas company is that, over the years, we have managed through many business cycles. As a result, we have the discipline and constancy of purpose to focus on the long-term.

In Alaska, make no mistake about it, it will take everyone in this room working together to achieve the long-term vision and potential we all see in the state.

Government leaders, industry representatives, contractors and citizens stand to benefit from progress on Alaska's North Slope. There is much to gain for all. And now is the time to take action.

We look forward to working with the state to chart the next steps in our journey.

Together, focusing on the fundamentals, we can build a brighter economic future for Alaska and a brighter energy future for America. This is our collective mission and this is our collective responsibility.

Thank you for your attention.