

# State Oil and Gas Board Presentation for the Alabama Trust Fund Board

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Nick Tew

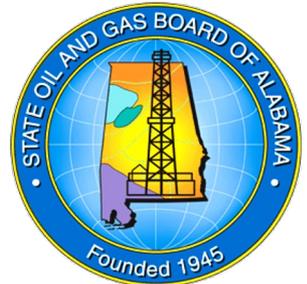
State Geologist & Oil and Gas Supervisor

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Alabama Trust Fund  
Board of Trustees Meeting  
May 26, 2022



**Oil and Gas Activity in Alabama**

Activity Indicator	Fiscal Year							
	1970	1980	1990	2000	2010	2015	2020	2021
<b>Production</b>								
No. of Fields	16	84	273	353	392	447	450	450
No. of Pools Established	26	139	437	566	657	708	715	715
No. of Producing Wells (total)	564	998	3,253	4,144	6,929	6,809	6,240	6,240
No. of Producing CBM Wells		3	1,089	2,672	5,585	5,863	5,311	5,316
Oil/Cond (Million Barrels) Total	7.3	22.2	18.5	10.8	7.0	9.9	4.4	4.3
Condensate (Million Barrels)	0.02	12.4	10.2	4.6	1.9	1.3	0.7	0.8
Gas (Billion Cu. Ft.) Total	1	114	183	414	242	170	120	111
Gas (Billion Cu. Ft.) CBM			36	112	104	73.5	48	43
National Rank - Oil & Cond.	21st	18th	15th	15th	15th	17th	20th	19th
National Rank - Natural Gas	26th	16th	12th	9th	15th	16th	16th	16th
<b>Revenues &amp; Funds (Million \$)</b>								
Severance Tax	1.324	36.480	45.042	68.341	85.522	70.244	23.946	29.548
Investment Income From Trusts	---	---	102.250	136.819	101.387	63.489	43.961	56.629
Oil & Gas Proceeds To Trusts	---	---	5.172	157.577	124.376	61.366	26.056	33.194
<b>Total</b>	<b>1.324</b>	<b>36.480</b>	<b>152.464</b>	<b>362.737</b>	<b>311.285</b>	<b>195.099</b>	<b>93.963</b>	<b>119.371</b>
Trust Fund Balance	---	---	937.013	1,884.452	3,389.786	2,658.408	3,141.813	3,288.558

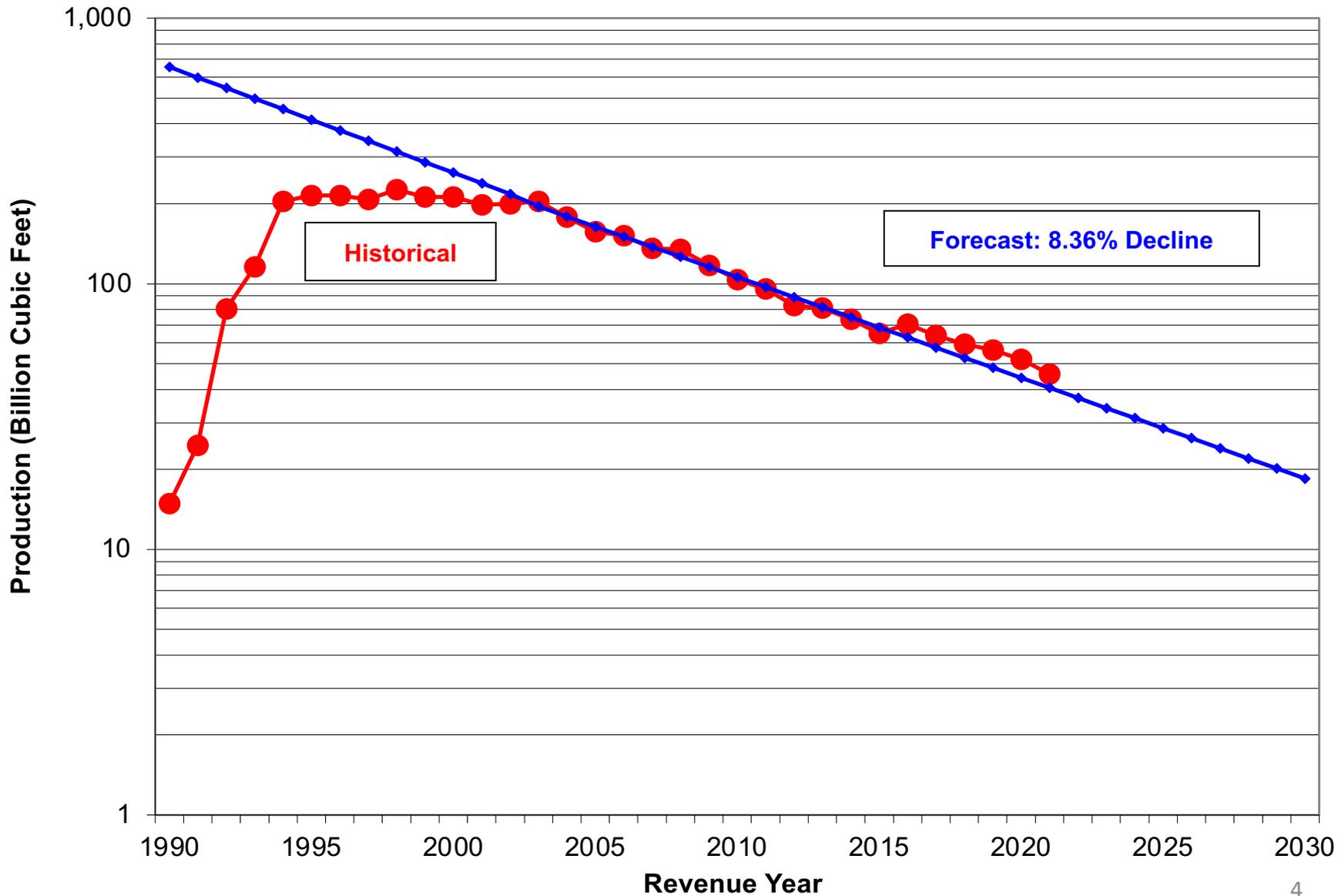
Source: State Oil and Gas Board

- Rankings: Oil (EIA) <https://www.eia.gov/state/rankings/#/series/46>
- Rankings: Natural Gas (EIA) <https://www.eia.gov/state/rankings/#/series/47>
- Rankings: various <https://www.eia.gov/state/search/#?3=25&a=true>

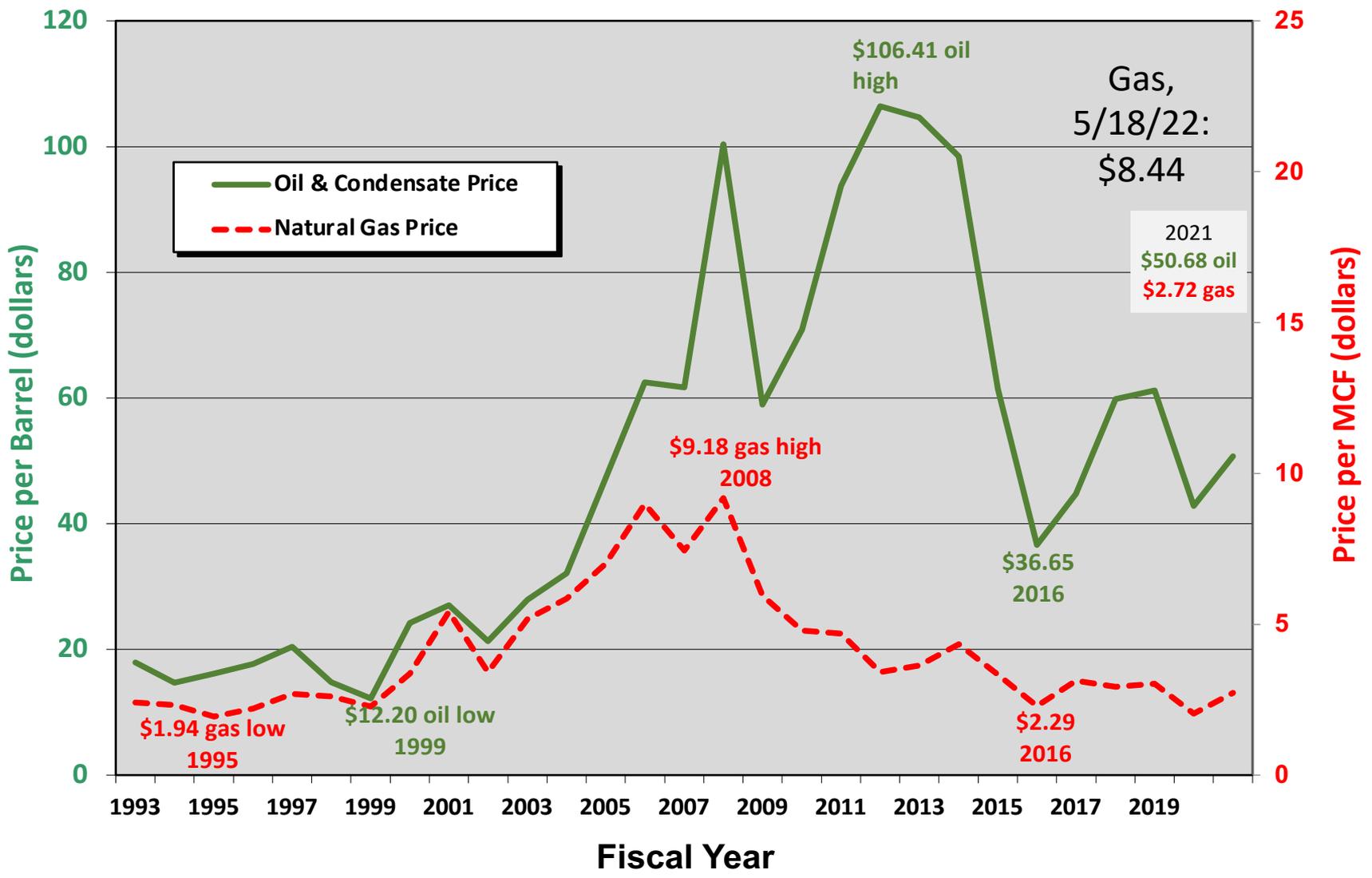
**FY22 YTD Severance Tax: \$26.6 million**



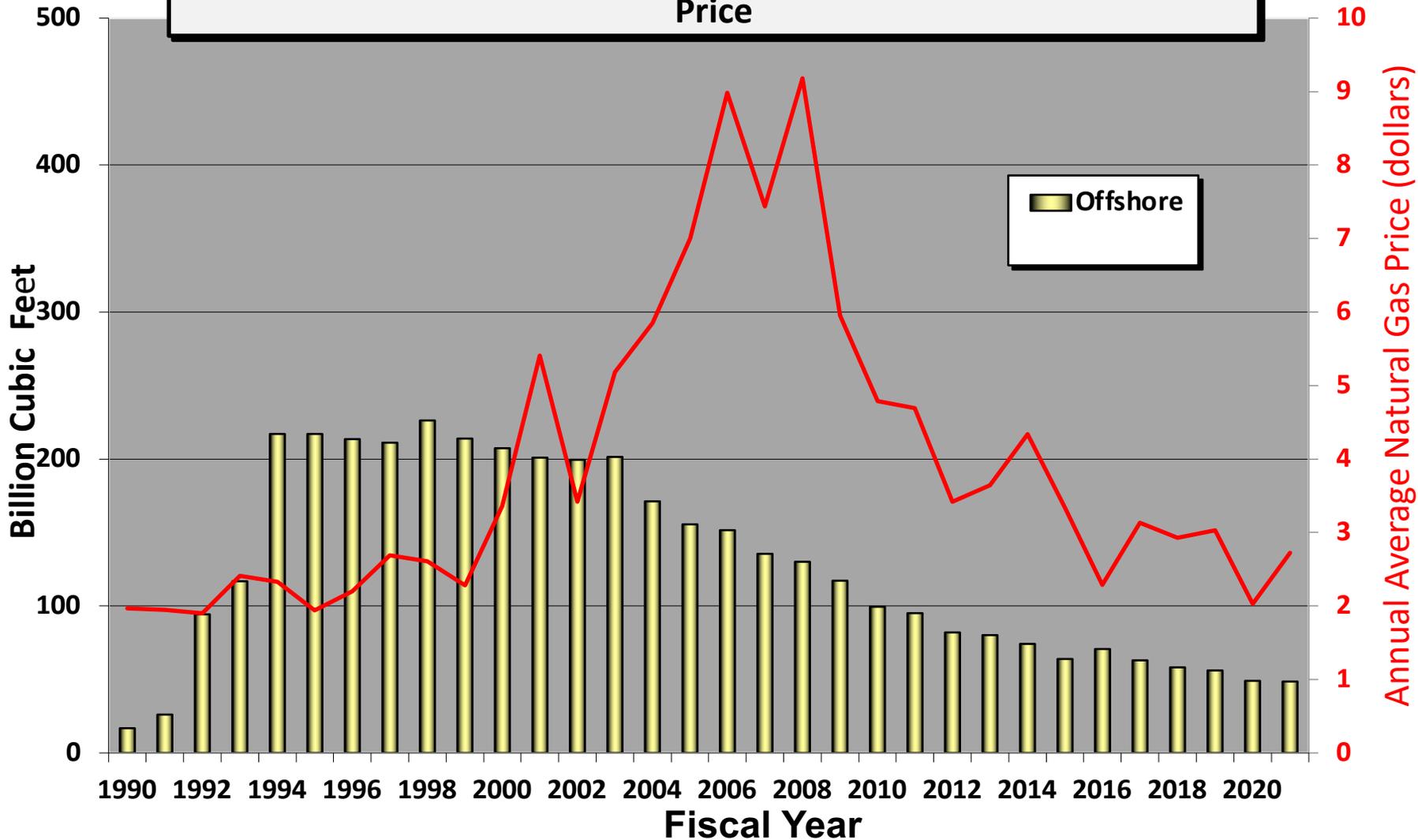
# Alabama State Waters Gas Historical & Forecasted Production



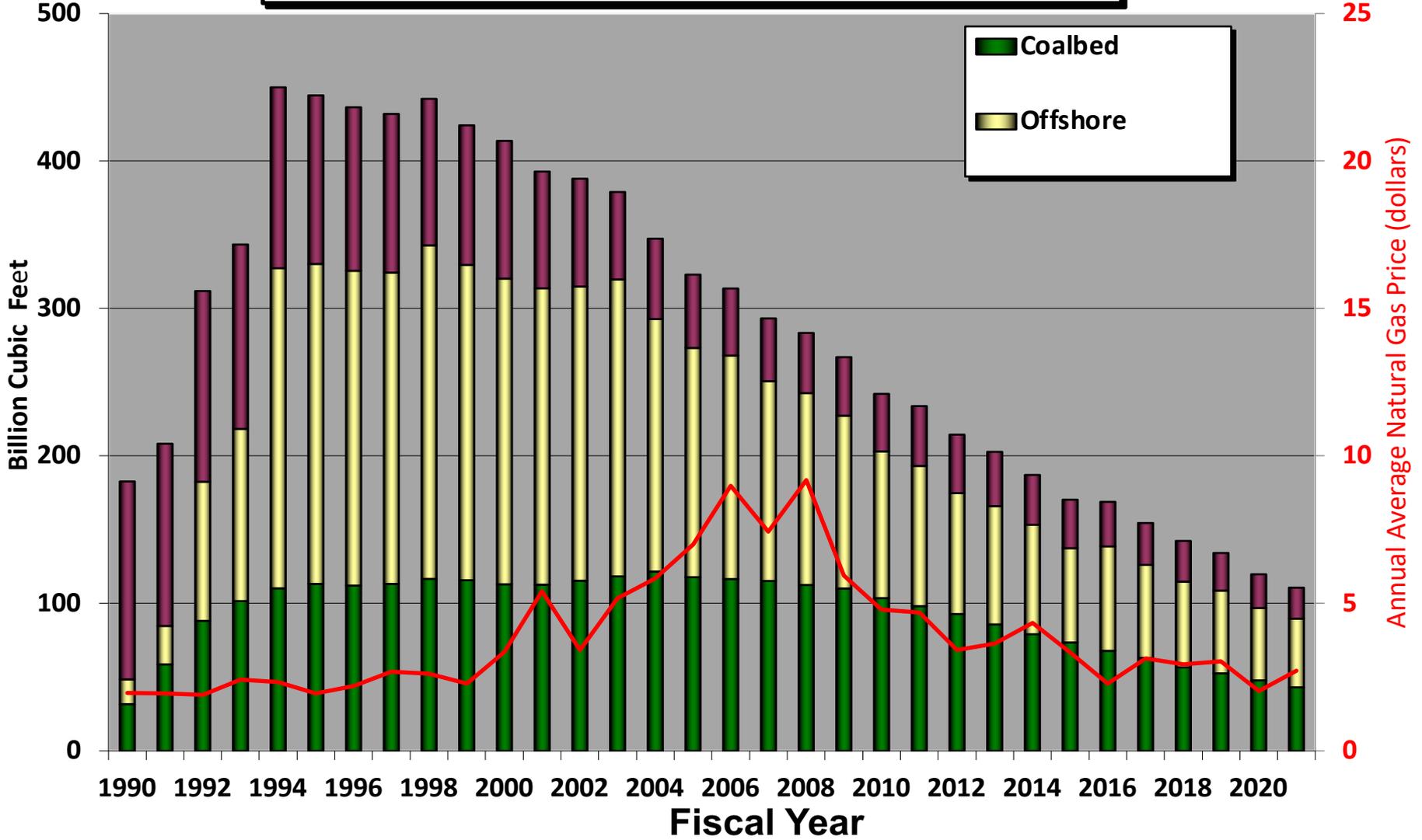
# State of Alabama Annual Average Oil and Gas Prices



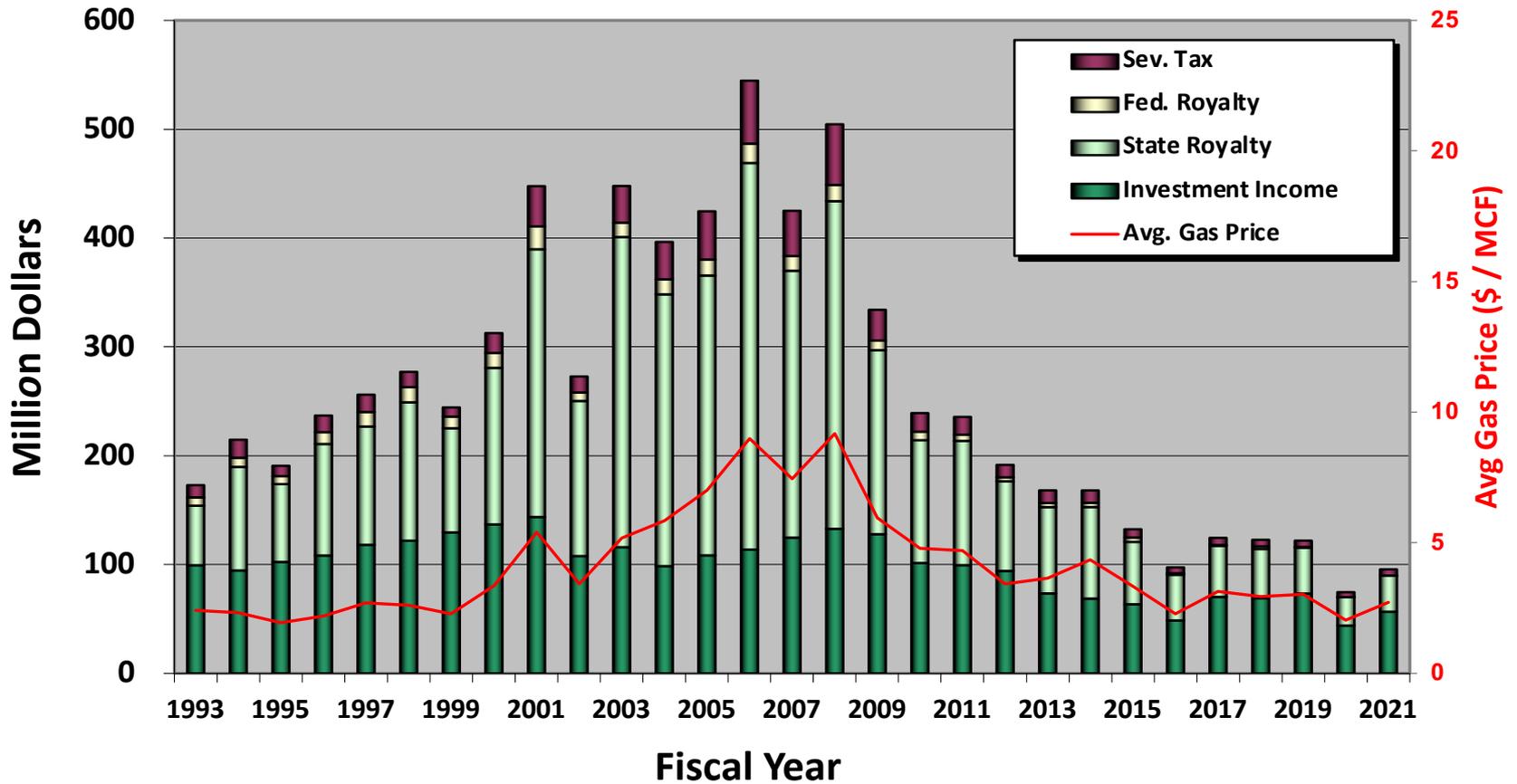
# Alabama Annual Offshore Natural Gas Production & Average Annual Price



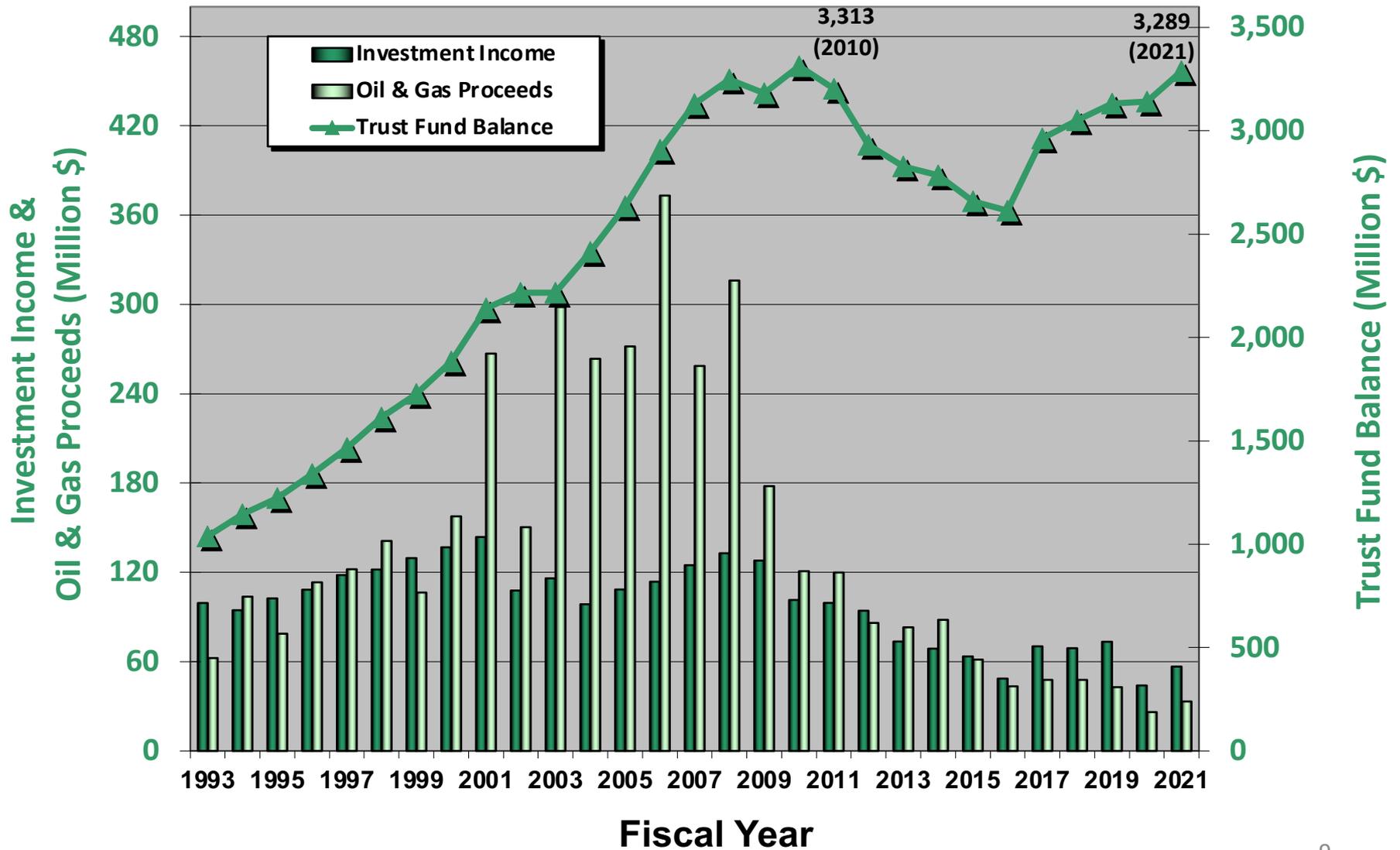
# State of Alabama Natural Gas Production by Well Type



## Revenues Generated From Alabama OFFSHORE Production



# State of Alabama Oil & Gas Trust Fund



**Alabama State Waters  
Gas Royalty Value Forecast**

Fiscal Year	Gas	Royalty	Forecasted Royalty Value <sup>3</sup>				
	Production <sup>1</sup>	Volume <sup>2</sup>	(Million Dollars)				
	(BCF)	27.93%	\$2.72	\$3.97	\$6.04	\$6.97	\$7.50
2021	40.574	11.33	<b>30.82</b>	44.98	68.44	78.97	84.98
2022	37.180	10.38	28.24	41.22	<b>62.71</b>	72.37	77.87
2023	34.071	9.51	25.88	37.77	57.47	<b>66.32</b>	71.36
2024	31.221	8.72	23.72	<b>34.61</b>	52.66	60.77	65.39
2025	28.610	7.99	21.73	31.72	48.26	55.69	59.92
2026	26.217	7.32	19.91	29.07	44.22	51.03	54.91
2027	24.025	6.71	18.25	26.64	40.52	46.76	50.32

<sup>1</sup> Gas Production based on forecasted 8.36% annual decline rate

<sup>2</sup> Gas Production multiplied by FY03-FY12 mean total royalty percentage (27.93%)

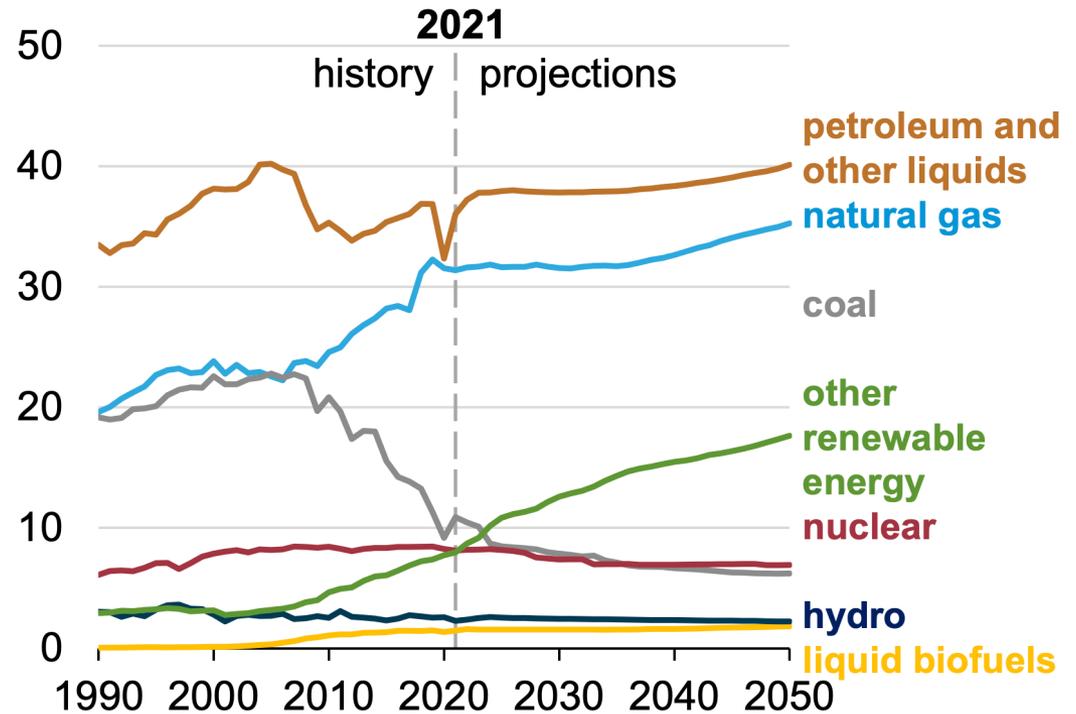
<sup>3</sup> Gas Prices based on U.S Dept. of Energy Henry Hub Natural Gas Price Forecast

## EIA Annual Energy Outlook 2022 Highlights

- Petroleum and natural gas remain the most-consumed sources of energy in the United States through 2050, but renewable energy is the fastest growing
- Wind and solar incentives, along with falling technology costs, support robust competition with natural gas for electricity generation, while the shares of coal and nuclear power decrease in the U.S. electricity mix
- U.S. crude oil production reaches record highs, while natural gas production is increasingly driven by natural gas exports

# U.S. EIA Annual Energy Outlook 2022

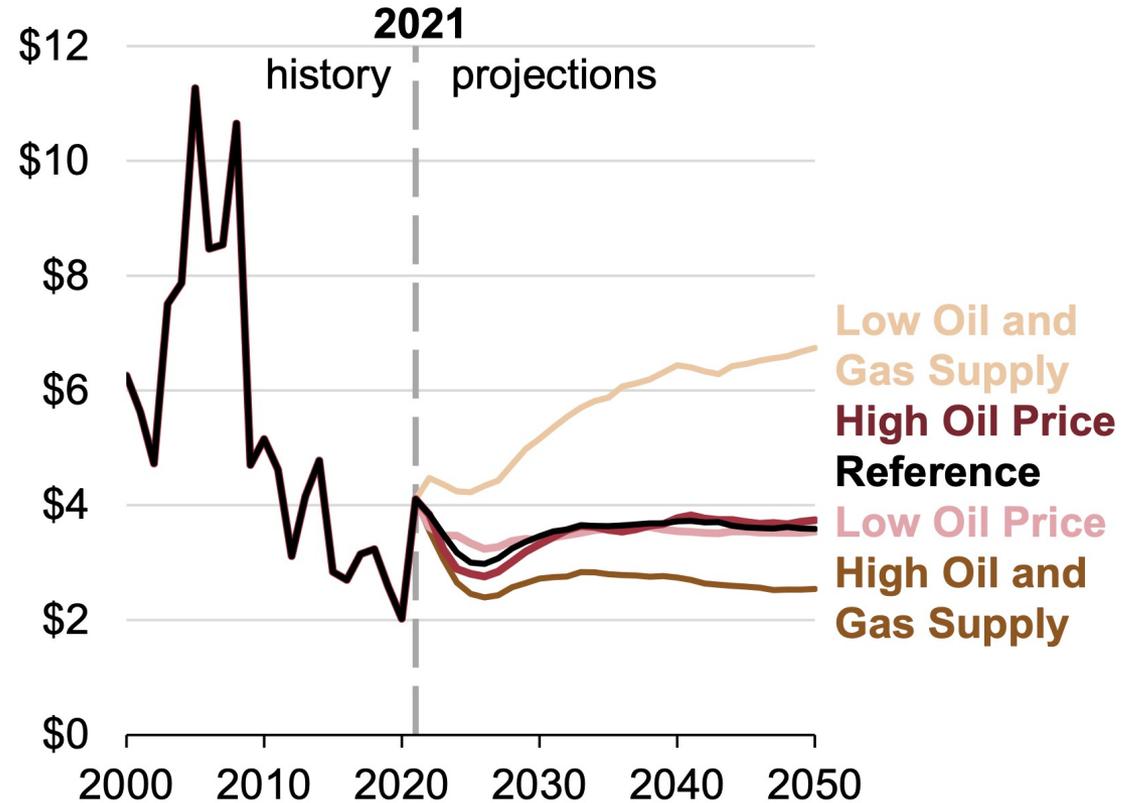
**Energy consumption by fuel**  
**AEO2022 Reference case**  
quadrillion British thermal units



U.S. EIA  
Annual  
Energy  
Outlook 2022

**Natural gas spot price at Henry Hub  
AEO2022 side cases**

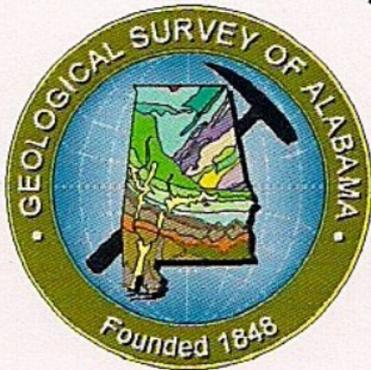
2021 dollars per million British thermal unit



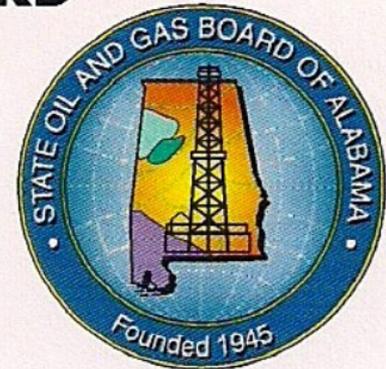
# Contact Info

## **GEOLOGICAL SURVEY OF ALABAMA**

### **STATE OIL AND GAS BOARD**



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