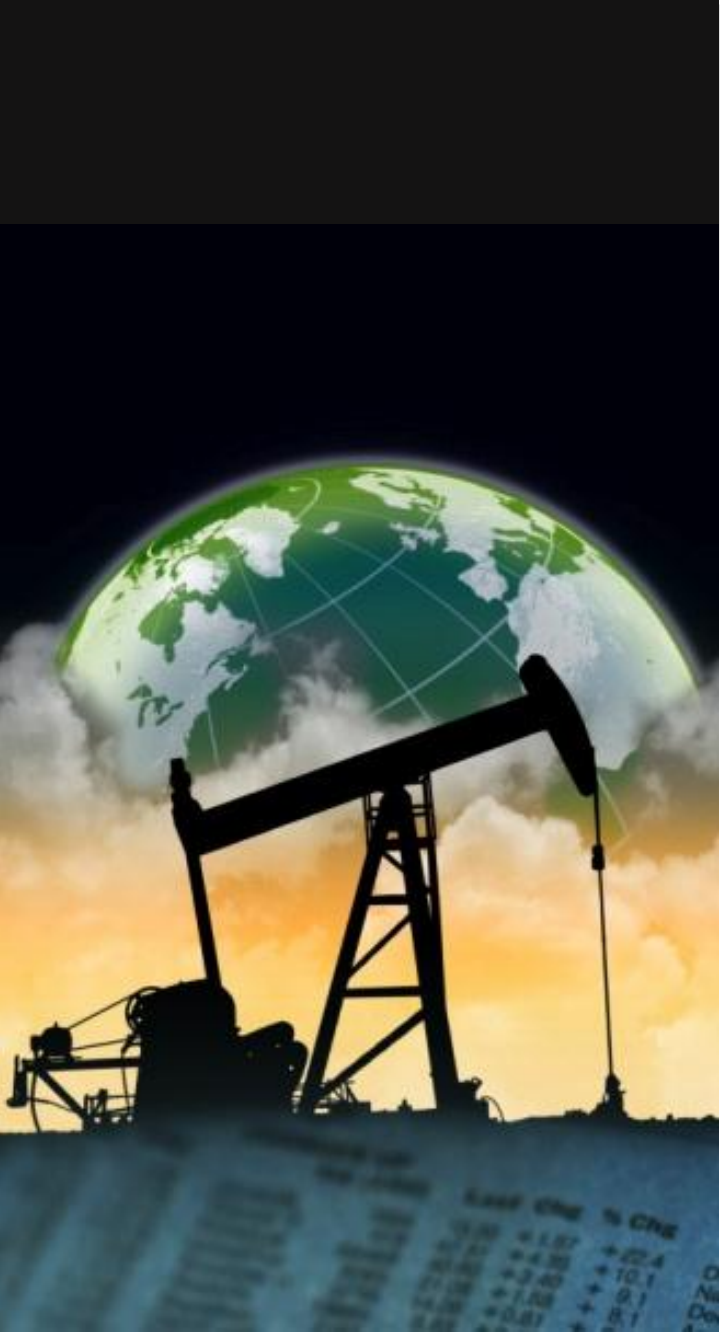


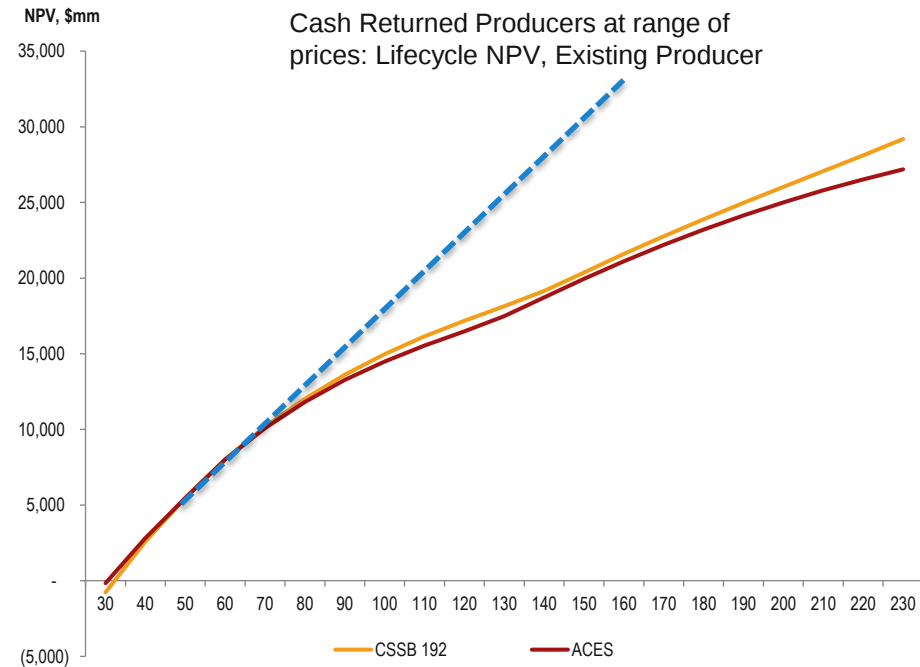
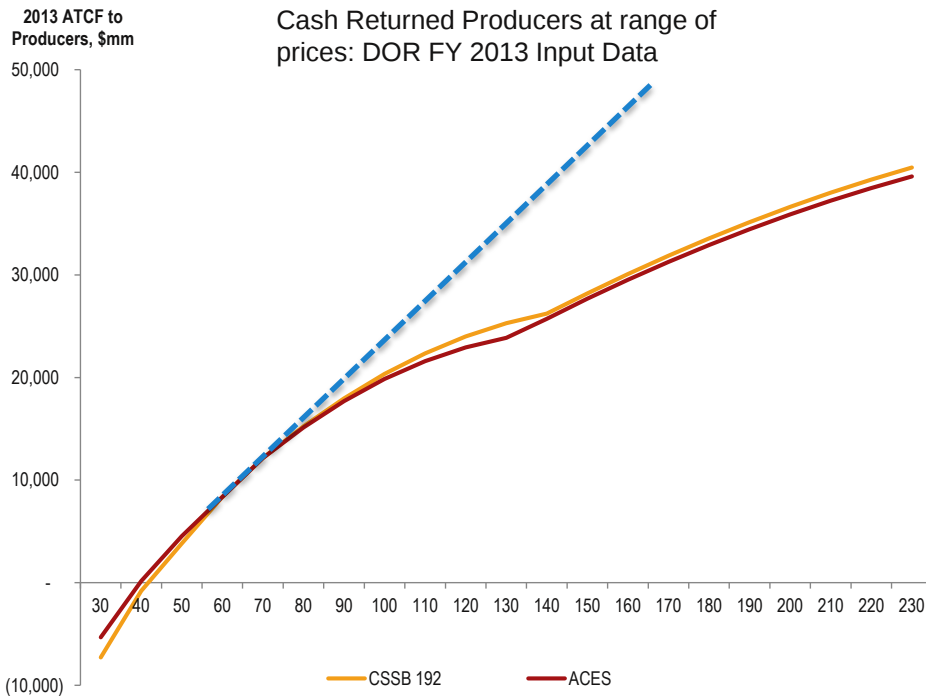


Discussion Slides: Alaska Senate Finance Committee

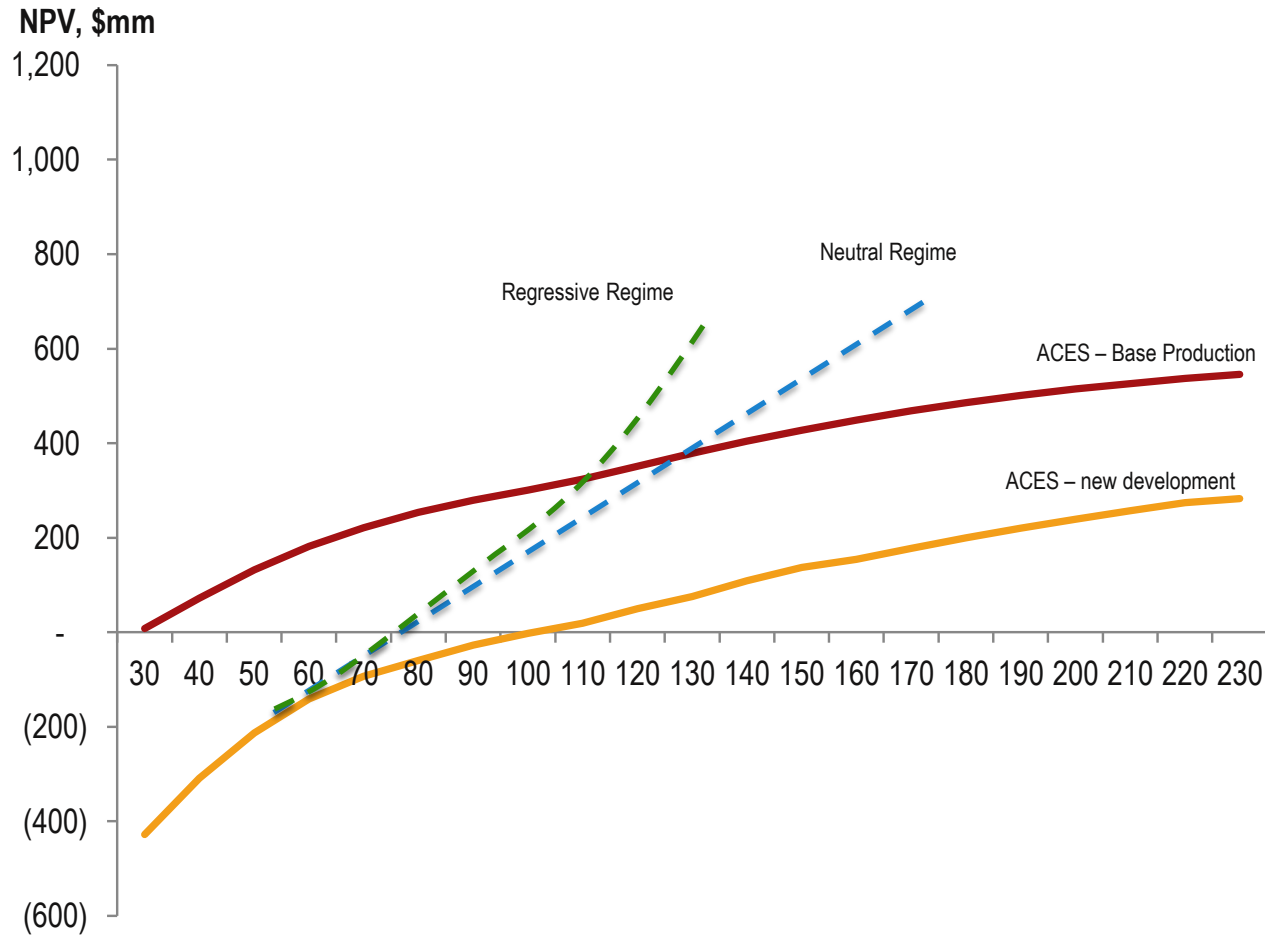
March 23, 2012

Janak Mayer
Manager, Upstream & Gas
PFC Energy

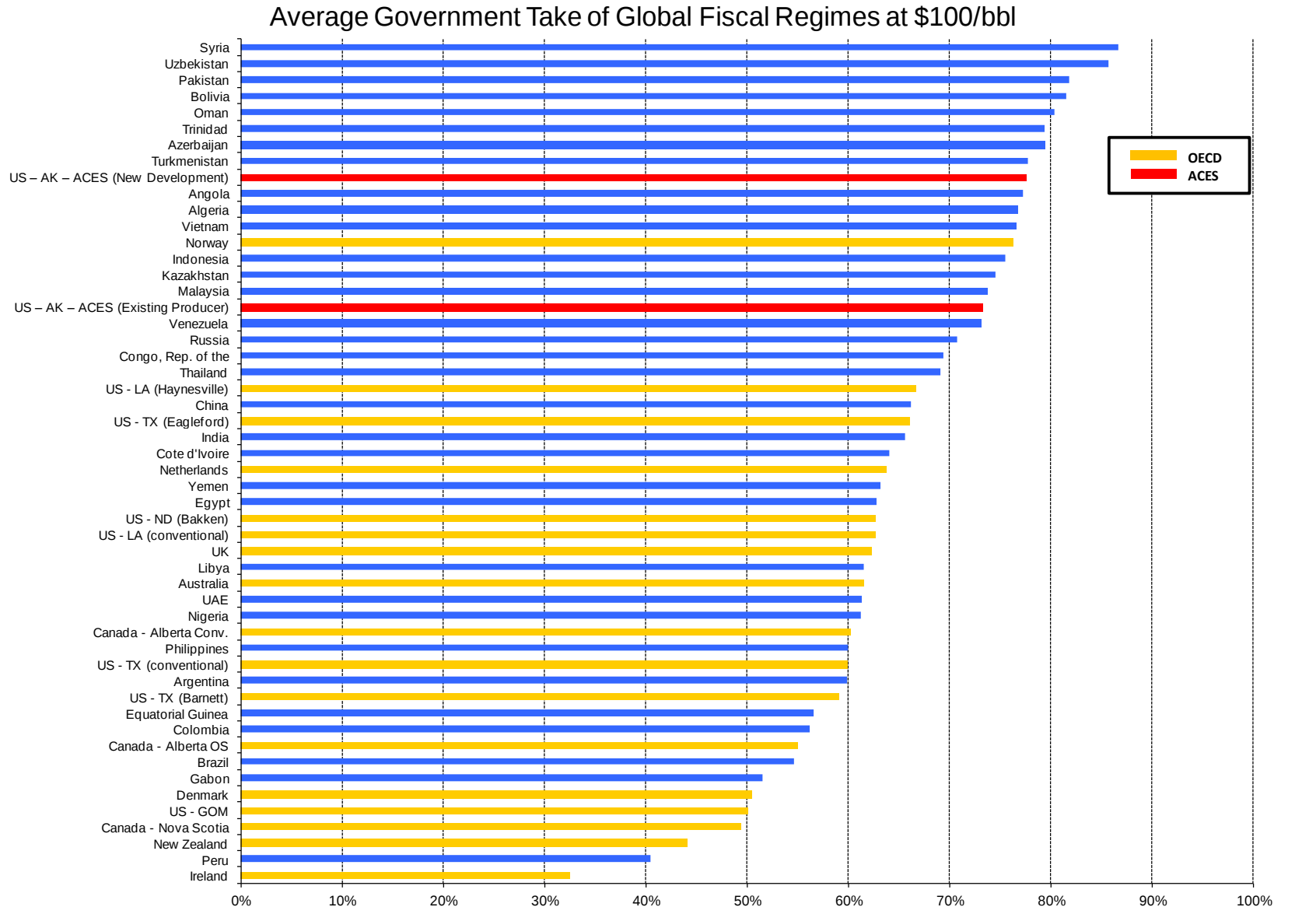
Progressivity takes away upside at high prices...



...and particularly challenges economics for new projects

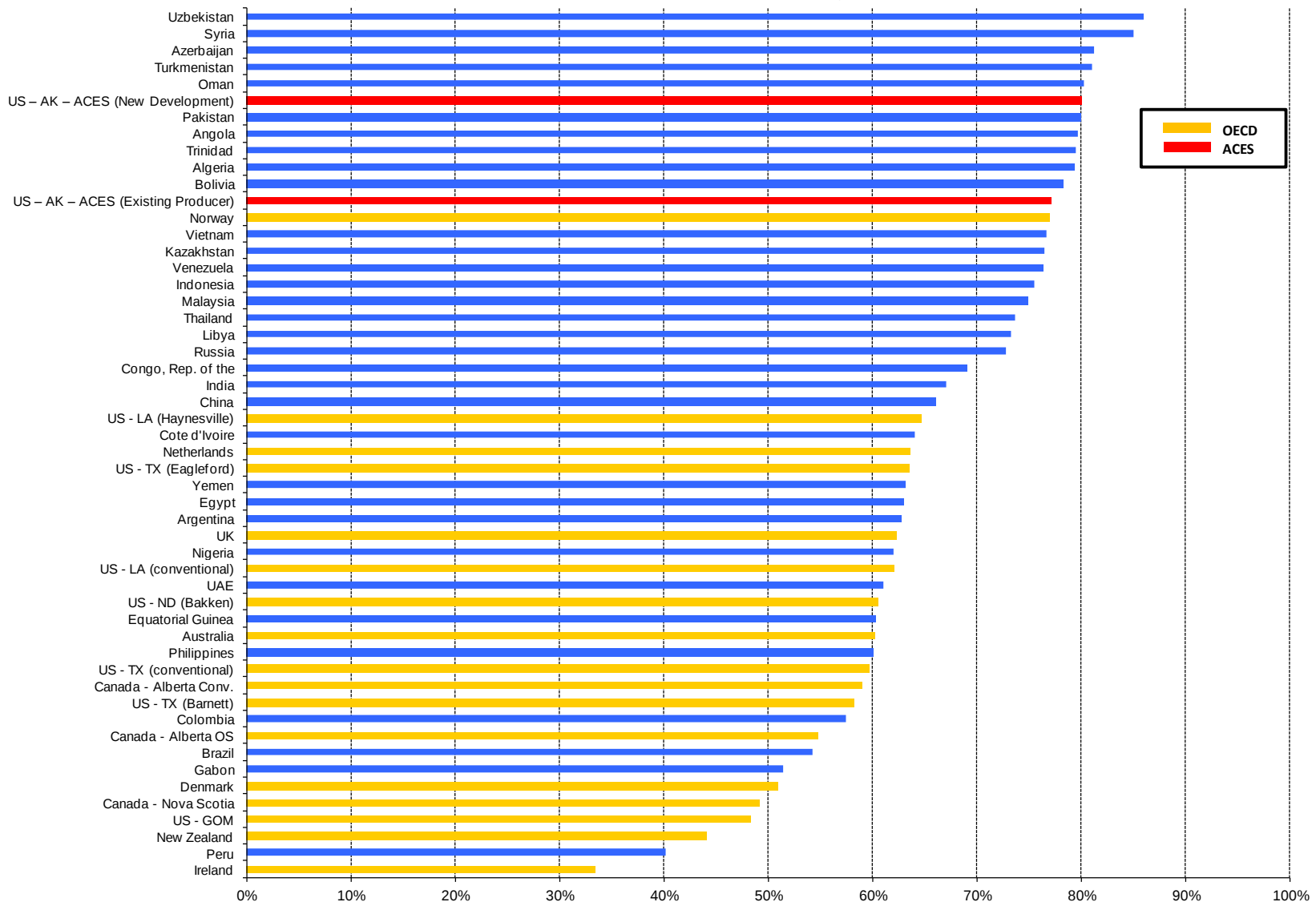


Regime Competitiveness: Average Government Take

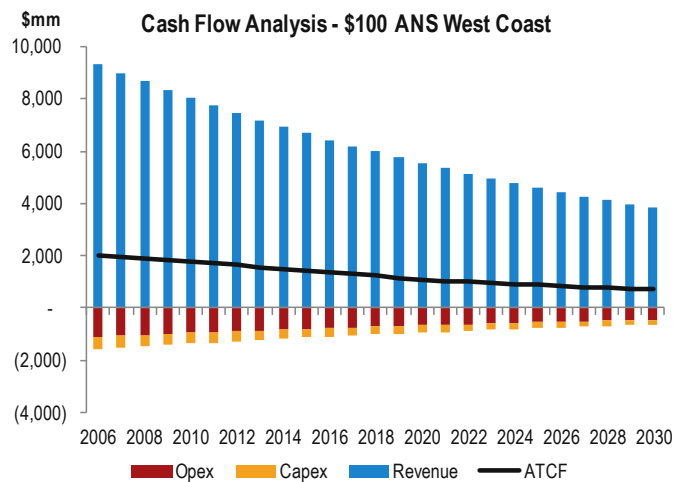


Regime Competitiveness: Average Government Take

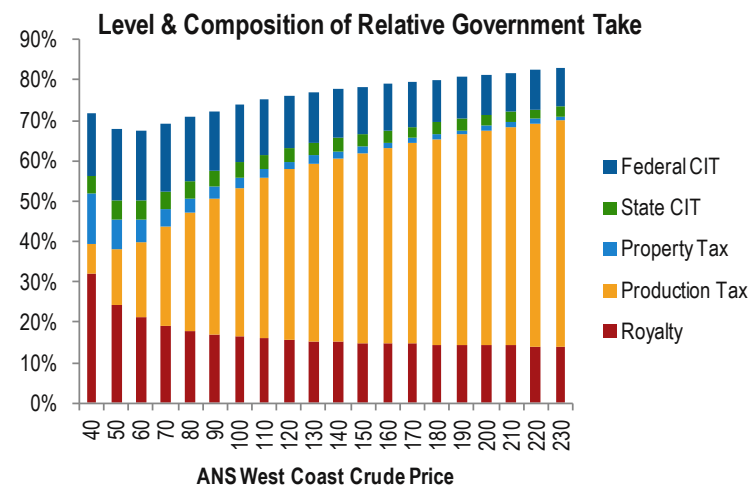
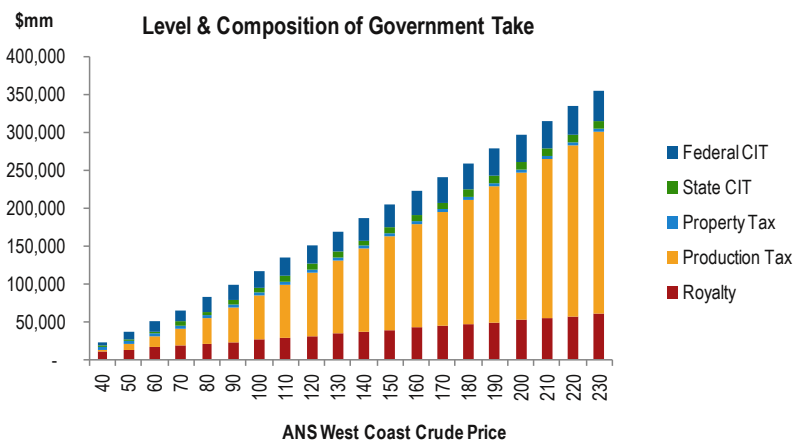
Average Government Take of Global Fiscal Regimes at \$140/bbl



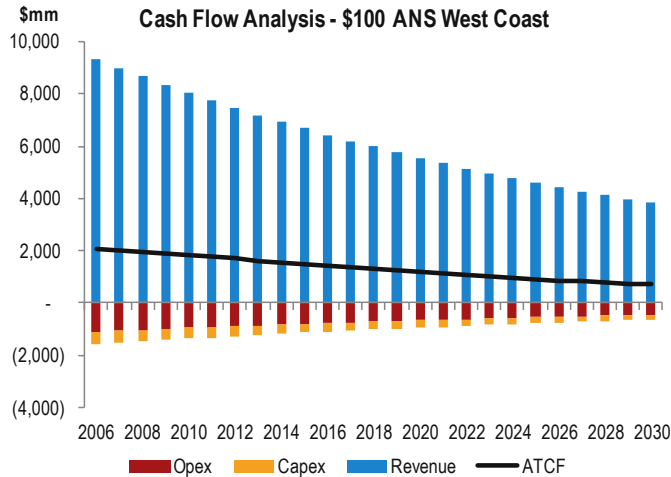
ACES (Existing Producer)



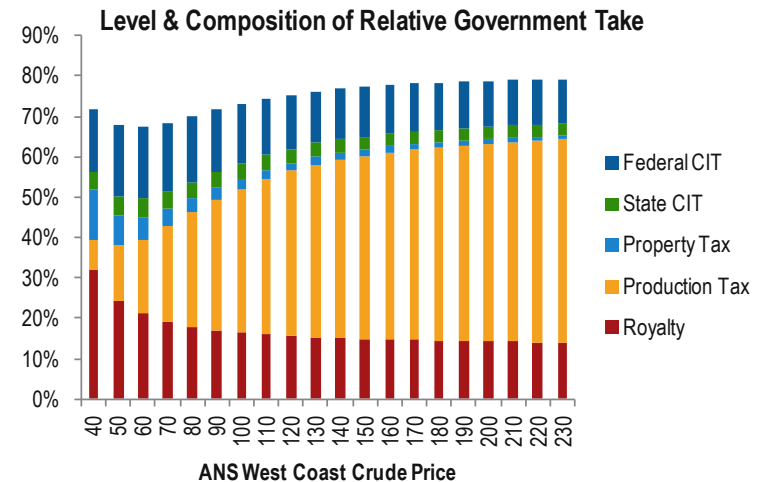
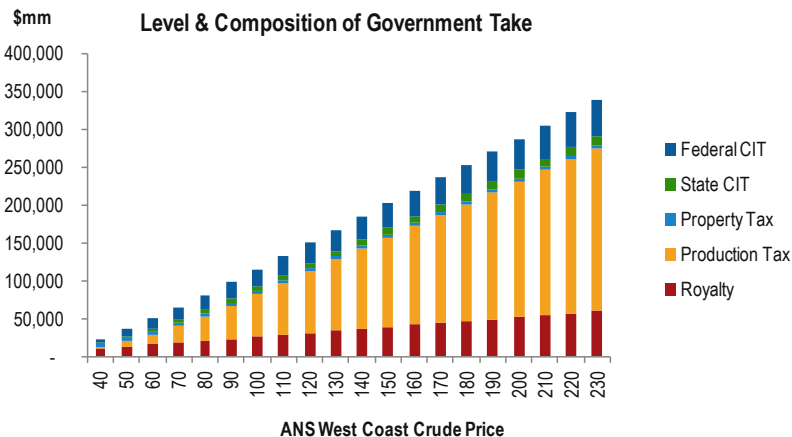
Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	8%	12%	4%	56%	16%	72%
50	24%	14%	8%	5%	50%	18%	68%
60	21%	19%	5%	5%	50%	18%	68%
70	19%	24%	4%	4%	52%	17%	69%
80	18%	29%	3%	4%	55%	16%	71%
90	17%	33%	3%	4%	57%	15%	72%
100	17%	37%	3%	4%	60%	14%	74%
110	16%	40%	2%	4%	62%	13%	75%
120	16%	42%	2%	3%	63%	13%	76%
130	15%	44%	2%	3%	65%	12%	77%
140	15%	46%	2%	3%	66%	12%	78%
150	15%	47%	2%	3%	67%	12%	78%
160	15%	48%	1%	3%	68%	11%	79%
170	15%	50%	1%	3%	69%	11%	80%
180	14%	51%	1%	3%	69%	11%	80%
190	14%	52%	1%	3%	70%	10%	81%
200	14%	53%	1%	3%	71%	10%	81%
210	14%	54%	1%	3%	72%	10%	82%
220	14%	55%	1%	2%	73%	10%	82%
230	14%	56%	1%	2%	74%	9%	83%



CSSB 192 (Existing Producer)

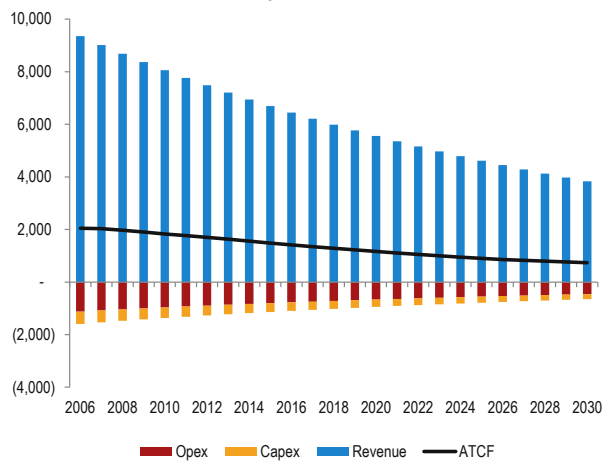


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	8%	12%	4%	56%	16%	72%
50	24%	14%	8%	5%	50%	18%	68%
60	21%	18%	5%	5%	50%	18%	67%
70	19%	24%	4%	4%	51%	17%	69%
80	18%	28%	3%	4%	54%	16%	70%
90	17%	32%	3%	4%	56%	15%	72%
100	17%	35%	3%	4%	58%	15%	73%
110	16%	38%	2%	4%	60%	14%	74%
120	16%	41%	2%	3%	62%	13%	75%
130	15%	43%	2%	3%	63%	13%	76%
140	15%	44%	2%	3%	64%	13%	77%
150	15%	45%	2%	3%	65%	12%	77%
160	15%	46%	1%	3%	66%	12%	78%
170	15%	47%	1%	3%	66%	12%	78%
180	14%	48%	1%	3%	67%	12%	78%
190	14%	49%	1%	3%	67%	12%	79%
200	14%	49%	1%	3%	67%	11%	79%
210	14%	50%	1%	3%	68%	11%	79%
220	14%	50%	1%	3%	68%	11%	79%
230	14%	50%	1%	3%	68%	11%	79%



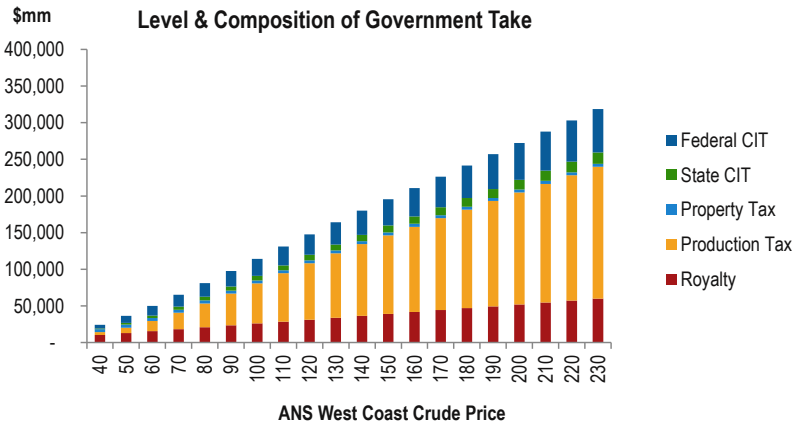
CSSB 192 with 50% Cap (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

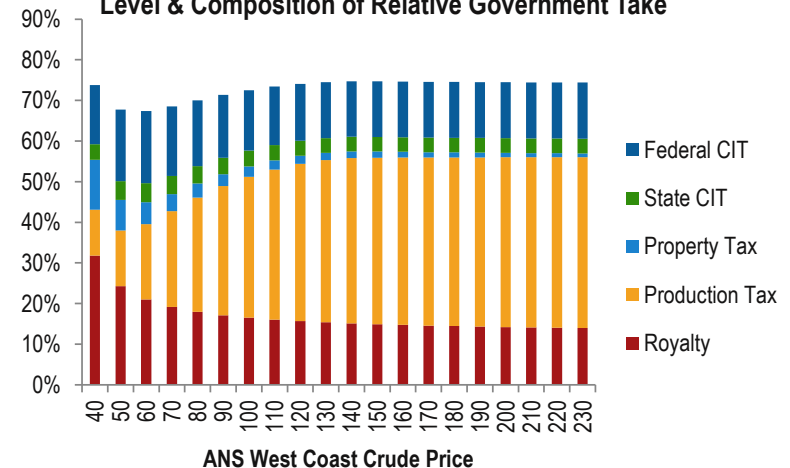


	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total CT
Price							
40	32%	11%	12%	4%	59%	15%	74%
50	24%	14%	7%	5%	50%	18%	68%
60	21%	19%	5%	5%	50%	18%	67%
70	19%	24%	4%	4%	51%	17%	69%
80	18%	28%	3%	4%	54%	16%	70%
90	17%	32%	3%	4%	56%	16%	71%
100	17%	35%	3%	4%	58%	15%	73%
110	16%	37%	2%	4%	59%	14%	73%
120	16%	39%	2%	4%	60%	14%	74%
130	15%	40%	2%	4%	61%	14%	75%
140	15%	41%	2%	4%	61%	14%	75%
150	15%	41%	2%	4%	61%	14%	75%
160	15%	41%	1%	4%	61%	14%	75%
170	15%	41%	1%	4%	61%	14%	75%
180	14%	42%	1%	4%	61%	14%	75%
190	14%	42%	1%	4%	61%	14%	75%
200	14%	42%	1%	4%	61%	14%	74%
210	14%	42%	1%	4%	61%	14%	74%
220	14%	42%	1%	4%	61%	14%	74%
230	14%	42%	1%	4%	61%	14%	74%

Level & Composition of Government Take

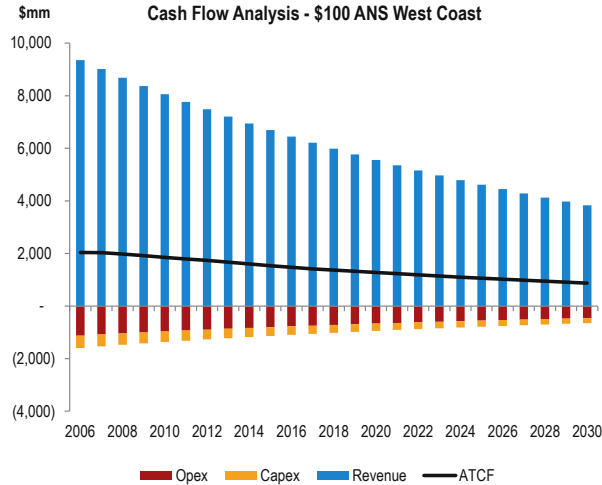


Level & Composition of Relative Government Take



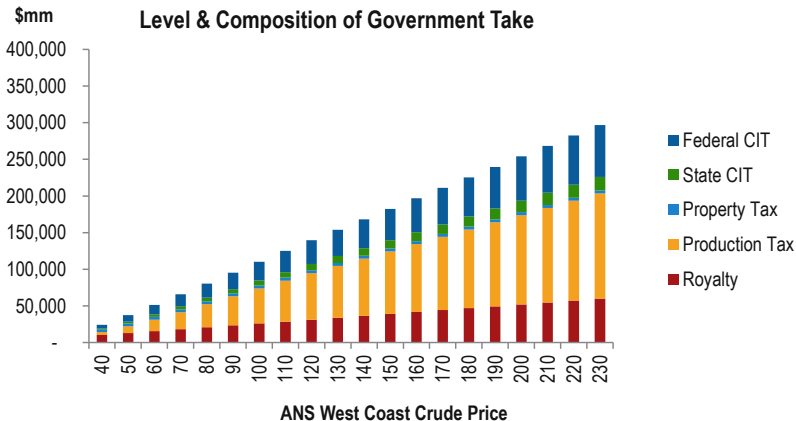
30% Base rate, 0.02% Progressivity, 40% Cap (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

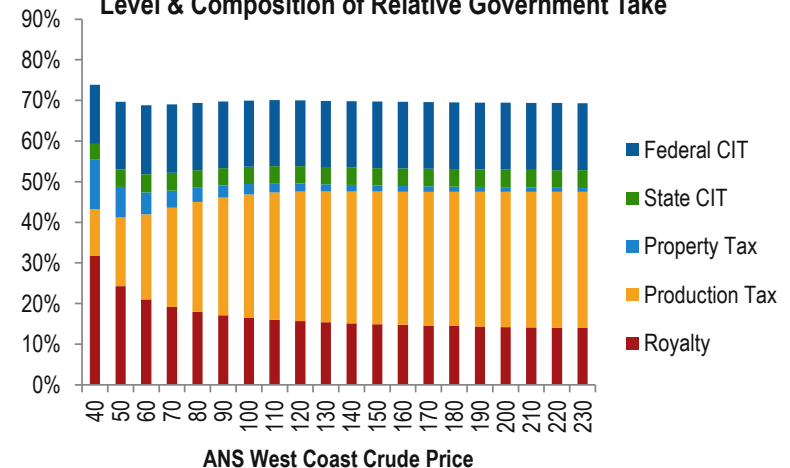


	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
Price							
40	32%	11%	12%	4%	59%	15%	74%
50	24%	17%	7%	4%	53%	17%	70%
60	21%	21%	5%	4%	52%	17%	69%
70	19%	24%	4%	4%	52%	17%	69%
80	18%	27%	3%	4%	53%	17%	69%
90	17%	29%	3%	4%	53%	16%	70%
100	17%	30%	3%	4%	54%	16%	70%
110	16%	31%	2%	4%	54%	16%	70%
120	16%	32%	2%	4%	54%	16%	70%
130	15%	32%	2%	4%	54%	16%	70%
140	15%	32%	2%	4%	53%	16%	70%
150	15%	33%	2%	4%	53%	16%	70%
160	15%	33%	1%	4%	53%	16%	70%
170	15%	33%	1%	4%	53%	16%	70%
180	14%	33%	1%	4%	53%	16%	70%
190	14%	33%	1%	4%	53%	16%	69%
200	14%	33%	1%	4%	53%	16%	69%
210	14%	33%	1%	4%	53%	17%	69%
220	14%	33%	1%	4%	53%	17%	69%
230	14%	34%	1%	4%	53%	17%	69%

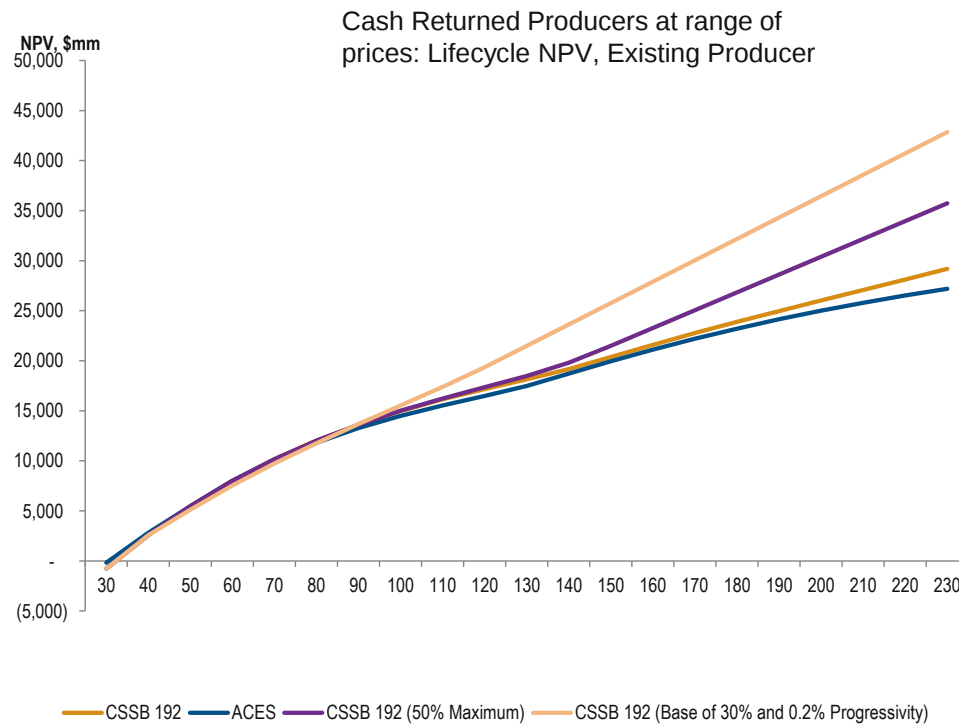
Level & Composition of Government Take



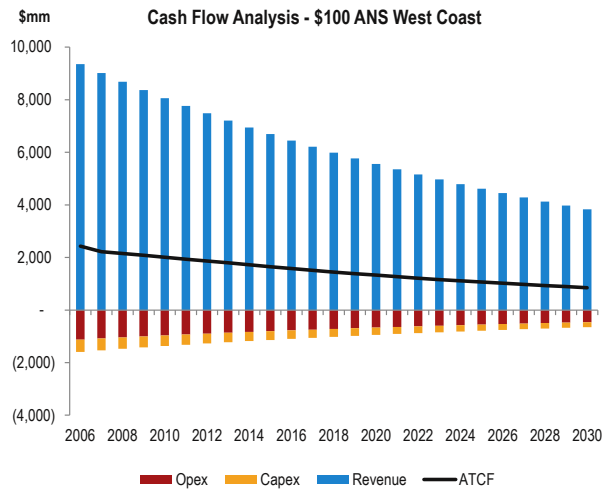
Level & Composition of Relative Government Take



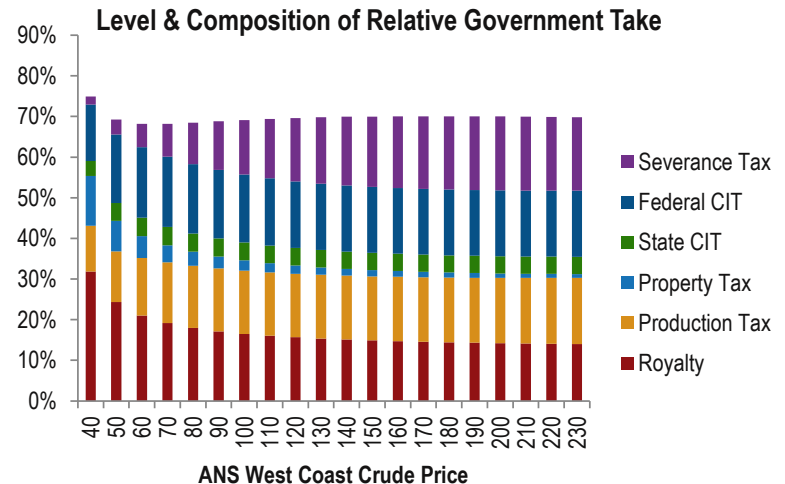
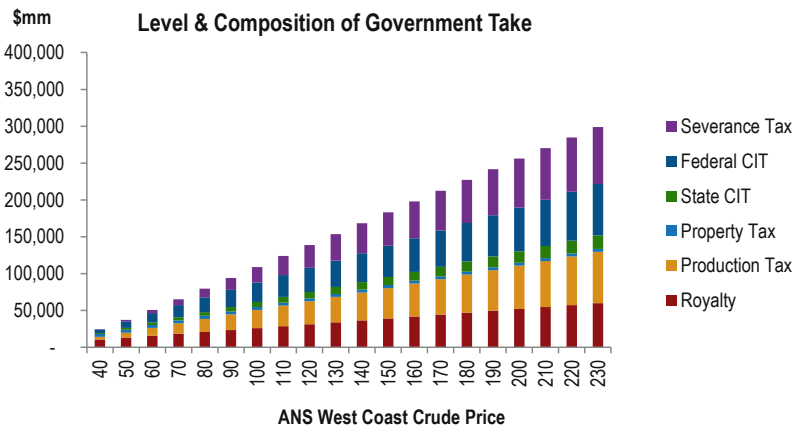
Impact on Upside



25% Flat Production Tax, Progressive Severance Tax (Existing Producer)



Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	13%	12%	4%	61%	14%	75%
50	24%	16%	7%	4%	52%	17%	69%
60	21%	20%	5%	5%	51%	17%	68%
70	19%	23%	4%	5%	51%	17%	68%
80	18%	25%	3%	4%	51%	17%	68%
90	17%	27%	3%	4%	52%	17%	69%
100	17%	29%	3%	4%	52%	17%	69%
110	16%	30%	2%	4%	53%	17%	69%
120	16%	31%	2%	4%	53%	16%	70%
130	15%	32%	2%	4%	53%	16%	70%
140	15%	33%	2%	4%	54%	16%	70%
150	15%	33%	2%	4%	54%	16%	70%
160	15%	33%	1%	4%	54%	16%	70%
170	15%	34%	1%	4%	54%	16%	70%
180	14%	34%	1%	4%	54%	16%	70%
190	14%	34%	1%	4%	54%	16%	70%
200	14%	34%	1%	4%	54%	16%	70%
210	14%	34%	1%	4%	54%	16%	70%
220	14%	34%	1%	4%	54%	16%	70%
230	14%	34%	1%	4%	53%	16%	70%



FY 2013 Revenue Analysis

ACES

Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	986	(44)	386	180	1,508	687	2,195
50	1,232	217	386	303	2,138	1,157	3,295
60	1,479	648	386	412	2,925	1,571	4,496
70	1,725	1,104	386	518	3,733	1,978	5,712
80	1,971	1,827	386	603	4,787	2,300	7,086
90	2,218	2,687	386	675	5,966	2,577	8,543
100	2,464	3,686	386	736	7,273	2,810	10,082
110	2,711	4,823	386	786	8,705	2,998	11,703
120	2,957	6,097	386	823	10,264	3,143	13,407
130	3,204	7,510	386	850	11,949	3,243	15,192
140	3,450	8,610	386	902	13,348	3,443	16,791
150	3,696	9,679	386	957	14,719	3,653	18,372
160	3,943	10,782	386	1,009	16,121	3,853	19,973
170	4,189	11,920	386	1,059	17,555	4,041	21,595
180	4,436	13,093	386	1,105	19,020	4,218	23,238
190	4,682	14,300	386	1,149	20,517	4,384	24,901
200	4,929	15,542	386	1,189	22,045	4,539	26,585
210	5,175	16,818	386	1,227	23,606	4,683	28,289
220	5,421	18,128	386	1,262	25,197	4,816	30,013
230	5,668	19,473	386	1,294	26,821	4,938	31,759

CSSB 192

Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	986	284	386	153	1,808	582	2,390
50	1,232	456	386	283	2,358	1,080	3,437
60	1,479	648	386	412	2,925	1,571	4,496
70	1,725	1,101	386	519	3,731	1,979	5,710
80	1,971	1,787	386	606	4,750	2,312	7,063
90	2,218	2,594	386	683	5,881	2,607	8,488
100	2,464	3,522	386	750	7,122	2,862	9,984
110	2,711	4,570	386	807	8,474	3,079	11,553
120	2,957	5,740	386	853	9,936	3,257	13,194
130	3,204	7,030	386	890	11,509	3,397	14,906
140	3,450	8,441	386	916	13,193	3,497	16,690
150	3,696	9,508	386	972	14,562	3,708	18,270
160	3,943	10,596	386	1,025	15,950	3,912	19,862
170	4,189	11,719	386	1,076	17,370	4,106	21,475
180	4,436	12,876	386	1,123	18,821	4,288	23,109
190	4,682	14,067	386	1,168	20,304	4,459	24,762
200	4,929	15,293	386	1,210	21,818	4,619	26,437
210	5,175	16,554	386	1,249	23,364	4,767	28,132
220	5,421	17,849	386	1,285	24,942	4,905	29,847
230	5,668	19,179	386	1,318	26,551	5,032	31,583

CSSB 192, with 50% Cap

40	986	284	386	153	1,808	582	2,390
50	1,232	456	386	283	2,358	1,080	3,437
60	1,479	648	386	412	2,925	1,571	4,496
70	1,725	1,101	386	519	3,731	1,979	5,710
80	1,971	1,787	386	606	4,750	2,312	7,063
90	2,218	2,594	386	683	5,881	2,607	8,488
100	2,464	3,522	386	750	7,122	2,862	9,984
110	2,711	4,570	386	807	8,474	3,079	11,553
120	2,957	5,740	386	853	9,936	3,257	13,194
130	3,204	7,030	386	890	11,509	3,397	14,906
140	3,450	8,441	386	916	13,193	3,497	16,690
150	3,696	9,322	386	987	14,392	3,768	18,160
160	3,943	10,184	386	1,060	15,573	4,044	19,617
170	4,189	11,047	386	1,132	16,754	4,321	21,075
180	4,436	11,909	386	1,205	17,936	4,597	22,533
190	4,682	12,772	386	1,277	19,117	4,874	23,991
200	4,929	13,634	386	1,349	20,298	5,151	25,449
210	5,175	14,497	386	1,422	21,480	5,427	26,907
220	5,421	15,359	386	1,494	22,661	5,704	28,365
230	5,668	16,222	386	1,567	23,843	5,980	29,823

FY 2013 Revenue Analysis

30% Base, .2% Progressivity, 40% Cap

Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	986	284	386	153	1,808	582	2,390
50	1,232	456	386	283	2,358	1,080	3,437
60	1,479	831	386	396	3,092	1,513	4,605
70	1,725	1,360	386	497	3,968	1,896	5,864
80	1,971	2,023	386	586	4,967	2,237	7,204
90	2,218	2,756	386	669	6,029	2,555	8,584
100	2,464	3,557	386	747	7,154	2,851	10,005
110	2,711	4,427	386	819	8,343	3,125	11,468
120	2,957	5,335	386	887	9,566	3,387	12,953
130	3,204	6,025	386	974	10,589	3,719	14,308
140	3,450	6,715	386	1,061	11,612	4,051	15,663
150	3,696	7,405	386	1,148	12,636	4,382	17,018
160	3,943	8,095	386	1,235	13,659	4,714	18,373
170	4,189	8,785	386	1,322	14,682	5,046	19,729
180	4,436	9,475	386	1,409	15,706	5,378	21,084
190	4,682	10,165	386	1,496	16,729	5,710	22,439
200	4,929	10,855	386	1,583	17,753	6,042	23,794
210	5,175	11,545	386	1,670	18,776	6,373	25,149
220	5,421	12,235	386	1,757	19,799	6,705	26,505
230	5,668	12,925	386	1,844	20,823	7,037	27,860

Flat Production Tax with Severance Example

Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	986	407	386	142	1,921	543	2,464
50	1,232	618	386	269	2,506	1,028	3,534
60	1,479	829	386	396	3,091	1,513	4,604
70	1,725	1,419	386	492	4,022	1,877	5,899
80	1,971	2,090	386	580	5,028	2,215	7,243
90	2,218	2,814	386	664	6,082	2,536	8,619
100	2,464	3,589	386	744	7,184	2,841	10,024
110	2,711	4,416	386	820	8,333	3,129	11,461
120	2,957	5,295	386	891	9,529	3,400	12,929
130	3,204	6,225	386	958	10,772	3,655	14,427
140	3,450	7,037	386	1,034	11,907	3,947	15,855
150	3,696	7,875	386	1,109	13,066	4,232	17,298
160	3,943	8,738	386	1,181	14,248	4,508	18,756
170	4,189	9,575	386	1,256	15,406	4,793	20,199
180	4,436	10,265	386	1,343	16,430	5,125	21,554
190	4,682	10,955	386	1,430	17,453	5,456	22,910
200	4,929	11,645	386	1,517	18,477	5,788	24,265
210	5,175	12,335	386	1,603	19,500	6,120	25,620
220	5,421	13,025	386	1,690	20,523	6,452	26,975
230	5,668	13,715	386	1,777	21,547	6,784	28,330

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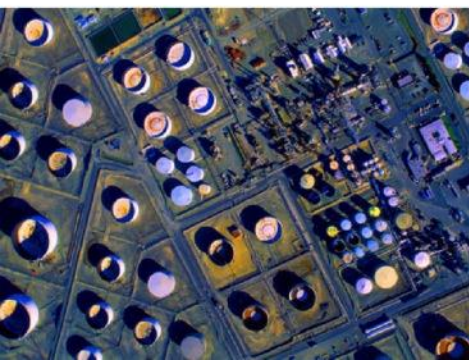
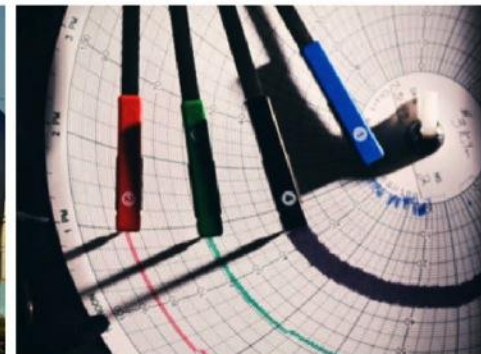
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