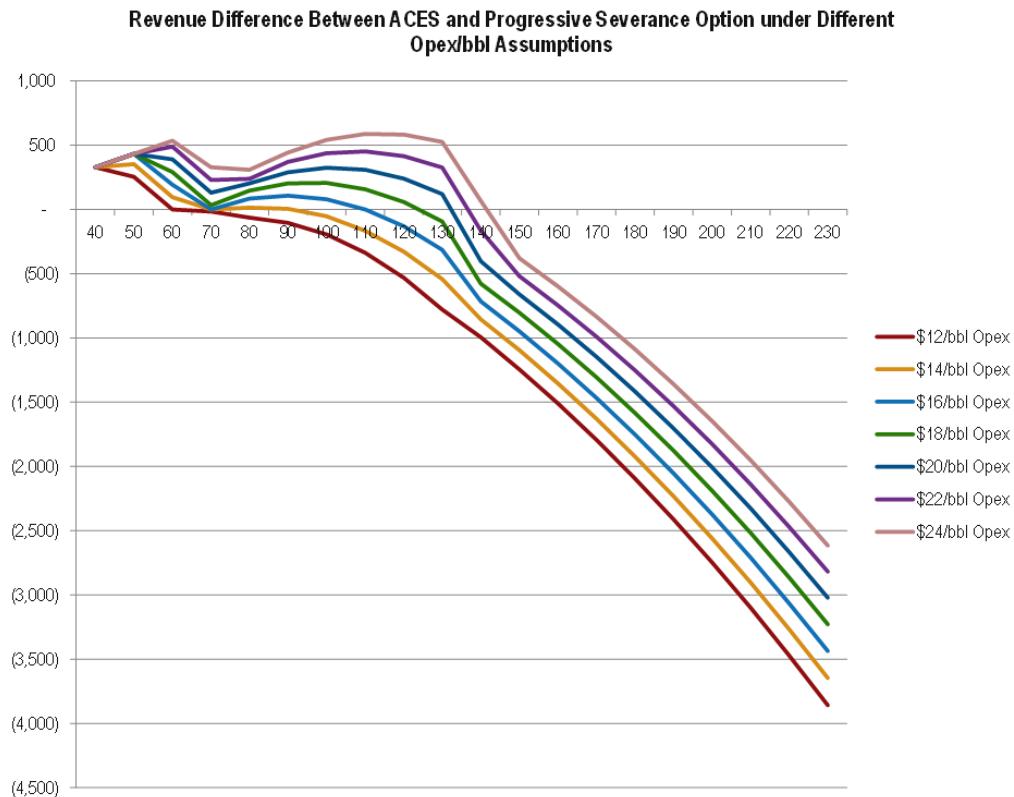


# Discussion Slides: Alaska Senate Finance Committee

April 9, 2012  
Janak Mayer  
Manager, Upstream & Gas  
PFC Energy

# Cost Sensitivity – From April 3 Testimony and Discussion

## Impact of Rising Operating Costs



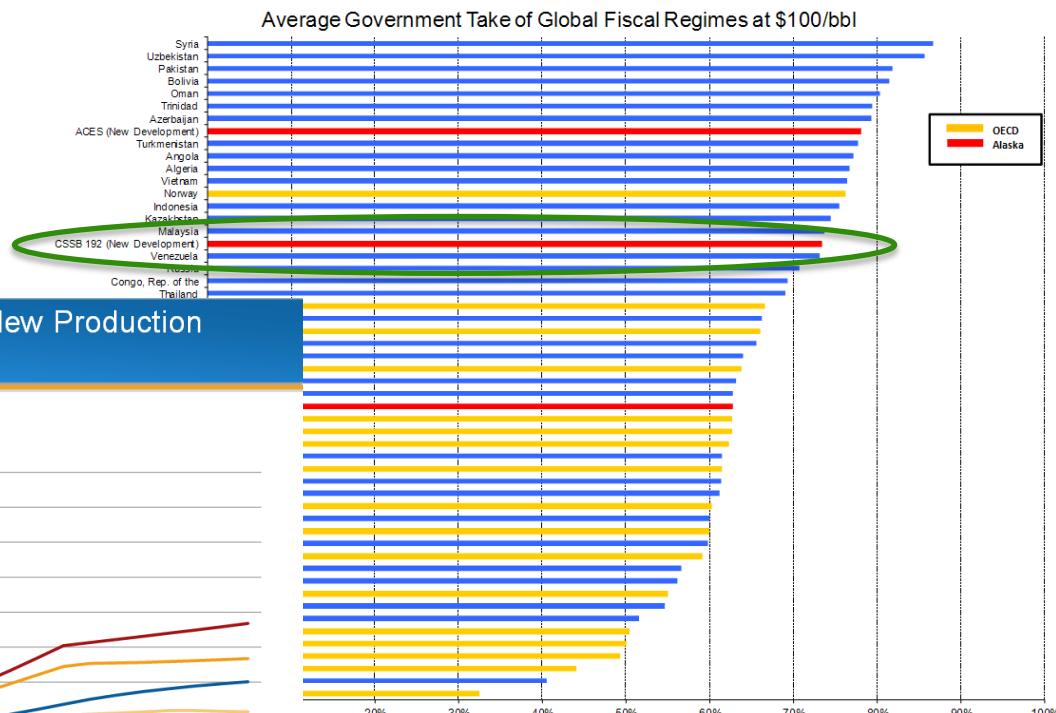
# FY 2013 v Lifecycle Analysis – Impact of Costs & 7 year Time Limit

## Regime Competitiveness: Relative Government Take

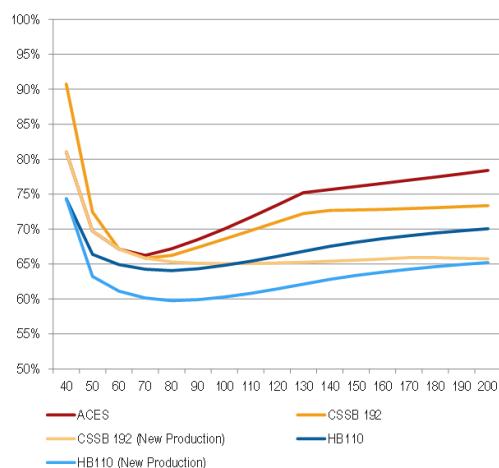
From April 4 Slides

### Total Government Take Comparison Including New Production Incentives

ANS West Coast Oil Price	FY 2013 % Government Take					
	ACES	CSSB 192	CSSB 192 (New Production)	HB110	HB110 (New Production)	
40	81%	91%	81%	74%	74%	
50	70%	72%	70%	66%	63%	
60	67%	67%	67%	65%	61%	
70	66%	66%	66%	64%	60%	
80	67%	66%	65%	64%	60%	
90	69%	67%	65%	64%	60%	
100	70%	69%	65%	60%	60%	
110	72%	70%	65%	65%	61%	
120	73%	71%	65%	65%	61%	
130	75%	72%	65%	67%	62%	
140	76%	73%	65%	68%	63%	
150	76%	73%	66%	68%	63%	
160	77%	73%	66%	69%	64%	
170	77%	73%	66%	69%	64%	
180	77%	73%	66%	69%	65%	
190	78%	73%	66%	70%	65%	
200	78%	73%	66%	70%	65%	



From April 5 Slides



# Some Goals Are Mutually Exclusive

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at \$100+ /bbl
- More even split between state and companies above \$100/\$120 / bbl

## ACES with 40% Cap

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- **Minimize complexity, including need for separate cost accounting**
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at \$100+ /bbl
- More even split between state and companies above \$100/\$120 / bbl

# Some Goals Are Mutually Exclusive

## ACES with 40% Cap & SB305-style decoupling

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at \$100+ /bbl
- More even split between state and companies above \$100/\$120 / bbl

# Some Goals Are Mutually Exclusive

## HB110

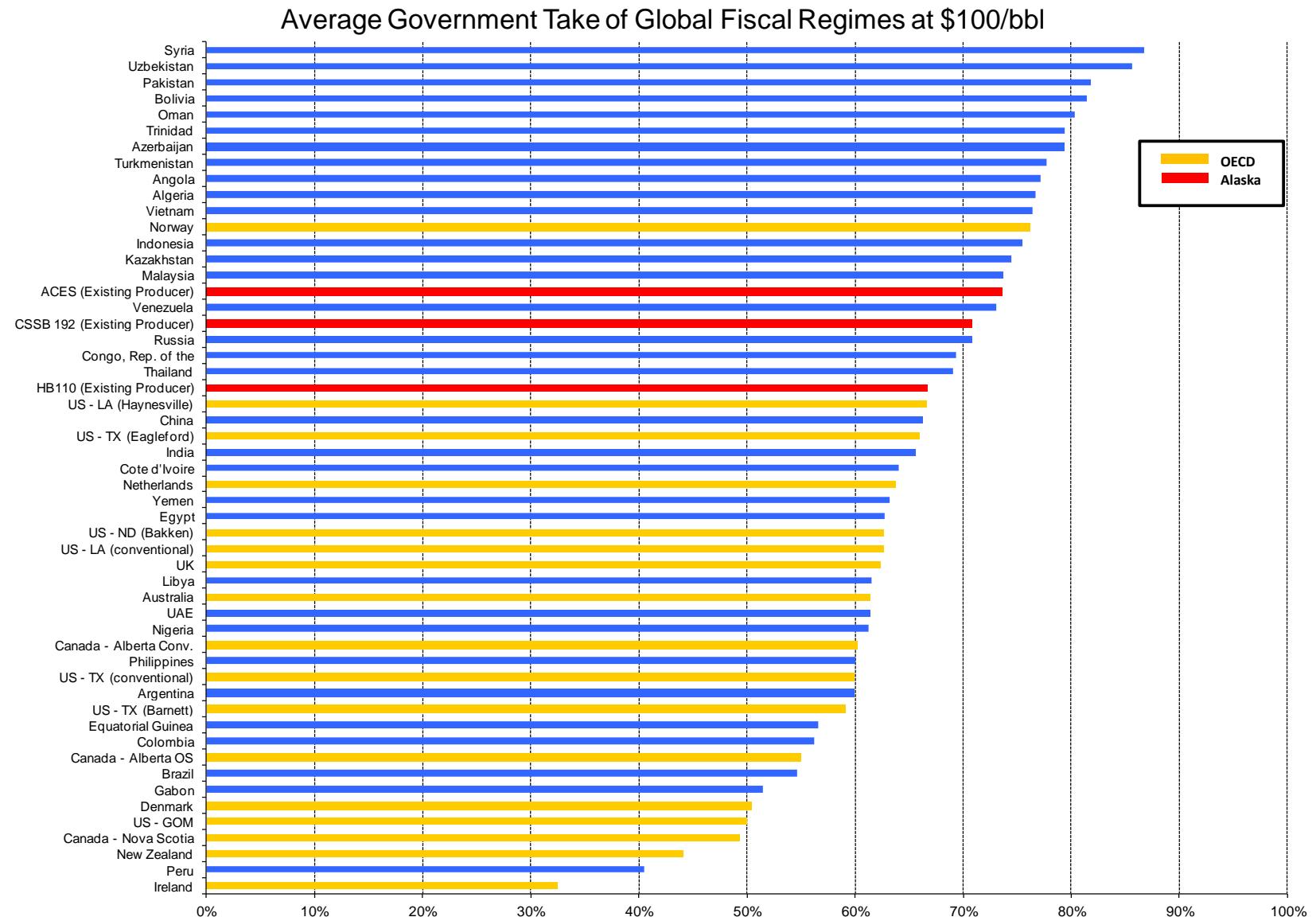
- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at \$100+ /bbl
- More even split between state and companies above \$100/\$120 / bbl

# Some Goals Are Mutually Exclusive

CSSB192

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at \$100+ /bbl
- More even split between state and companies above \$100/\$120 / bbl

# Regime Competitiveness: Relative Government Take



Note: CSSB 192 have not been adjusted for impact of indexing to inflation