

# HB 110 & ACES: Revenue Sensitivities to Production

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# Framework

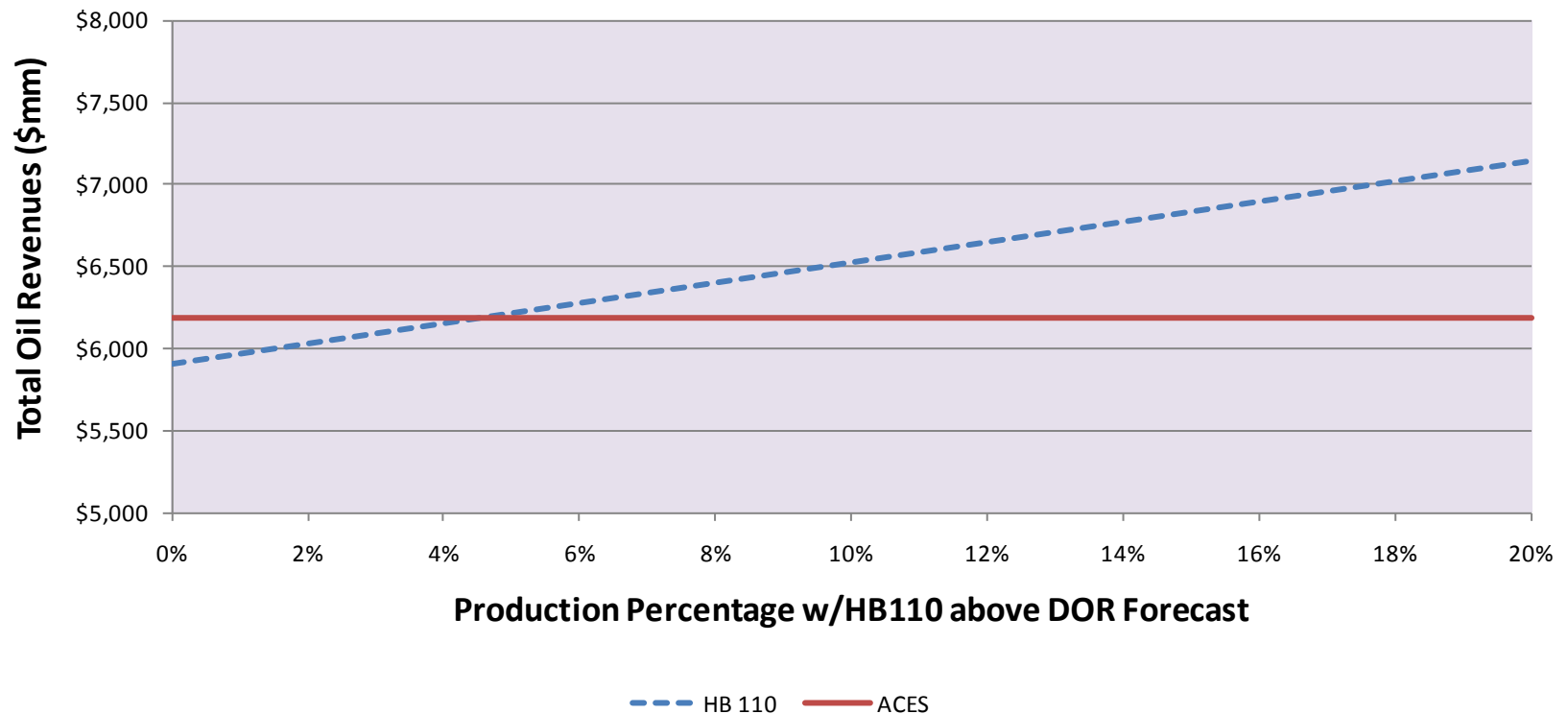
- Over the past 10 years, looking 5 years forward, the DOR production forecast has averaged about 20% too high.
- The DOR forecast does not take the availability of capital into account in the production forecast. The availability of capital is crucial for producing barrels.
- It is plausible due to the relative international un-competitiveness of ACES that capital has been diverted elsewhere and production has been suppressed.
- For this exercise we assume the Fall 2010 production forecast under ACES is 10% too high for 2016, and looked at total oil revenues under ACES.
- It is plausible that with a more competitive fiscal system Alaska would attract more capital and production would be enhanced.
- For this exercise we looked at total oil revenues under HB 110 at a spectrum of percentage production increases over the Fall 2010 forecast for 2016.
- We looked at \$80, \$100, and \$120/bbl prices.
- We looked at HB 110 both with and without the 40% well expenditure credit.
- Total oil revenues include restricted royalties that go to the Permanent Fund.

# Total Oil Revenues HB110 vs. ACES: 2016 @ \$100/bbl (\$mm)

ACES Production 10% below DOR Forecast

HB110 Production Percentage Production above Forecast

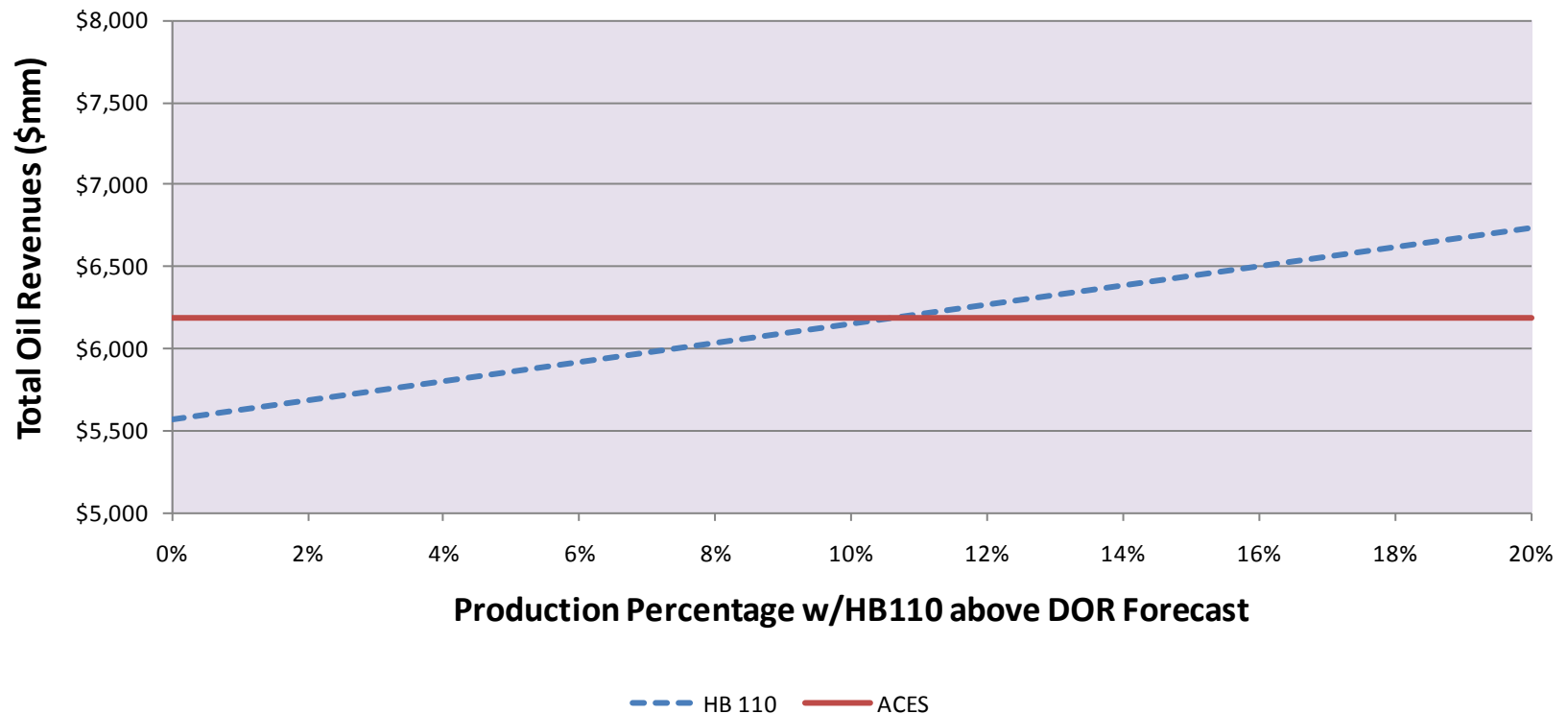
(Includes restricted royalties; without 40% well credit for HB110)



# Total Oil Revenues HB110 vs. ACES: 2016 @ \$100/bbl (\$mm)

ACES Production 10% below DOR Forecast

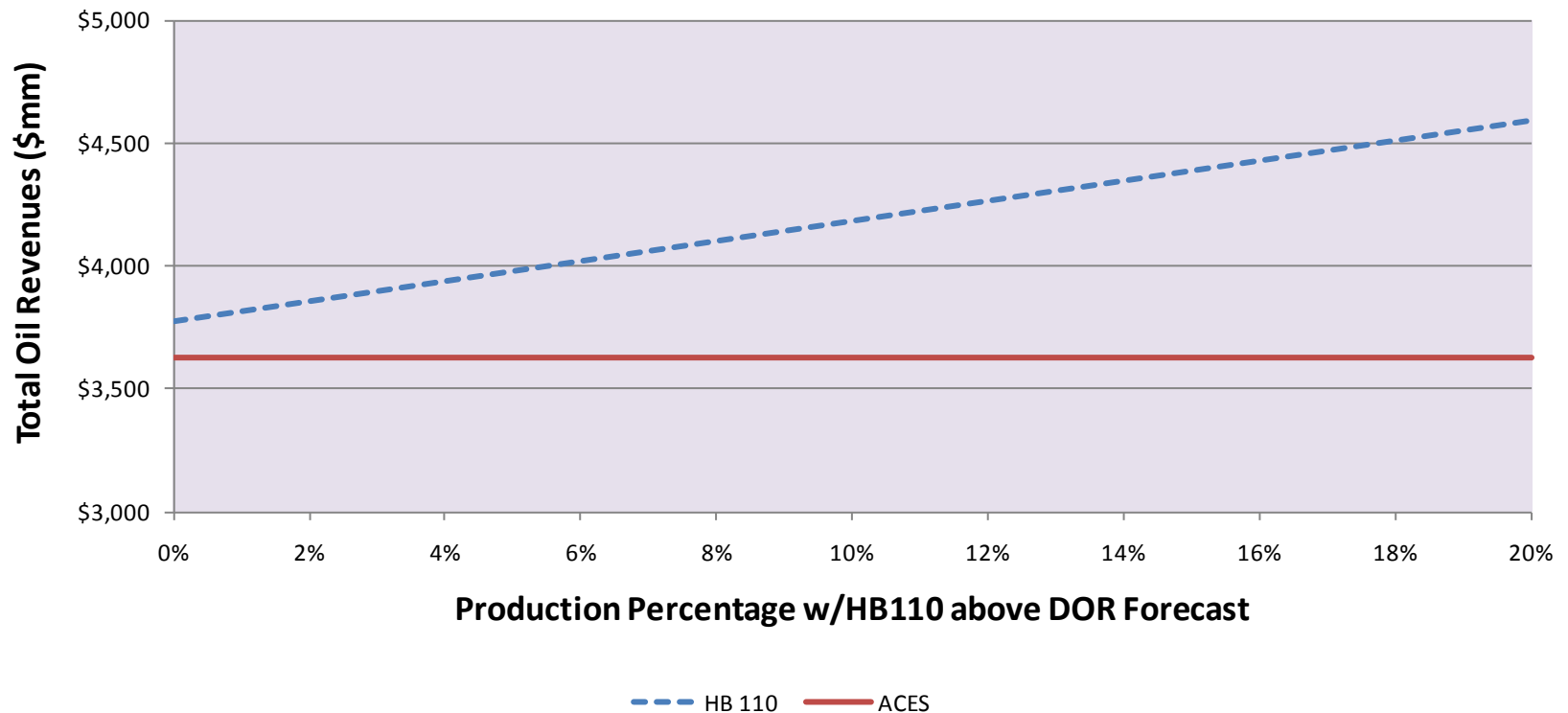
HB110 Production Percentage Production above Forecast  
(Includes restricted royalties; with 40% well credit for HB110)



## Total Oil Revenues HB110 vs. ACES: 2016 @ \$80/bbl (\$mm)

ACES Production 10% below DOR Forecast

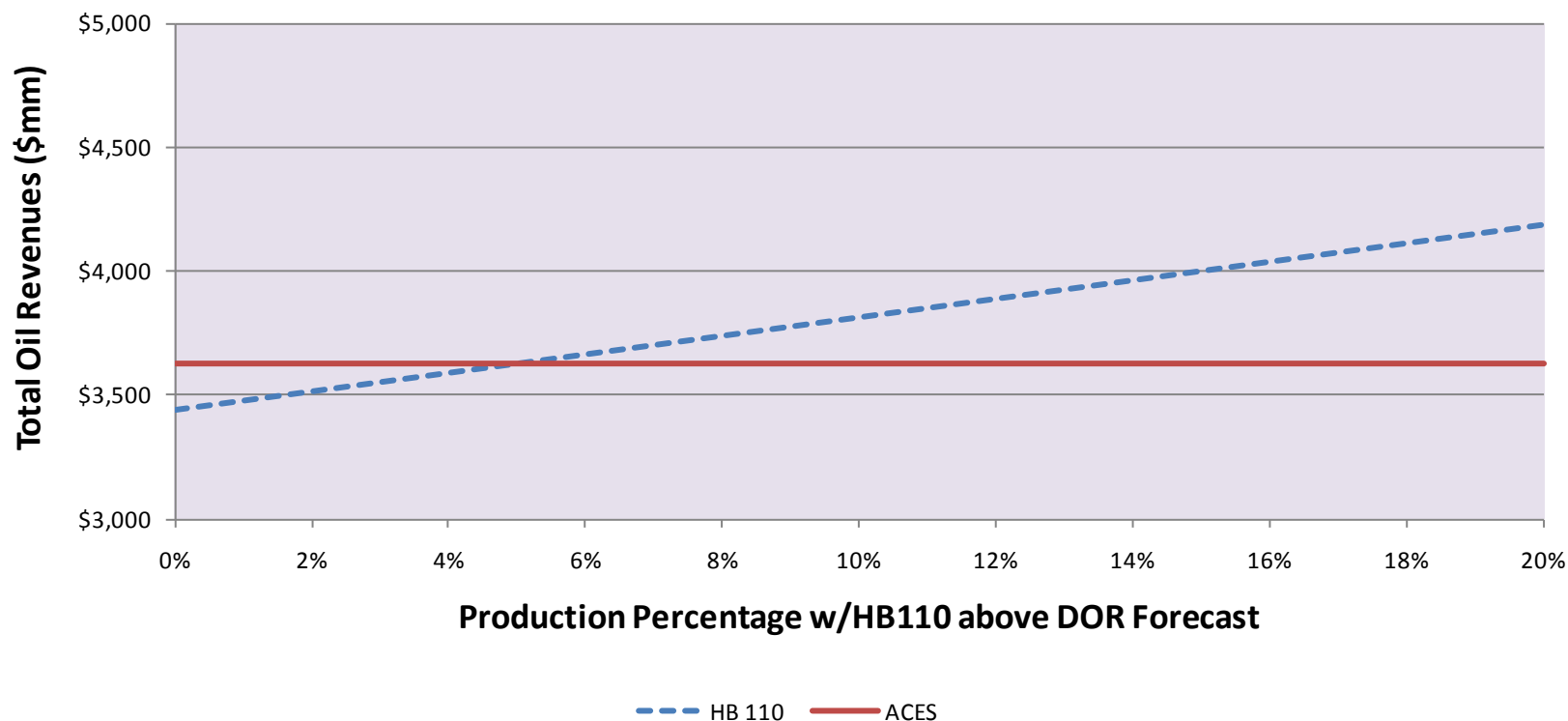
HB110 Production Percentage Production above Forecast  
(Includes restricted royalties; without 40% well credit for HB110)



## Total Oil Revenues HB110 vs. ACES: 2016 @ \$80/bbl (\$mm)

ACES Production 10% below DOR Forecast

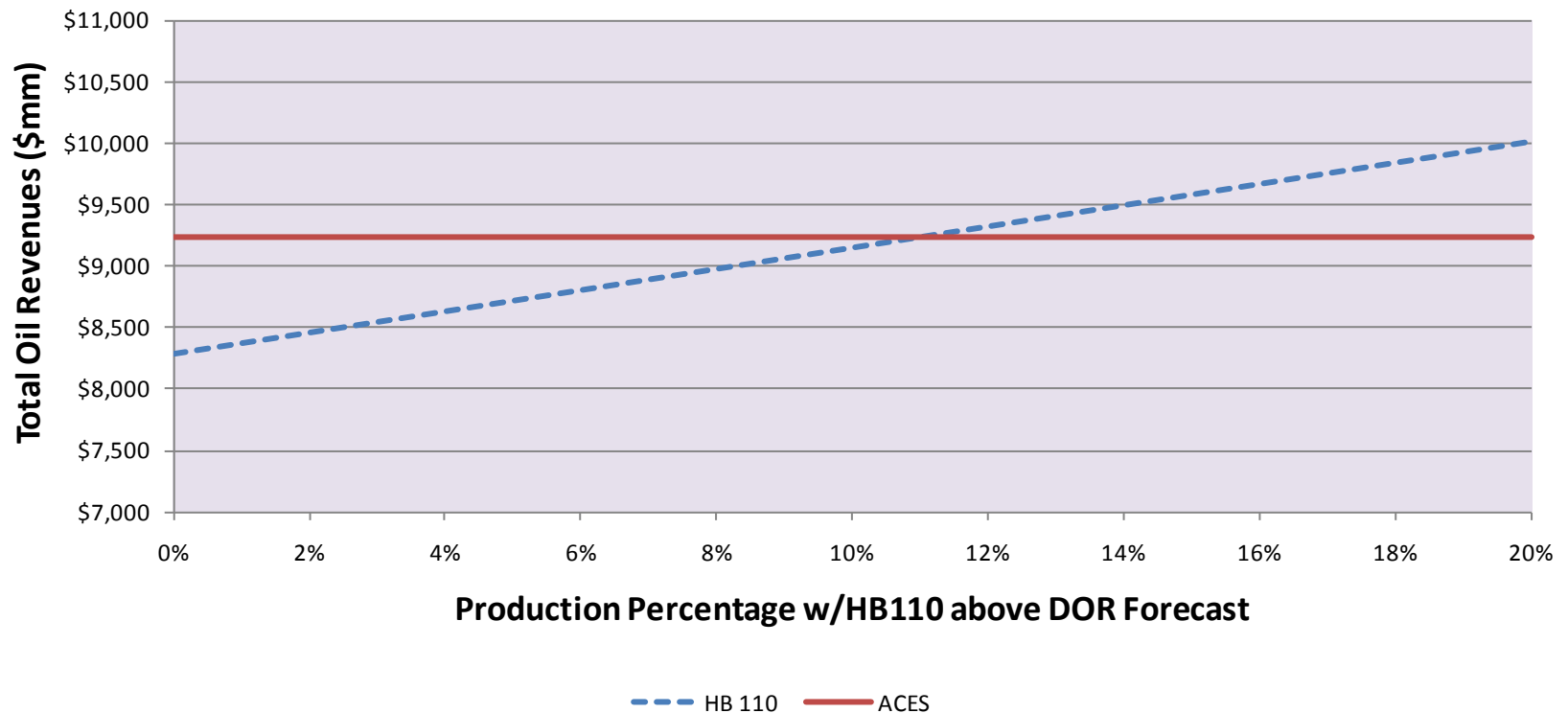
HB110 Production Percentage Production above Forecast  
(Includes restricted royalties; with 40% well credit for HB110)



# Total Oil Revenues HB110 vs. ACES: 2016 @ \$120/bbl (\$mm)

ACES Production 10% below DOR Forecast

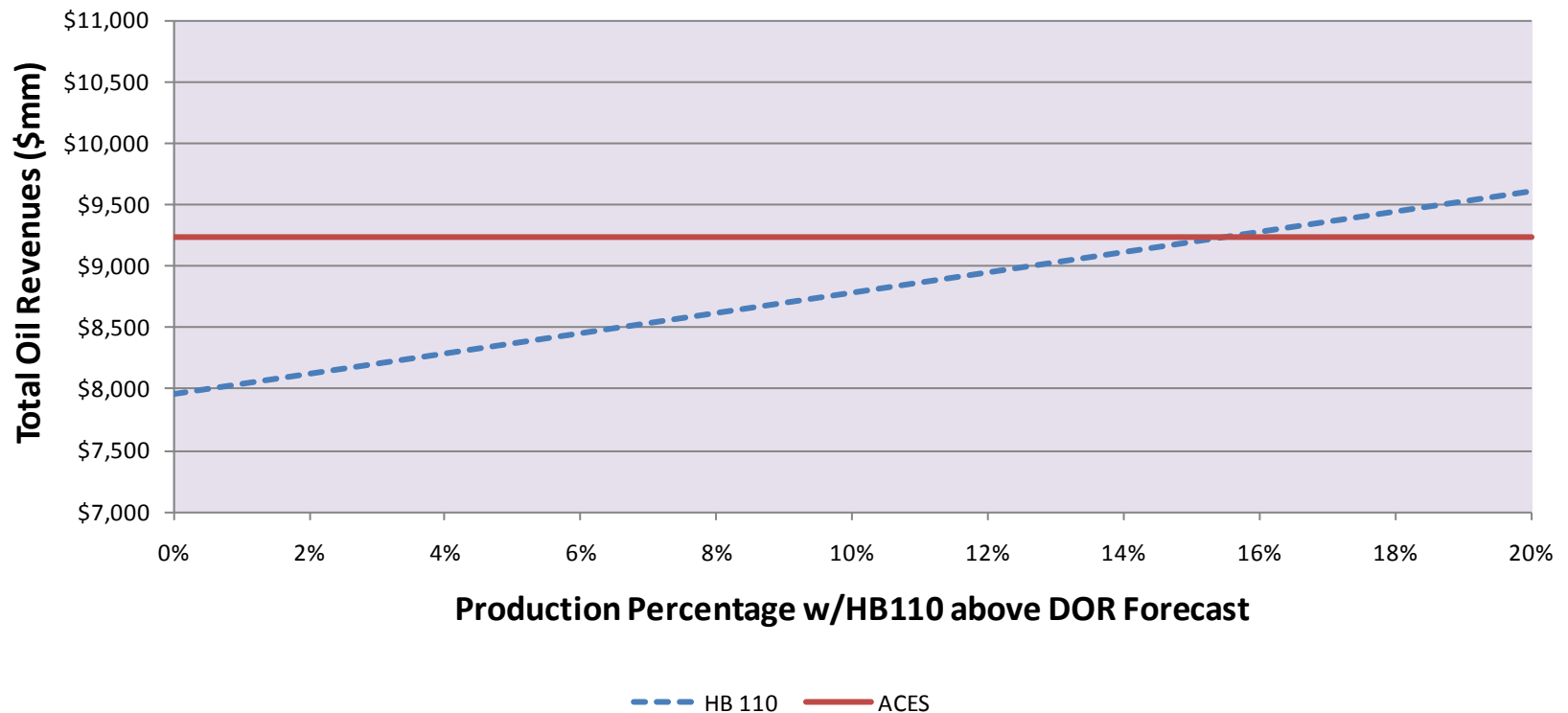
HB110 Production Percentage Production above Forecast  
(Includes restricted royalties; without 40% well credit for HB110)



## Total Oil Revenues HB110 vs. ACES: 2016 @ \$120/bbl (\$mm)

ACES Production 10% below DOR Forecast

HB110 Production Percentage Production above Forecast  
(Includes restricted royalties; with 40% well credit for HB110)





# Crossover Points:

Increased Percentage Production where HB 110 Revenues  
Exceed ACES Revenues

- Without 40% well expenditure credit
  - \$80/bbl 0%
  - \$100/bbl 4%
  - \$120/bbl 11%
- With 40% well expenditure credit
  - \$80/bbl 5%
  - \$100/bbl 10%
  - \$120/bbl 15%