Sources for the tax rates shown to the right:

WJ = Wall Street Journal. CH = Chevron. BW = Business Week. DJ = International oil tax consultant Daniel Johnston. RM = numbers from Alaska's former oil economist Roger Marks' presentation to Common Wealth North. BB = Bloomberg Business News.

Exxon, ConocoPhillips, and/or BP do business in most of the countries listed on the left, and every one of them has bid less than $2 per barrel in the past two years for the opportunity to produce oil in Iraq while complaining about the $20 to $28 (variable depending on which expert is to be believed,) of pure profit per barrel they make from Alaska's oil.

To see news articles by respected publishers from around the world who expose the fact that BP, ConocoPhillips and Exxon produce oil for their clients in other countries for a lot less than they would have Alaskans believe it should cost, See our fifty page report at [illegible]

There you will find, Alaska's own Juneau Empire and Alaskan's own oil industry magazine the Petroleum News who each clarify how much oil companies make in Alaska. However neither of them clarify how rich oil company profits are in Alaska in comparison to profits of the same companies in other parts of the world.

All of Alaska's media, probably in fear of losing advertising revenues from BP and ConocoPhillips, have avoided the issue of how Alaska's oil taxes and oil profit opportunities compare to those in other countries.

Without comparisons, thousands of voters lack the proper tools to assess the fairness of Alaska's oil tax known as Alaska's Clear and Equitable Share or ACES. At our website, you can find articles by:

Bloomberg Business & Financial News: "London-based BP's report on an 18 percent world-wide average return on capital last year".....Page 37.

Gaffney and Cline: an internationally respected oil consultant estimates BP's North Slope investment returns at 123% ..... Page 39.

Business Week: BP produces Iraq's oil in exchange for costs plus a service fee of $2 a barrel.....Page 24 &25.

Bloomberg Financial: BP's CEO says "BP's returns on BP's $2 per barrel contract with Iraq is consistent with their international average of 15 to 20 percent".Page 36

In 2009, BP made $28 per barrel from Alaska's oil for a net profit return on investment of approximately 123% ... Review articles on.....Pages 8 and on 38 & 39.

Petroleum News: Predicts North Slope booms! "Alaska's upcoming North Slope drilling season is shaping up to be busiest in decades" ..... Page ...40

This brochure was researched and written by Ray Metcalfe and paid for by Citizens for Ethical Government. P.O. Box 231007 Anchorage AK 99523 Phone 907-344-4514. -- www.citizens4ethics.com
We authorize anyone may reprint this brochure.

So why are taxes on oil so high and why would BP pump and deliver Iraq's oil for only two dollars profit per barrel while trying to convince Alaskans that $28 profit per barrel isn't enough?

Because even in risky Iraq, a $2 per barrel profit on billions of barrels equals billions in profits.

Due to limited supply, oil sells for vastly more than it costs to extract from the ground. Therefore governments who own the resource keep the difference between the retail value of a barrel and a fair profit to the oil companies. As oil prices rise, taxes rise, and governments generally keep most of the increase through higher taxes, or other profit sharing arrangements. The profit margins of oil companies remain the same or see small improvements.

In Iraq, BP is required to increase the production Iraq's Rumaila field from 960 thousand barrels per day to 2.85 million barrels per day within the next six years and will be penalized if they fail.

Iraq reimburses BP for costs of taking over and improving existing production. As production increases BP is paid an additional $2 for each barrel produced in excess of the field's initial production. $2 Per barrel is BP's only profit.

The production target reflects a production increase of 1,890,000 barrels per day, bringing BP's daily profit to daily additional barrels times $2 totaling $3,780,000.

Comparatively, BP made $5,178,082 per day in Alaska for pumping 181,000 barrels per day. 1.4 Million More per day for less than one tenth of the amount of oil pumped.

However once Iraq's production target is reached, BP's $3.780 million dollars per day will add up fast. Over the fourteen remaining years in BP's contract, BP's profits will add up to $1.38 billion per year totaling $19.312 billion over the remaining fourteen years.

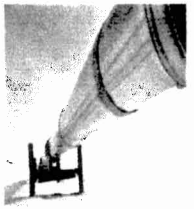
That's a lot of money for an investment that effectively cost BP nothing. Nothing because in addition to $2 per barrel for increased production, Iraq refunds every dime BP pours in to improvements or production costs.

That's very much like Prudhoe Bay. Every dime that BP puts back into Prudhoe Bay is refunded immediately from the sale of oil that came from Prudhoe Bay.

All this nonsense BP gives about investing their capital elsewhere to get a better return? Two big problems with that. (1.) Alaska's producers make more money from their Alaska ventures than any other ventures in their portfolio. (2.) The income stream generated from Prudhoe Bay requires a constant reinvestment of a portion of that stream back into Prudhoe Bay. Once the reinvestment stops the income stream stops. Because it stops, no continuing income would remain to reinvest elsewhere.

To abandon Prudhoe Bay would be to abandon a perpetual income stream. An income stream that pays for itself with something left over. For so long as the money coming out of Prudhoe Bay exceeds the required reinvestment, someone will continue to operate Prudhoe Bay.

How do Alaska's oil tax policies compare to those of other oil producing countries?





Nine Alaska leaders have been convicted of paying or accepting bribes to lie to Alaskans to help BP, ConocoPhillips and Exxon keep Alaska's taxes well below world market. Don't be fooled again. Alaska's future depends on getting what our resources are worth.

Alaskans have been repeatedly told that Alaska's new tax on oil plus its royalty total more than the oil tax rates of most of the world's oil producing countries. Not true. Below are the tax rates of twenty-five countries who retain more of the profits from their oil than Alaska and the Federal Government combined retain from Alaska's oil. The %# indicated is the % of the net revenue kept by governments after all expenses of production and transportation have been deducted from the gross. Alaska and the federal government take 73% of net profit from a $100 barrel.

Alaska ... RM ... 73% ..... *See top left for tax rate sources.*

1. Norway ... DJ ... 74%
2. Mylaysia ..... DJ 83%
3. Tunisia ..... DJ 84%
4. Nigeria ..... CH 86%
5. Angola ..... CH 86%
6. Indonesia ..... DJ 86%
7. Syria ..... DJ 87%
8. Nigeria ..... DJ 87%
9. Oman ..... DJ 88%
10. Yemen ..... DJ 88%
11. Libya ..... DJ 88%
12. Russia ..... CH 88%
13. United Arab Emirates ..... DJ 88%
14. Saudi Arabia ..... DJ 88%
15. Kazakhstan ..... CH 90%
16. China ..... CH 92%
17. Venezuela ..... CH 94%
18. Algeria ..... CH 94%

19. Mexico ..... Contracts awarded August 18,2011. ..... 94%

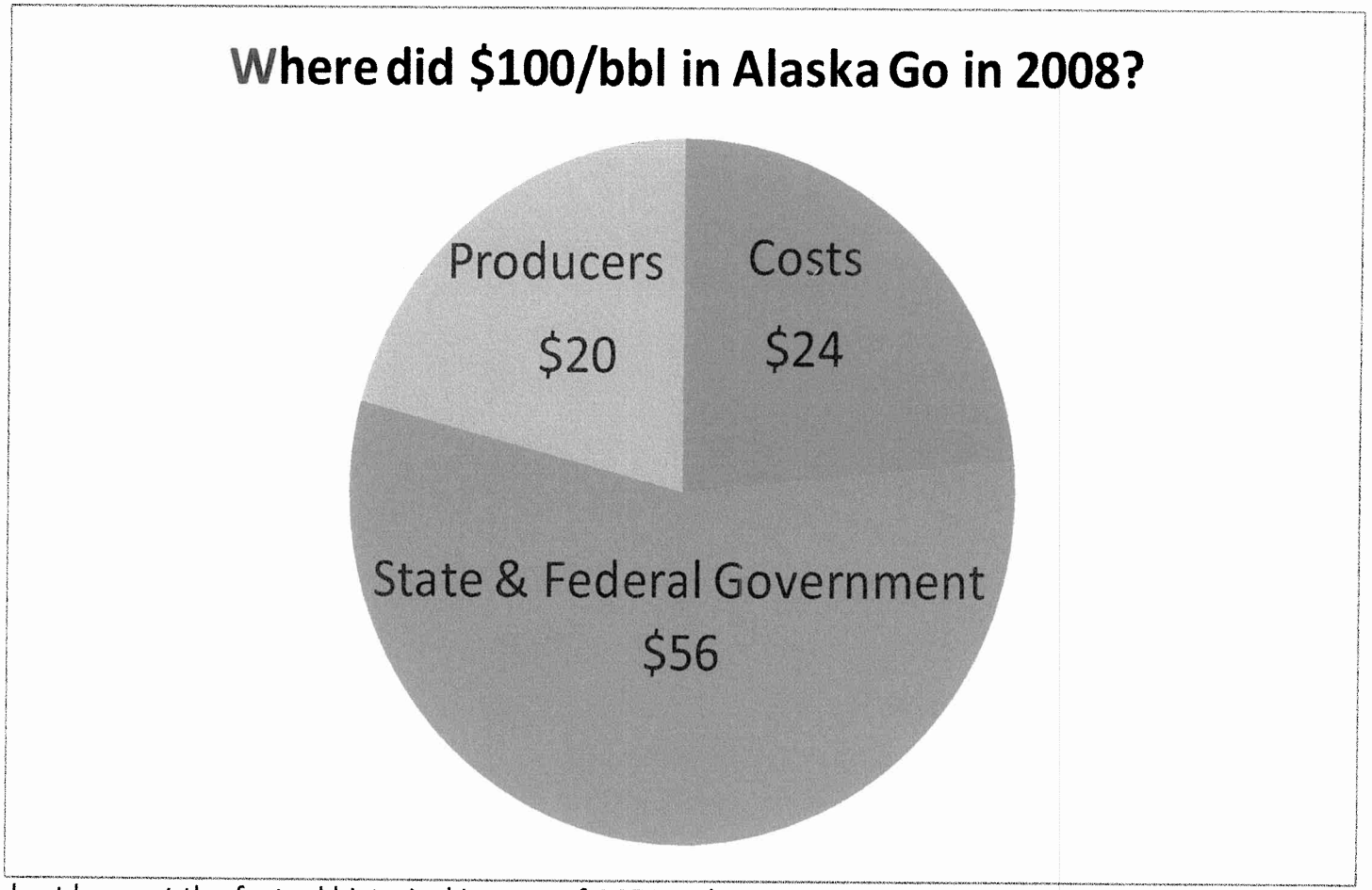
20. Venezuela ..... DJ 96%
21. Libya ..... CH 97%
22. Iran ..... DJ 97%
23. Kuwait ..... BB 98%
24. Abu Dhabi ... in the UAE ..... BW 98%
25. Iraq ..... BB ..... BW ..... WJ 98%

Alaska's oil taxes rise as prices rise but they remain well below the world's average.

Index: --- To articles you can find in our 40 page report by clicking on http://citizens4ethics.com/site/2011/08/alaskas-oil-giveaway/.

1. *JUNEAU EMPIRE November 04, 2007 by Pat Forgey:.....Page 5....*Oil costs dwarfed by profits: Tax bill spurs some lawmakers to ask just how much money companies are making Oil Company officials have spent hours testifying before legislative committees about the difficulty of working in the harsh Arctic environment. But an Empire analysis of publicly available data for the state's oil producers shows that Alaska is notable for something besides high costs: huge profits.
2. *For Petroleum News: By Eric Lidji Week of March 14, 2010..... page 8, ...or to see the entire article, click* http://www.petroleumnews.com/pntruncate/880554710.shtml "BP earned $1.89 billion in Alaska in 2009, down around 3 percent from the $1.95 billion the company earned in 2008. BP Exploration (Alaska) produced 181,000 barrels of liquids a day in 2009." ... "down about 8 percent from 197,000 bpd in 2008 and down 13.4 percent from 209,000 bpd in 2007." *(Do the math.) An annual net profit of $1.89 billion divided by 365 days = a daily net profit of $5,178,082.19 on daily production of 181,000 barrels. BP's daily profit divided by 181,000 barrels per day sets BPs 2009 profit under ACES at $28.61 per barrel. According to fact sheets from multipal industry sources, that's 14 times what BP has agreed to accept for doing the same thing in IRAQ.*
3. *New York Times June 16, 2011, ... Page 8....* Russia's oil giant Lukoil, has agreed to produce Iraq's oil for a flat fee of $1.15 for each barrel produced, regardless of oil's price.
4. *New York Times Monday, July 11, 2011, ... Page 12...*Russia's Lukoil out bid BP, offering to develop the West Qurna field in exchange for $1.15 for each barrel of oil extracted.
5. *Wall Street Journal JANUARY 18, 2010, ... Page 14.....*Exxon Mobil, partnering with Shell oil, won the bid to overhaul and produce Iraq's West Qurna Phase 1. The partners will be paid $1.90 for each barrel of oil the companies produce over and above the current production of the field.
6. *Wall Street Journal November 5th, 2009, ... Page 15....*After rejecting Iraq's payment terms in a June auction for Iraq's West Qurna field, Exxon, and Shell, teamed up to accept Iraq's original of $1.90-per-barrel for each additional barrel of oil extracted above current production level.
7. *Seattle Times Sunday, January 31, 2010, ... Page 18 ....*Iraq Seals Deal With Russia's Lukoil-Led Group .... BAGHDAD (AP) -- A oil giant Lukoil and Norway's Statoil ASA on Sunday signed a final deal to develop one of Iraq's biggest oil fields, Instead of the more lucrative production sharing contracts, the companies will get a set amount for each barrel of oil they produce, with the compensation ranging from $1.9 to $6 per barrel.
8. *Bloomberg Business & Financial News, December 12, 2009, ... Page 22.....*Lukoil, beat out teams headed by London-based BP Plc, Paris- based Total SA and Kuala Lumpur-based Petroliam Nasional Bhd. Lukoil committed at the auction in Bagdad to increase output at West Qurna, to 1.8 million barrels a day for a fee of $1.15 a barrel.
9. *Business Week July 24, 2009, ... Page 24.....*TOUGH TERMS FOR BP.... Considering the risks, the financial rewards will not be all that great. BP will be working under a service contract that in simple terms provides for payment of $2 per barrel for the oil BP produces above current production. BP will be penalized if it does not hit its 2.85 million-barrel target. In an indication of how stiff the terms are, Edinburgh consultants Wood Mackenzie estimate that the BP consortium will receive fees amounting to only 1% of the estimated $1.2 trillion total revenues from the project.
10. *Petroleumworld: December 11th, 2009, ... Page26.....*(Opinion of Ruba Husari, an expert on Middle East energy and editor of Iraq Oil Forum.) After watching Royal Dutch Shell go for the kill on Majnoon oil field, I'm stunned and I'm sure I'm not the only one. I expected companies to try and undercut each other to win one of the fields offered in the second bid round, before the door of Iraq oil closes again. But I didn't expect them to go way below the maximum remuneration fee the oil ministry was willing to pay for the development of the giant Majnoon. The obvious question is: would the deal be profitable for Shell at $1.39 per barrel it offered compared to Total's $1.75? Total is a production company based in France.
11. *Seattle Times November 5th 2009, ... Page 33.....*A consortium grouping U.S. and European oil giants Exxon Mobil Corp. and Royal Dutch Shell PLC on Thursday signed a $50 billion deal to develop one of Iraq's most prized oil fields. Under the terms of the 20-year contract, the two companies are targeting a more than sevenfold increase in output in seven years from the current 280,000 barrels per day to 2.325 million barrels per day. The companies will receive $1.9 for every barrel produced.
12. *The Washington Post Friday, November 6, 2009, .. Page 3...*BAGHDAD -- Exxon Mobil and Royal Dutch Shell signed a deal with the Iraqi Oil Ministry on Thursday to develop a major field, marking the first foray by a U.S.-led consortium into Iraq's promising but uncertain oil industry. The deal signed Thursday gives Exxon Mobil and Shell $1.90 per barrel for every barrel produced in excess of the current production rate. (The existing production is to be continued at cost to the successful bidders.) The companies will refurbish the West Qurna-1 oil field, which is near Basra, in southern Iraq.
13. *Bloomberg Business & Financial News, July 28, 2009,.... Page 36.....*BP Says Return on Iraq's Rumaila to Compare with World Fields, Chief Executive Officer Tony Hayward said yesterday in an interview with Bloomberg Television. "We're looking at returns in Iraq that are compatible with returns we earn across the rest of our portfolio." "With a $2 a barrel fee at Rumaila, you'll see the company can make a 15 to 20 percent rate of return on their investment," said Tariq Shafiq, an adviser with London-based Petrolog & Associates and a former Iraqi Oil Ministry official who helped write the nation's oil law. Colin Lothian, Middle East Upstream Research Analyst for Wood Mackenzie, said it is comparable to other service- style contracts in Iran, Abu Dhabi and proposed in Kuwait." London-based BP had an 18 percent average return on capital the company employed last year, it said in its 2008 annual report. The same measure, based on profit excluding gains or losses from inventories, showed a 19 percent return in 2007 and 22 percent return in 2006.
14. *Bloomberg Business & Financial News, April 28, 2009, ... Page 38.....*The deal that BP and CNPC reached with Iraq's government last year pays the companies' costs plus a service fee of $2 a barrel. BP Plc will be paid in crude for its investment costs in an Iraqi contract that offers about the same rate of return as other projects worldwide, Chief Executive Officer Tony Hayward said. BP and China National Petroleum Corp. are spending about $15 billion in Rumaila, Iraq's largest oil deposit, pledging to more than double production to at least 2.85 million barrels a day in the second half of this decade. Hayward predicted the company will reach an initial goal of raising output 10 percent in the next 18 months. "We think the terms are perfectly good terms that will allow us to earn returns commensurate with returns elsewhere in our portfolio," Hayward said yesterday at a briefing for reporters.-----*To put the Bloomberg News' quotes of BP's CEO Tony Hayward's comments in the above two articles into context, Gaffney and Cline, an internationally respected oil consultant hired by the Alaska Legislature to advise them on oil tax issues, estimates BP's North Slope investment returns at 123% when oil sells at $80 per barrel. In other words six times the rate of return that BP's CEO says BP averages on other investments and consistent with the obvious disparity of $2 per barrel profit in Iraq compared to the fourteen times larger $28 per barrel profit in Alaska. See Page ... 38*
15. *Petroleum News: Week of August 14, 2011, ...page 40..... Petroleum" Petroleum News Predicts that Alaska's upcoming North Slope drilling season is shaping up to be busiest in decades.*
    - **Perhaps the biggest story here -- is in what would motivate the largest newspaper in an oil state to withhold so many widely published news stories containing information about production costs and oil profits from its readers in a state dependant on oil during a statewide debate about oil profits and production costs.**
    - **This brochure was researched and written by Ray Metcalfe and paid for by Citizens for Ethical Government. P.O. Box 231007 Anchorage AK 99523 Phone 907-344-4514. -- www.citizens4ethics.com**
    - **We authorize anyone may reprint and distribute this brochure.**

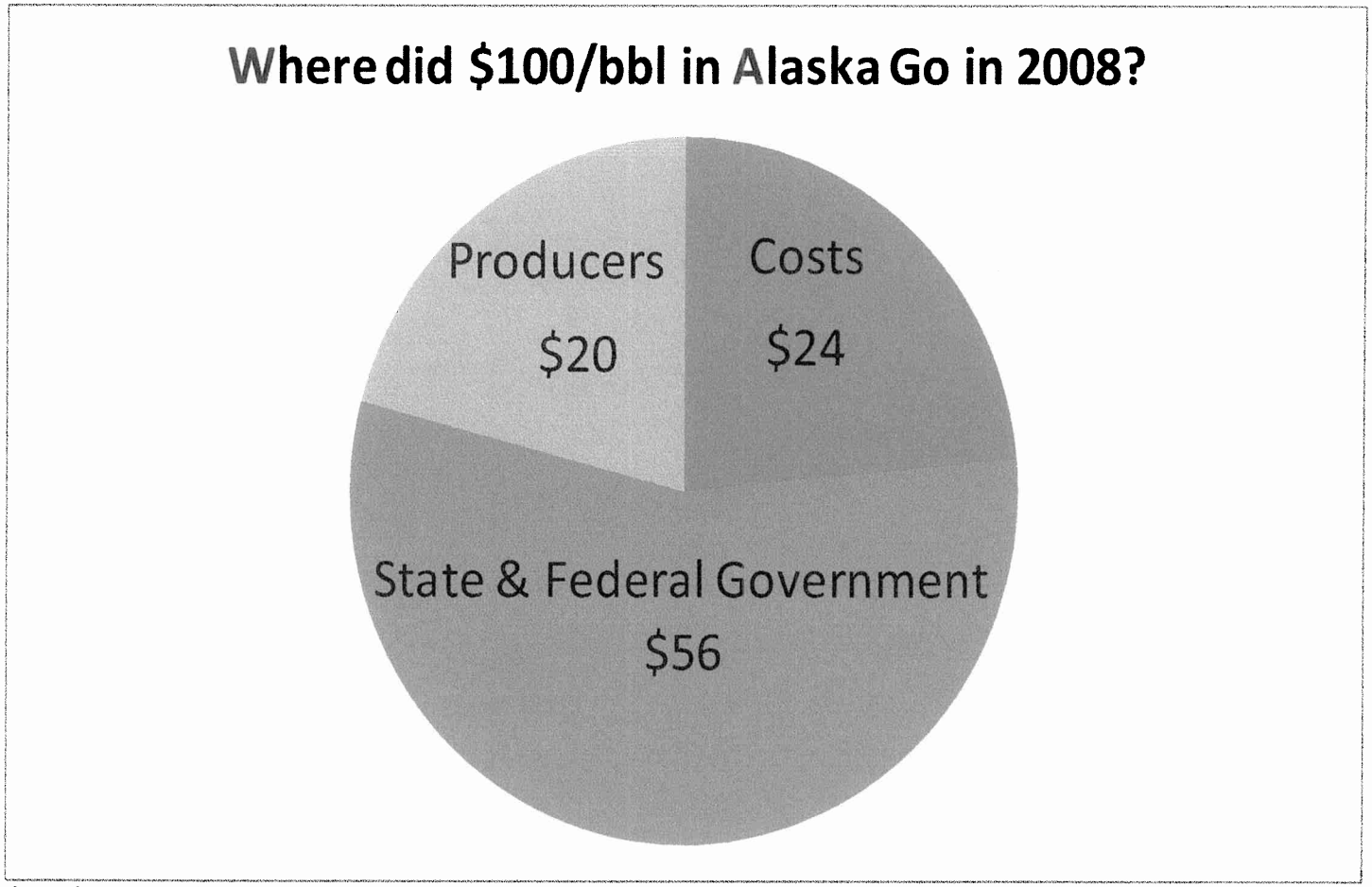
Page 13 from former state oil economist Roger Marks' presentation to Commonwealth North.



Roger Marks' pie chart lays out the factual historical impact of ACES. Subtracting production, transportation, and all other costs ($24) from a $100 barrel of Alaskan oil left $76 for distribution. After paying federal taxes, Alaska's royalty, Alaska's new tax, (ACES) and property taxes to Cities and Burrows along the pipeline, Producers pocketed $20 per barrel. The total "government take" was $56, or 73% of the remaining distributable income after all expenses have been paid.

The majority of the world's daily production is produced in countries where the governments take between 85 and 98%.

Page 13 from former state oil economist Roger Marks' presentation to Commonwealth North.



Roger Marks' pie chart lays out the factual historical impact of ACES. Subtracting production, transportation, and all other costs ($24) from a $100 barrel of Alaskan oil left $76 for distribution. After paying federal taxes, Alaska's royalty, Alaska's new tax, (ACES) and property taxes to Cities and Burrows along the pipeline, Producers pocketed $20 per barrel. The total "government take" was $56, or 73% of the remaining distributable income after all expenses have been paid.

The majority of the world's daily production is produced in countries where the governments take between 85 and 98%.

Pemex Exploration and Production awards on August 18, 2011, 3 blocks for mature fields in Tabasco, Mexico.

Contract Area: SANTUARIO PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$7.97 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Petrofac Facilities Management Limited	5.01	✓ Won tie breaker by increasing 100.5 % the Minimum Evaluation Program.
Dowell Schlumberger de México, S.A. de C.V.	5.08	Lost tie breaker by increasing 65 % the Minimum Evaluation Program.
Constructora y Perforadora Latina S. A. de C.V. y Monclova Pirineos Gas S. A. de C.V.	6.99	
Burgos Oil Services S.A. de C.V.	8.45	
GPA Energy S.A. de C.V.	9.25	
Industrial Perforadora de Campeche S.A. de C.V. y Grupo R Servicios Integrales S.A. de C.V.	9.50	
Miramar Hydrocarbons Ltd. y Canacol Energy Ltd.	11.45	
Bridas Corporation	16.00	
YPF S.A. y Repsol Exploración México S.A. de C.V.	25.00	

Contract Area: MAGALLANES PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$9.78 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Petrofac Facilities Management Limited	5.01	✓
Burgos Oil Services S.A. de C.V.	8.65	
Halliburton de México S. de R.L. de C.V.	11.75	
Bridas Corporation	21.00	

Contract Area: CARRIZO PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$12.31 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Administradora en Proyectos de Campo S.A. de C.V.	5.03	✓
Dowell Schlumberger de México, S.A. de C.V.	9.40	

Pemex Exploration and Production awards on August 18, 2011, 3 blocks for mature fields in Tabasco, Mexico.

Contract Area: SANTUARIO PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$7.97 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Petrofac Facilities Management Limited	5.01	✓ Won tie breaker by increasing 100.5 % the Minimum Evaluation Program.
Dowell Schlumberger de México, S.A. de C.V.	5.08	Lost tie breaker by increasing 65 % the Minimum Evaluation Program.
Constructora y Perforadora Latina S. A. de C.V. y Monclova Pirineos Gas S. A. de C.V.	6.99	
Burgos Oil Services S.A. de C.V.	8.45	
GPA Energy S.A. de C.V.	9.25	
Industrial Perforadora de Campeche S.A. de C.V. y Grupo R Servicios Integrales S.A. de C.V.	9.50	
Miramar Hydrocarbons Ltd. y Canacol Energy Ltd.	11.45	
Bridas Corporation	16.00	
YPF S.A. y Repsol Exploración México S.A. de C.V.	25.00	

Contract Area: MAGALLANES PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$9.78 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Petrofac Facilities Management Limited	5.01	✓
Burgos Oil Services S.A. de C.V.	8.65	
Halliburton de México S. de R.L. de C.V.	11.75	
Bridas Corporation	21.00	

Contract Area: CARRIZO PEMEX Fee: Minimum US$5.00 / BOE Maximum USD$12.31 / BOE		
Bidders	**Fee per Barrel Proposed (US$)**	**Winner of the Bidding Process**
Administradora en Proyectos de Campo S.A. de C.V.	5.03	✓
Dowell Schlumberger de México, S.A. de C.V.	9.40	