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# Senate Finance Committee

**CSSB21**

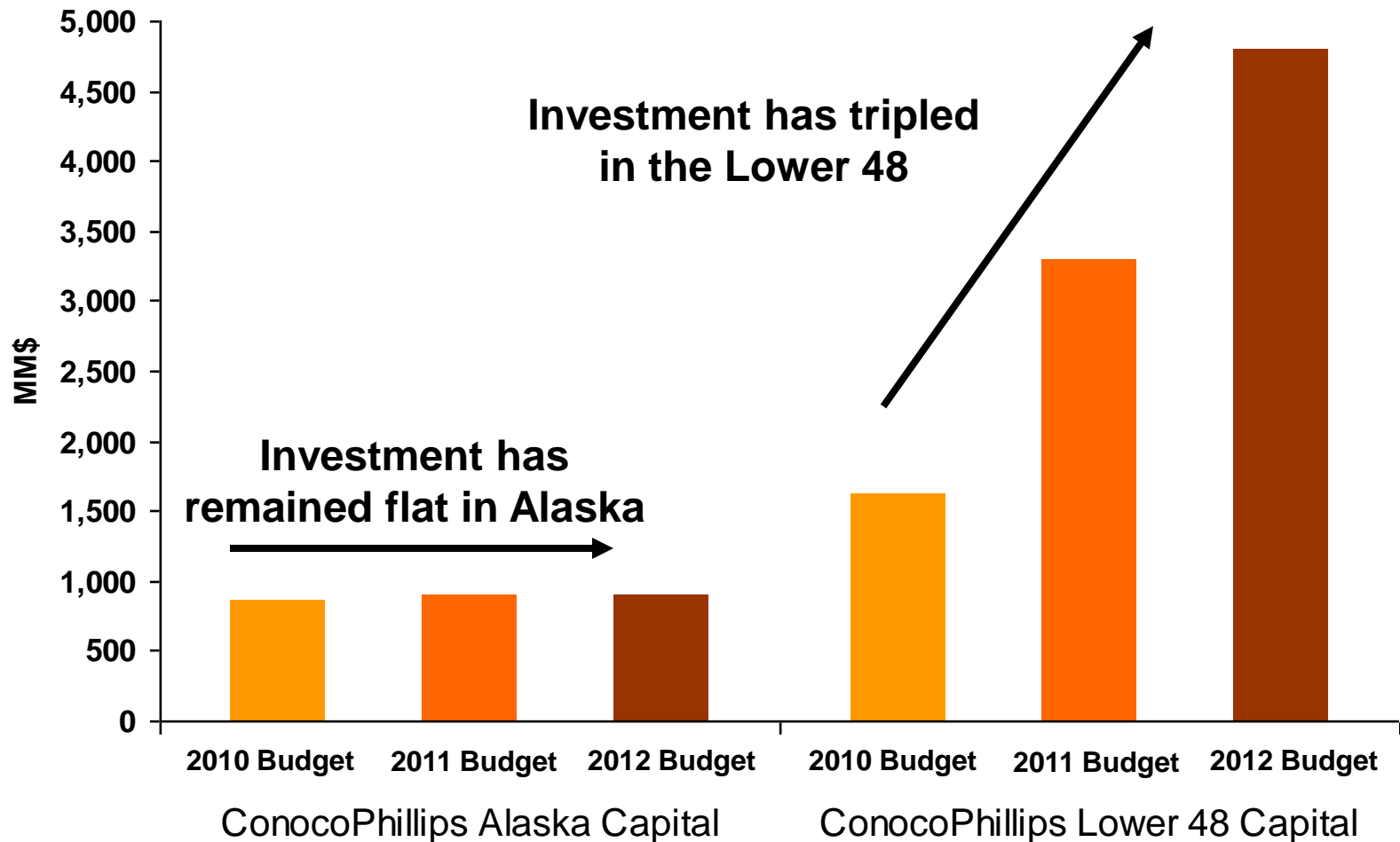
Bob Heinrich, VP Finance

Scott Jepsen, VP External Affairs

**ConocoPhillips Alaska**

March 14, 2013

# ConocoPhillips Capital Allocation



**Investment flows where investor has upside**

# Changes to ACES to Improve Alaska's Investment Climate

Change	CSSB21
<ul style="list-style-type: none"> <li>• Eliminate progressivity</li> </ul>	<p style="text-align: center;">✓</p>
<ul style="list-style-type: none"> <li>• Create a flatter tax rate over a broad range of prices               <ul style="list-style-type: none"> <li>➤ Producer and State share proportionately as prices fluctuate and margins change</li> </ul> </li> </ul>	<p style="text-align: center;">✓</p>
<ul style="list-style-type: none"> <li>• Establish a tax structure creating an attractive investment climate               <ul style="list-style-type: none"> <li>➤ Competitive tax rate</li> <li>➤ Provide the incentives to balance Alaska's high cost environment</li> <li>➤ Incentives for both legacy and new field investments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Issues               <ul style="list-style-type: none"> <li>➤ Tax increase at lower prices – base rate too high</li> <li>➤ Uncertainty around GRE application to legacy fields.</li> </ul> </li> </ul>