



Oil and Gas Tax Credit Reform- HB247

Department of Revenue

“Additional Modeling and Scenario Analysis - Part 2a”

Presentation to the House Resources Committee

February 27, 2016

What We'll Be Discussing

Part 1: February 22-24-25 Presentation

- Overview of Revenue and Production
- Credits- what worked, what didn't?
- Credit cost in perspective
- Bill Details- how pieces work
- Gas supply issues in Cook Inlet

Part 2: This Presentation

- Scenario Analysis- economics of changes
 - Impact of minimum tax changes on current production
 - Life cycle analysis of possible new fields- North Slope
 - Life cycle analysis of possible new fields- Cook Inlet
 - Summary slides

North Slope Production Tax Snapshot With Impact of Minimum Tax Changes

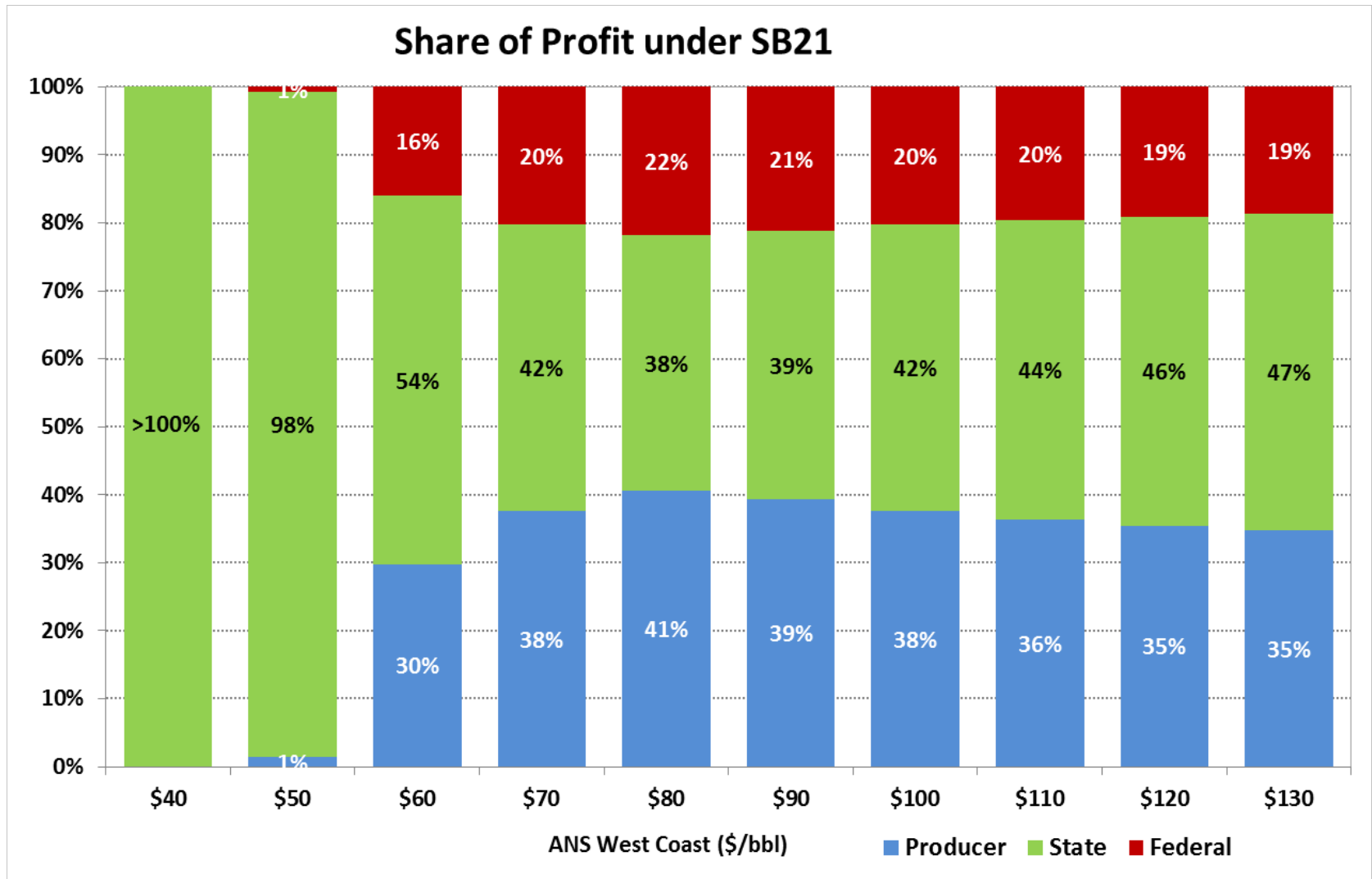
Assumptions

- Charts were produced using DOR “Snapshot” model
- Assumes a single company with all deductible costs
- Transportation costs, production, and lease expenditures, and other assumptions from Fall 2015 forecast for FY 2017

Transportation Costs (\$/bbl)	\$11.16
Royalty Rate	12.5%
State CIT Rate	6.50%
Federal CIT Rate	35.00%
Deductible Upstream CAPEX (\$/ total bbl)*	\$15.25
Deductible Upstream OPEX (\$/ total bbl)*	<u>\$16.37</u>
Total Upstream Costs (\$/ bbl)*	\$31.62
Daily Production (1,000 bbls / day)	504.9
Property Tax (\$/bbl)	1.25

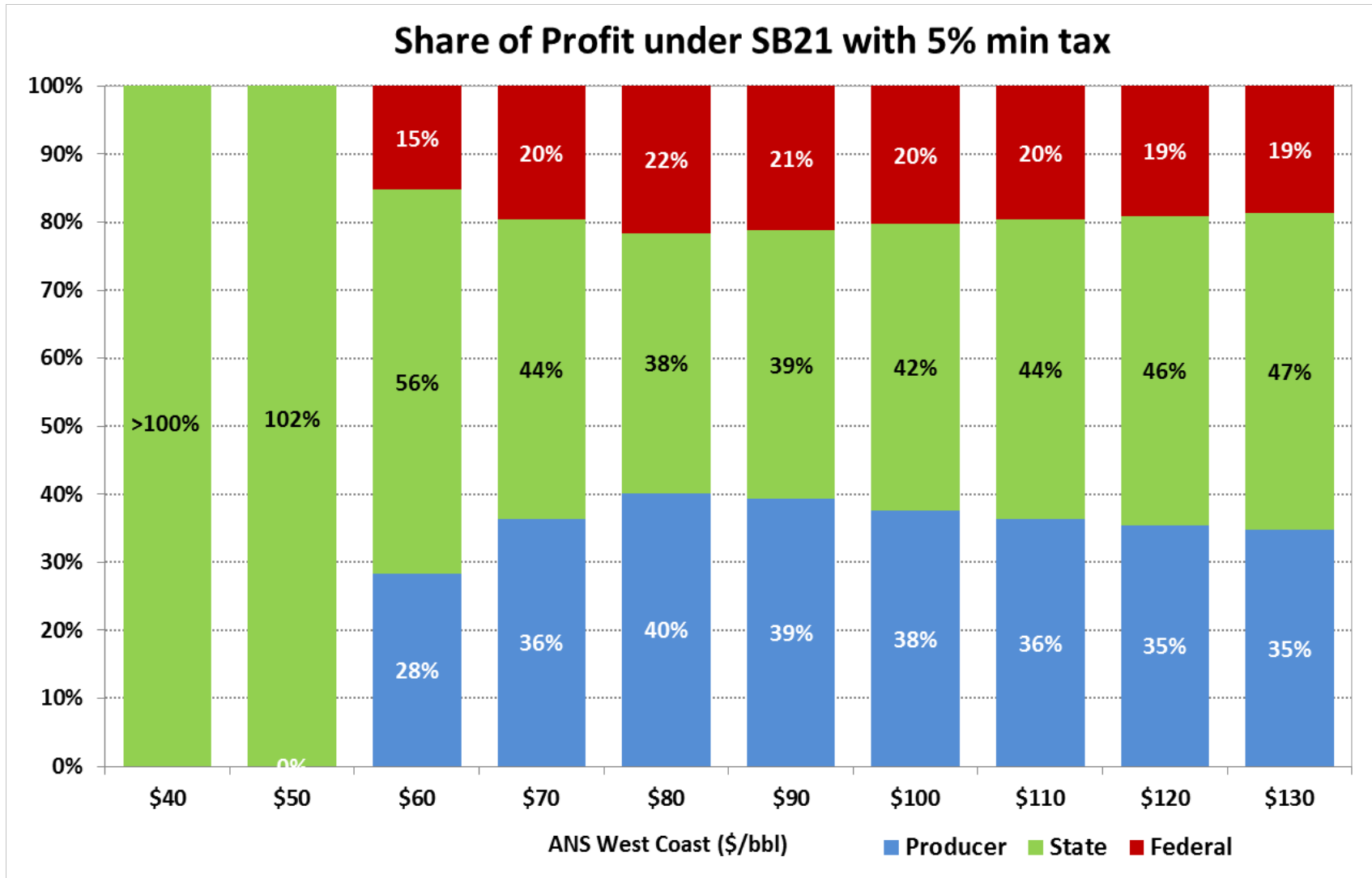
** Upstream cost in this analysis is calculated per each barrel produced including royalty barrels. Costs represent total estimated deductible costs for FY 2017.*

FY 2017 snapshot (legacy oil)



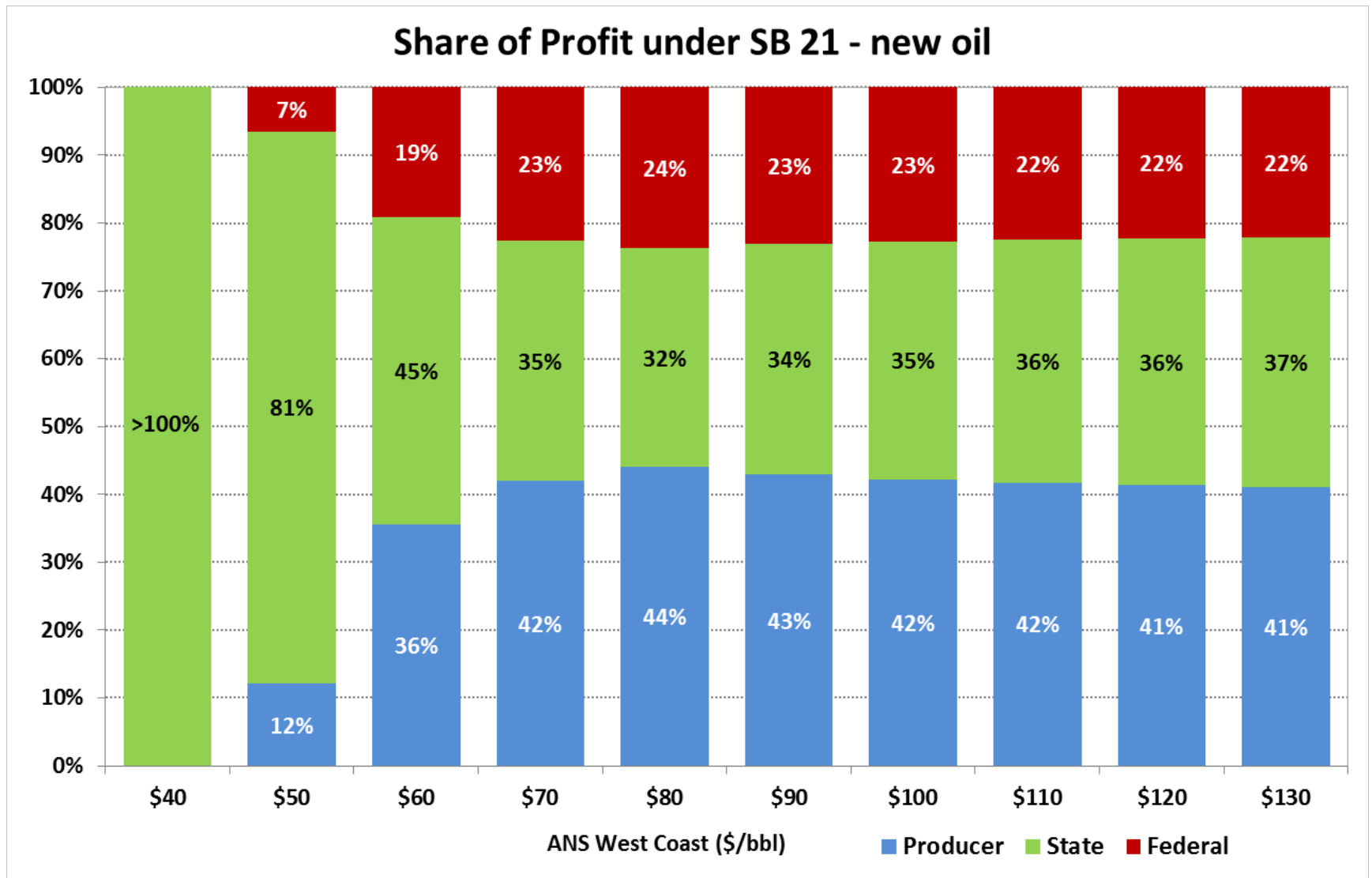
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes non-GVR eligible oil and a single producer. At \$40 and below, “share of profit” is shown as >100%; there is no “profit” but state still receives revenue. Does not include any NOL credits applied against tax liability or small producer credits.

FY 2017 snapshot (legacy oil) with 5% min. tax



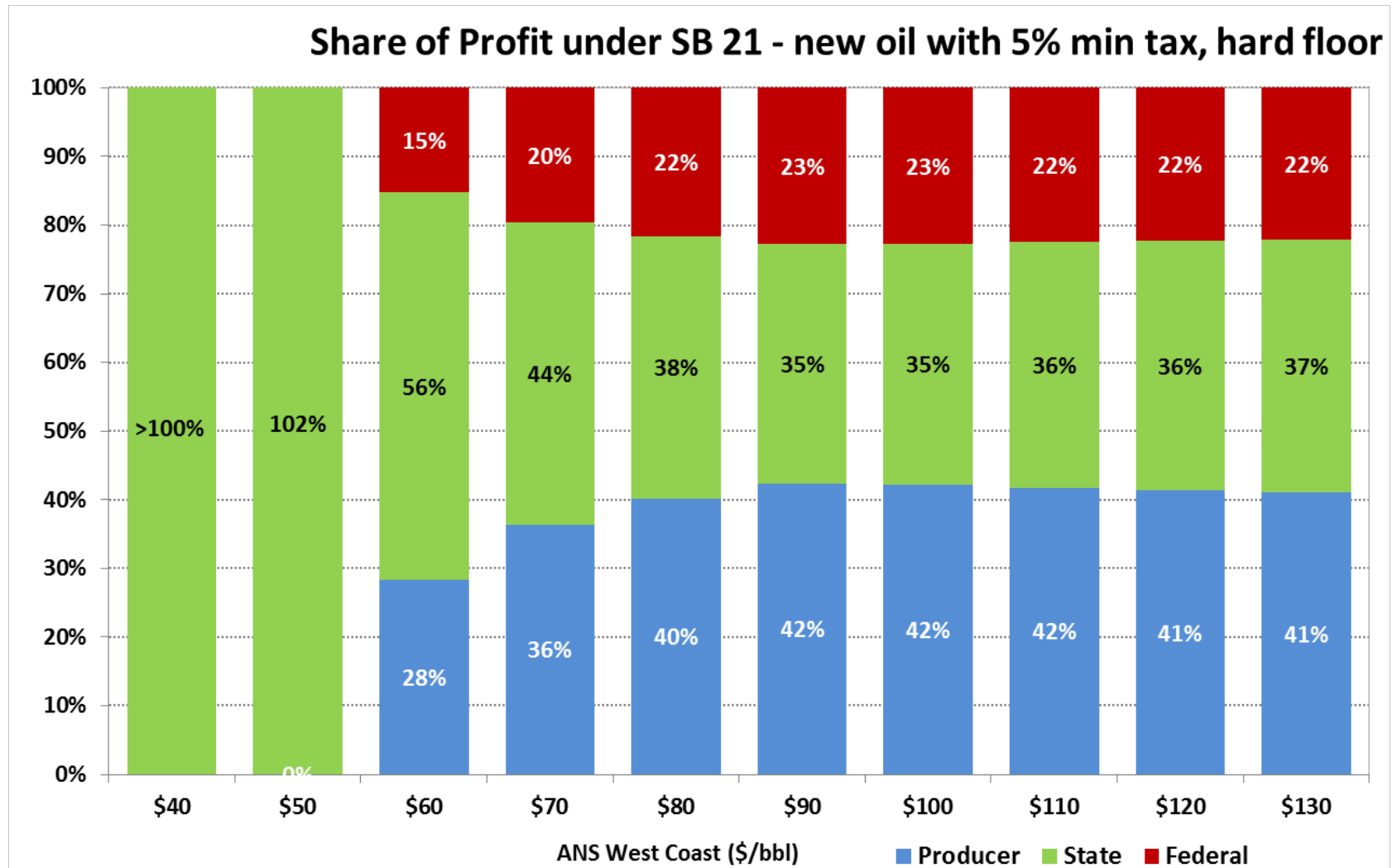
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes non-GVR eligible oil and a single producer. At \$40 and below, “share of profit” is shown as >100%; there is no “profit” but state still receives revenue. Does not include any NOL credits applied against tax liability or small producer credits.

FY 2017 snapshot (new oil)



Source: Fall 2015 aggregate assumptions for FY 2017. Assumes GVR eligible oil and a single producer.
At \$40 and below, "share of profit" is shown as >100%; there is no "profit" but state still receives revenue.
Does not include any NOL credits applied against tax liability or small producer credits.

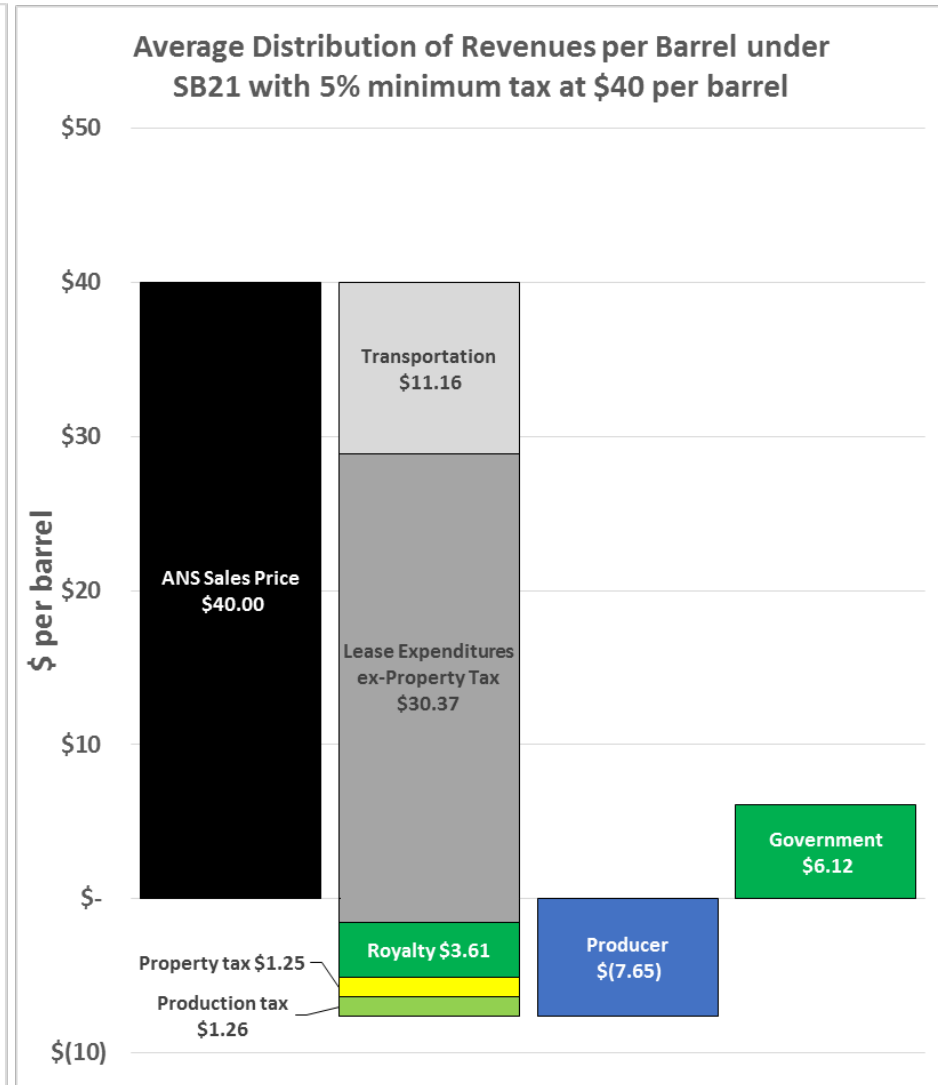
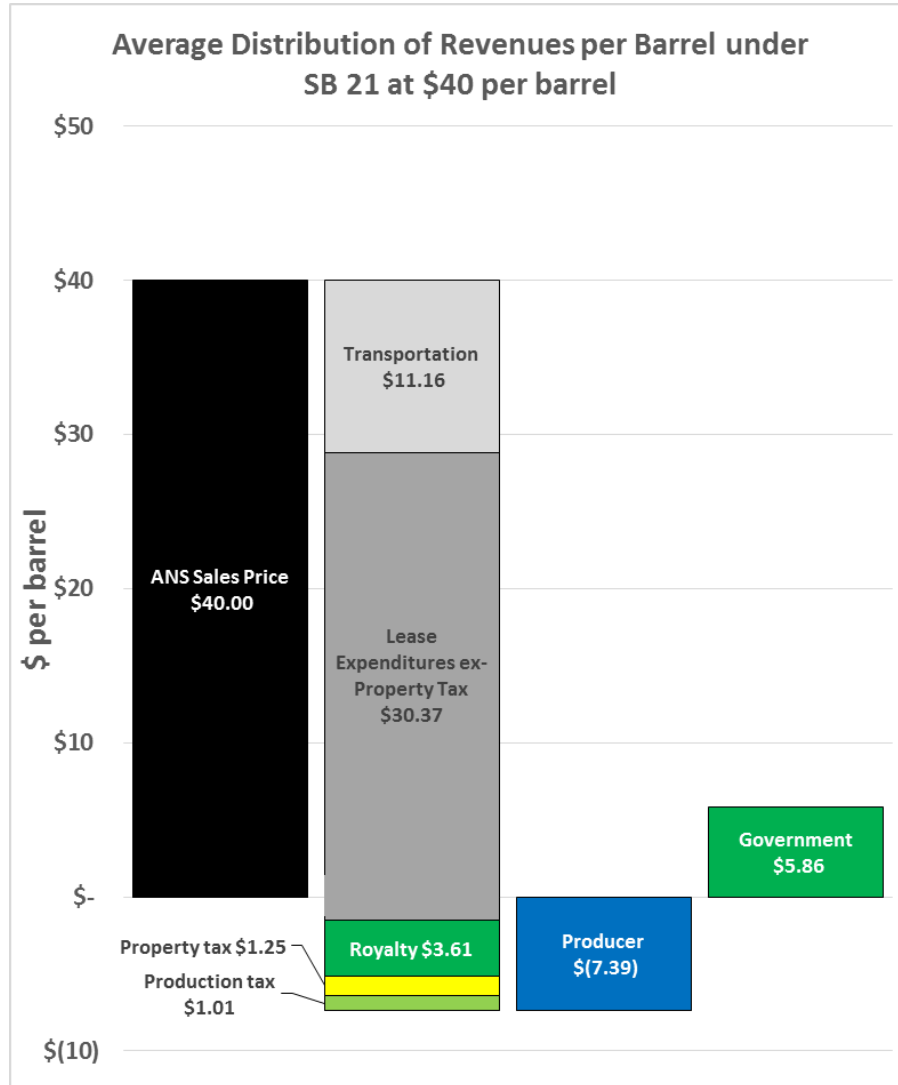
FY 2017 snapshot (new oil) with 5% min. tax and hard floor



Source: Fall 2015 aggregate assumptions for FY 2017. Assumes GVR eligible oil and a single producer.
 At \$40 and below, “share of profit” is shown as >100%; there is no “profit” but state still receives revenue.
 Does not include any NOL credits applied against tax liability or small producer credits.

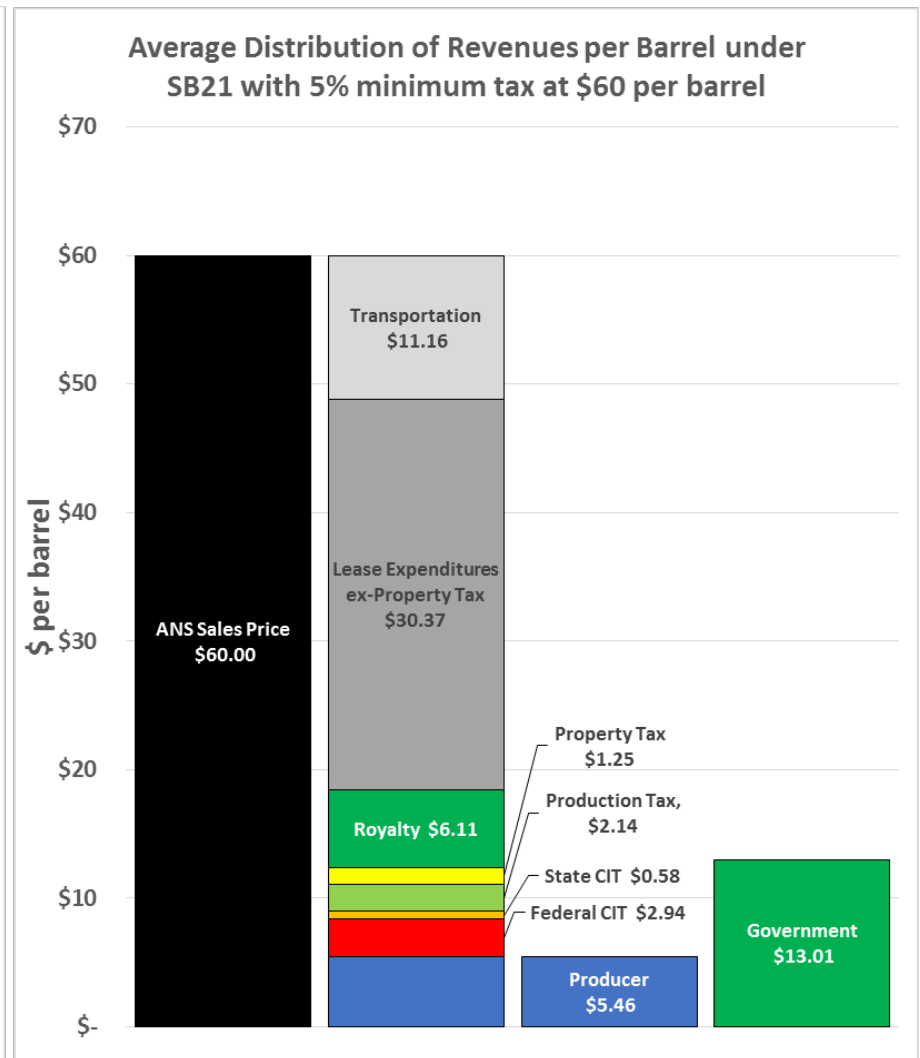
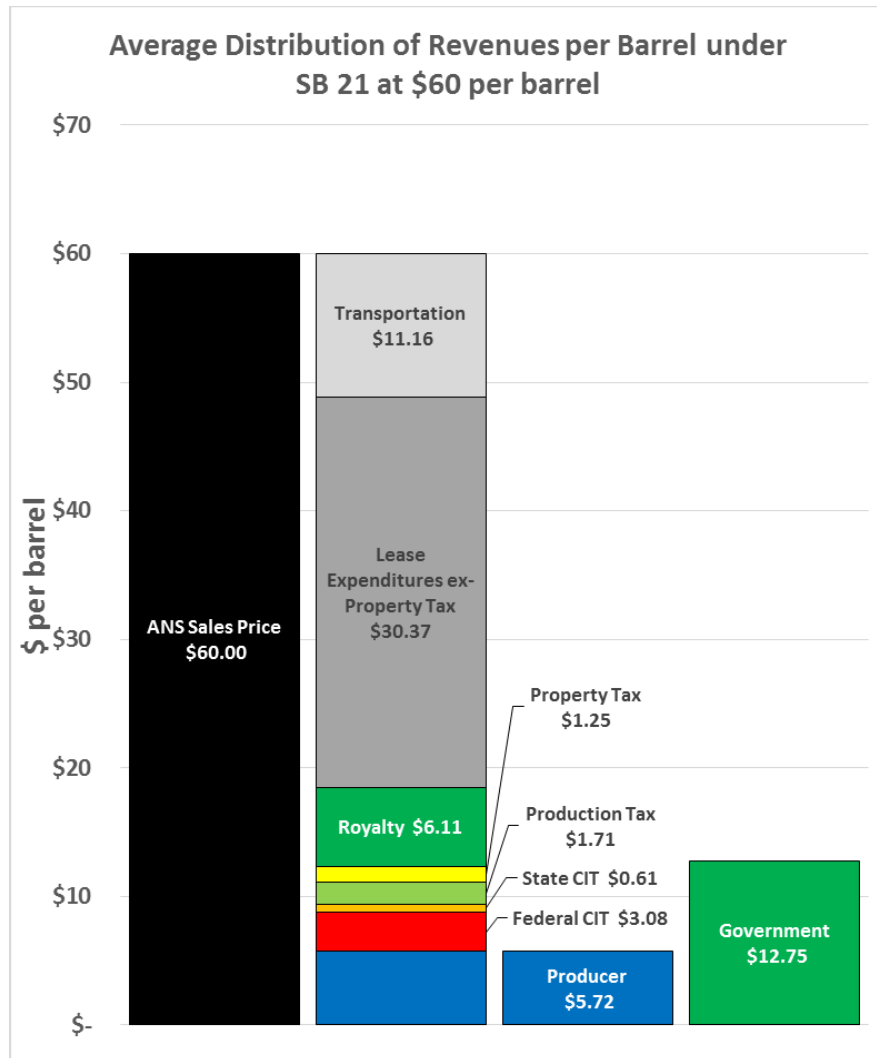
Distribution of Revenues: North Slope Production with Minimum Tax Changes

Distribution of Revenues for Legacy Oil, \$40



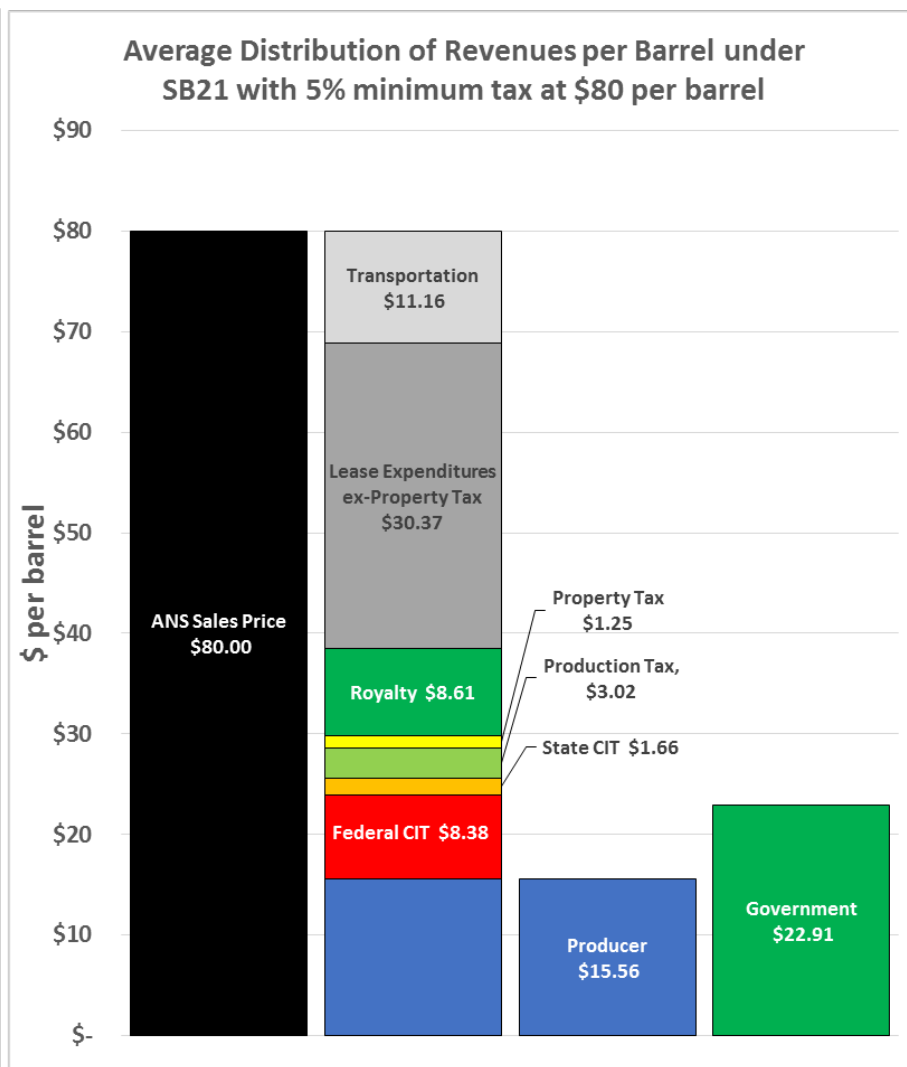
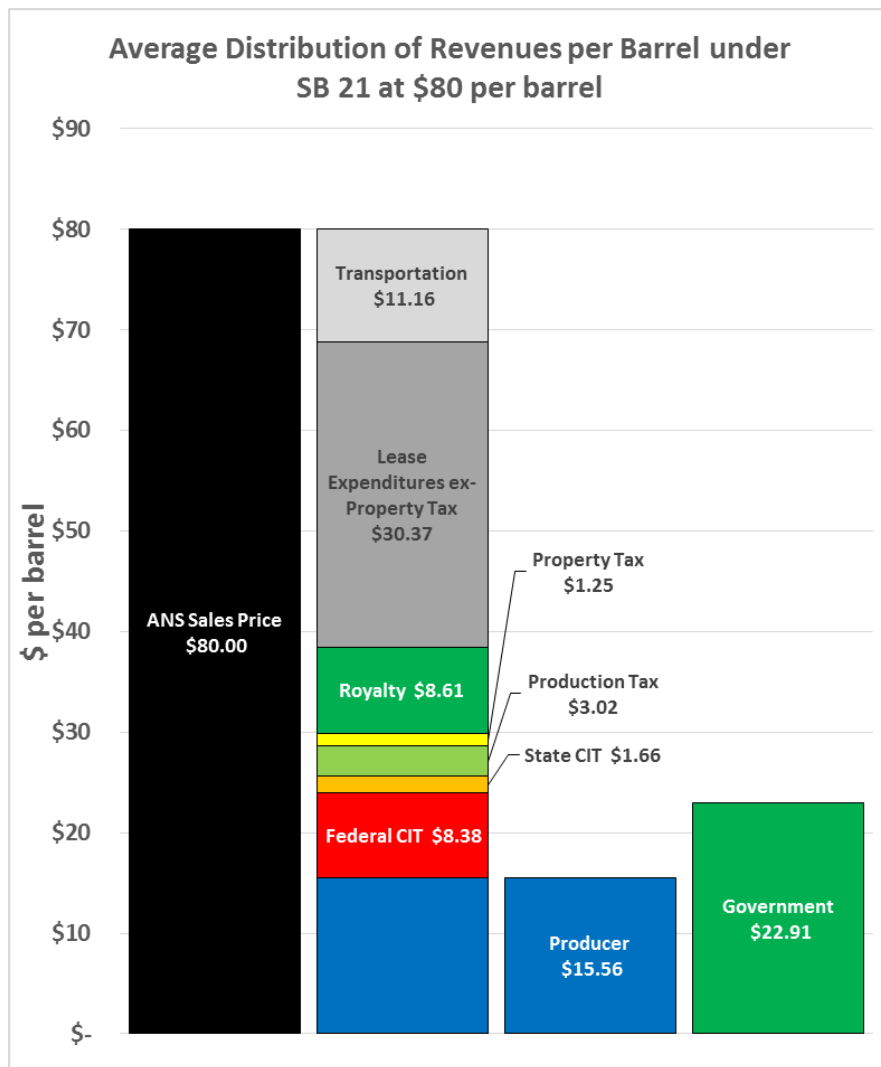
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes non-GVR oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Distribution of Revenues for Legacy Oil, \$60



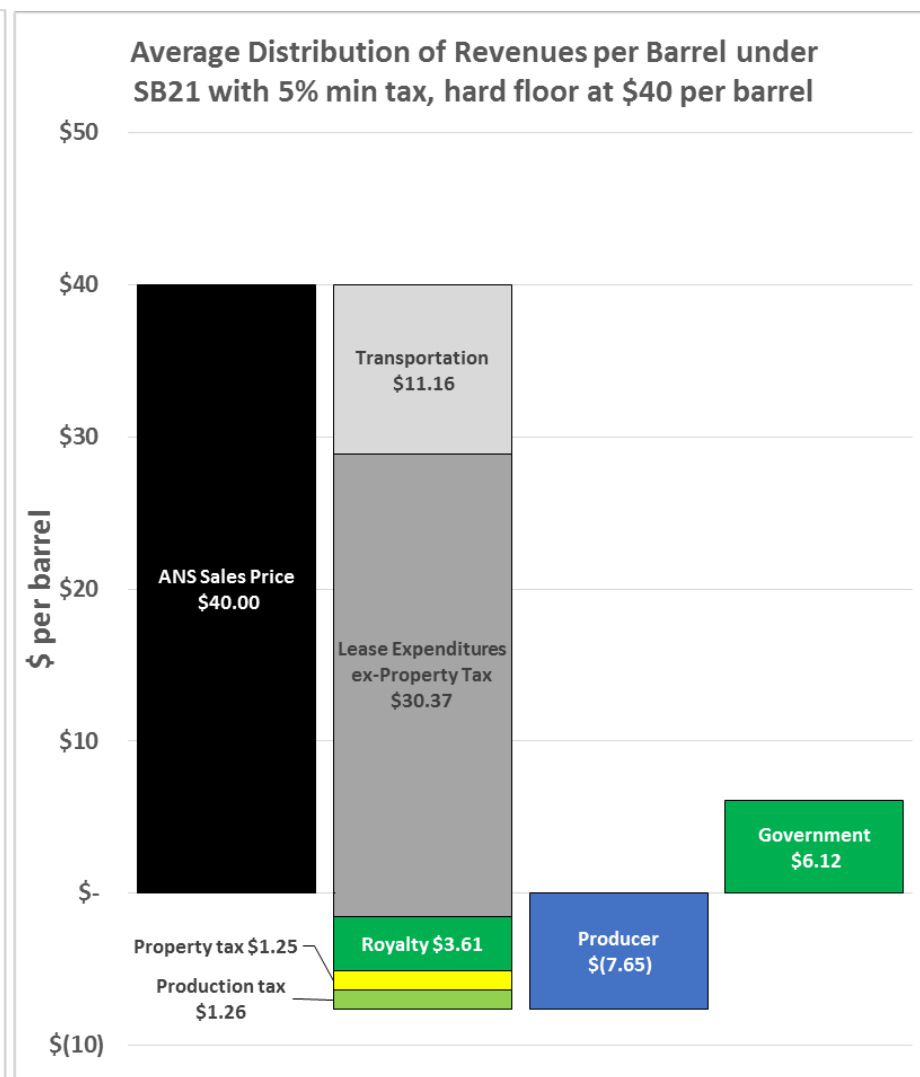
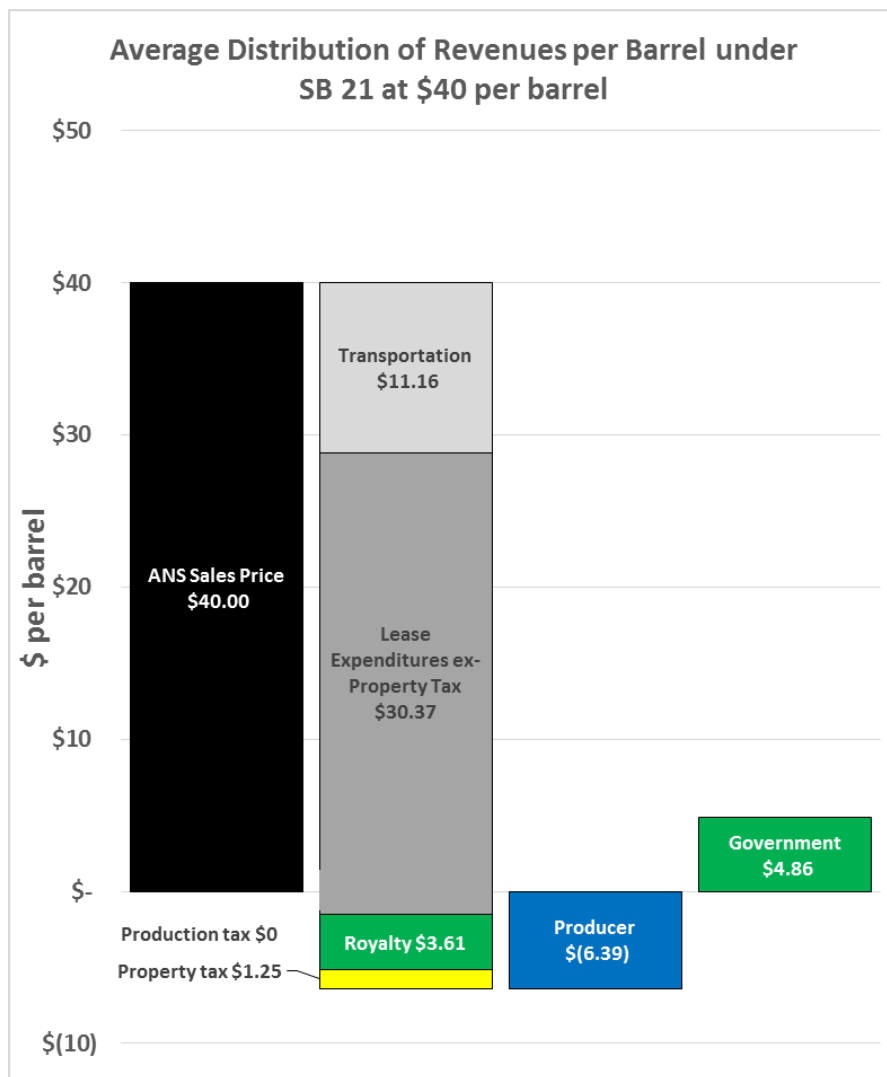
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes non-GVR oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Distribution of Revenues for Legacy Oil, \$80



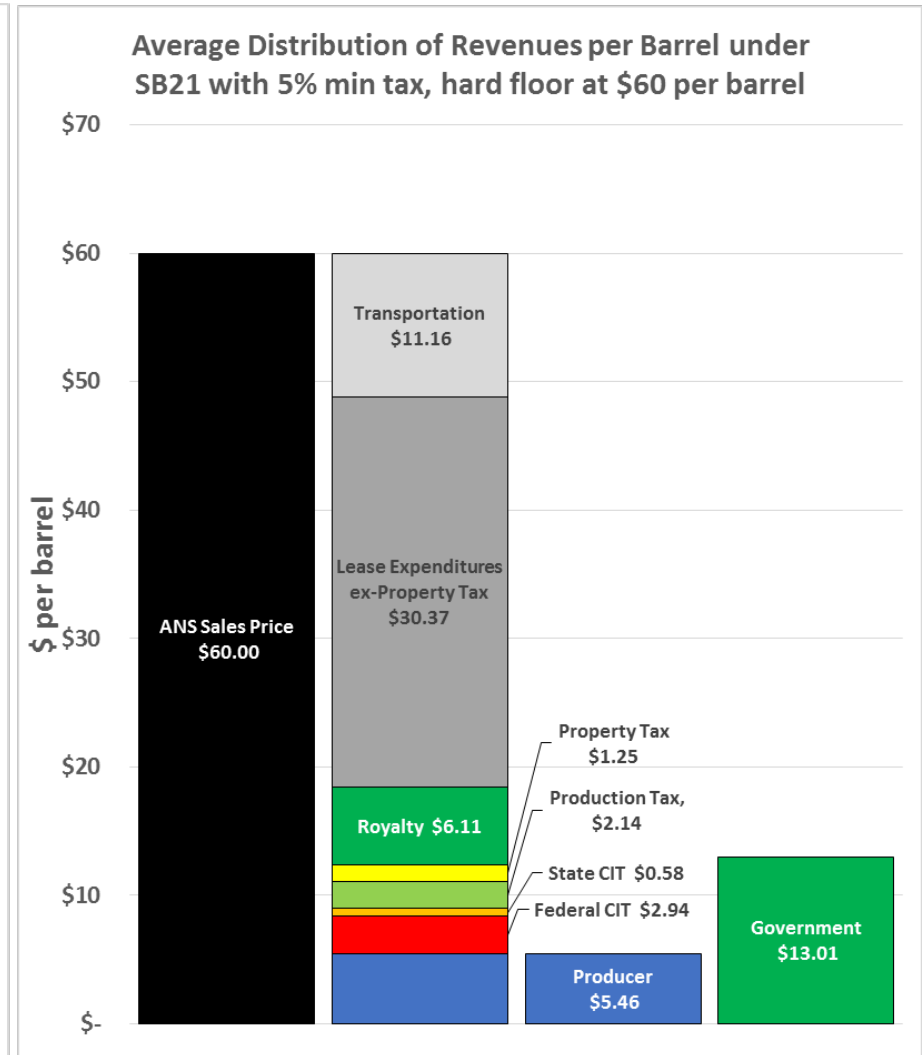
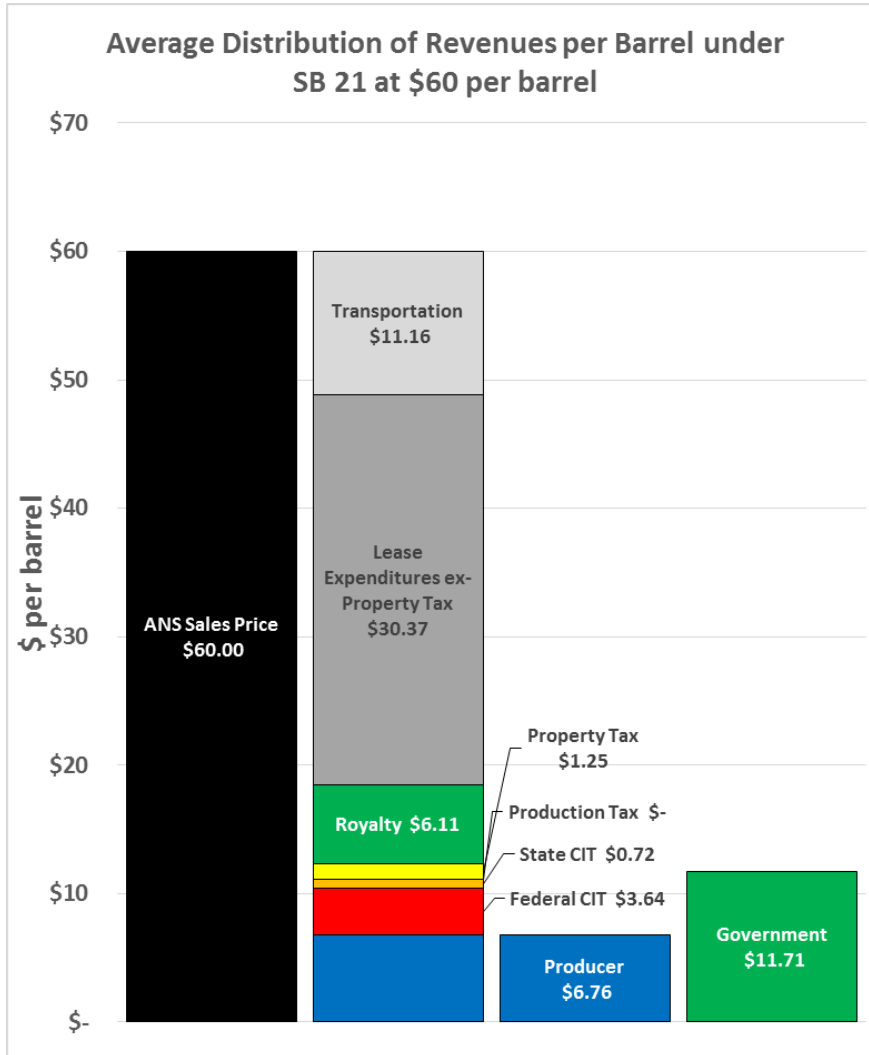
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes non-GVR oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Distribution of Revenues for New Oil, \$40



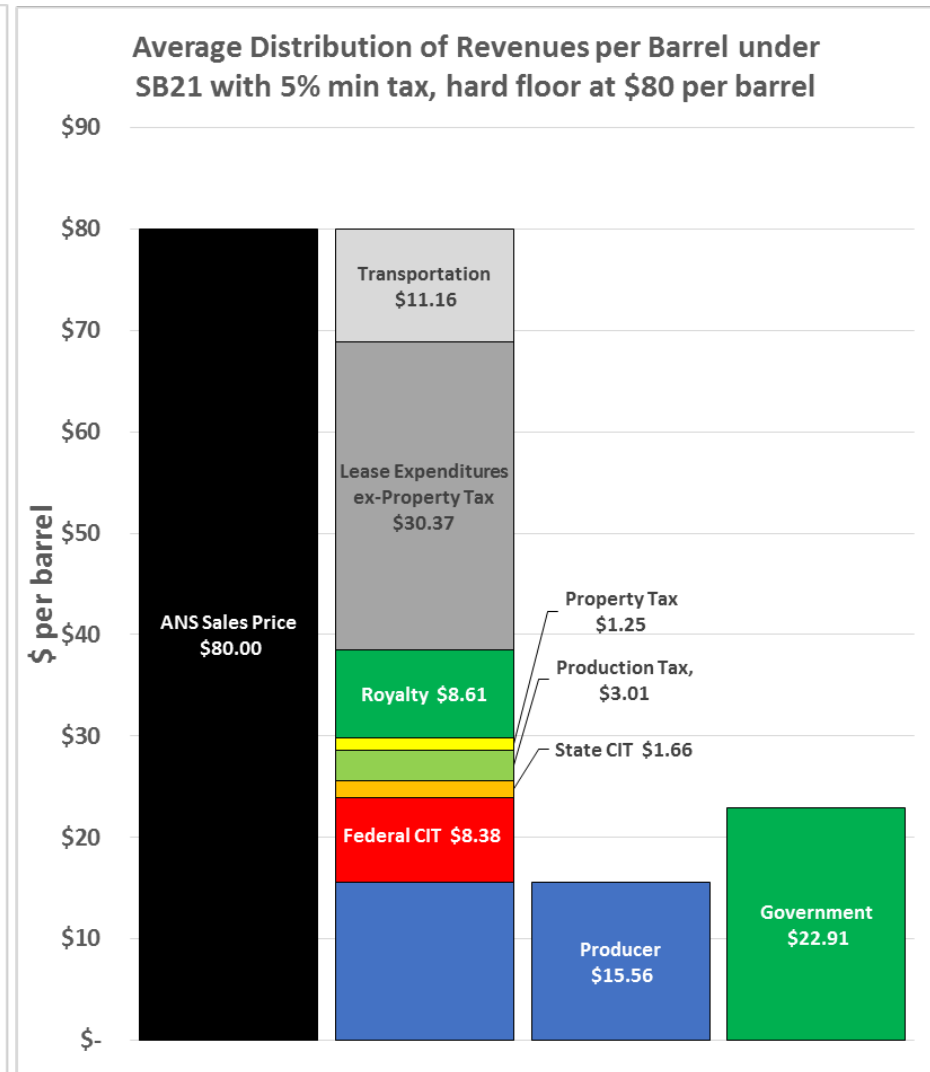
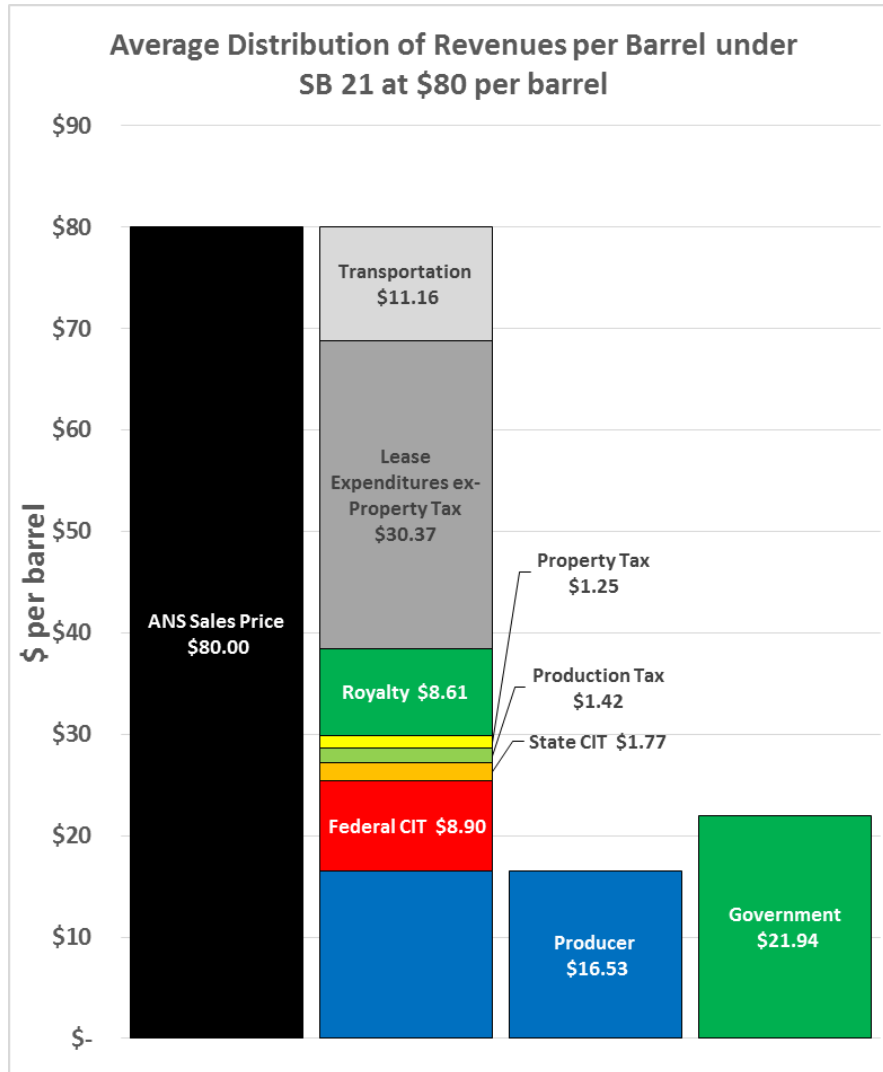
Source: Fall 2015 aggregate assumptions for FY 2017. Assumes GVR-eligible oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Distribution of Revenues for New Oil, \$60



Source: Fall 2015 aggregate assumptions for FY 2017. Assumes GVR-eligible oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Distribution of Revenues for New Oil, \$80



Source: Fall 2015 aggregate assumptions for FY 2017. Assumes GVR-eligible oil and a single producer. Does not include any NOL credits applied against tax liability or small producer credits.

Field Life Cycle Modeling: North Slope

North Slope Life Cycle Modeling Assumptions

- Field sizes of 50 mmbo field and 750 mmbo field
- Two types of producers
 - New producer eligible for cash refunds
 - Non-incumbent producer not eligible for cash refunds due to \$10 billion worldwide revenue limit
- Four Oil prices modeled – all in real uninflated \$
 - \$40, \$60, and \$80 held static through life of field
 - Fall 2015 forecast prices in real, uninflated \$ extending through life of field
- Two tax systems modeled
 - Status quo (new fields qualify for 20% GVR)
 - HB247 (increase & harden minimum tax; limit credits/refunds by dollar amount, worldwide revenues and years to expiration; and GVR not being able to increase NOL)
 - We can provide modeling for some or all features in combination

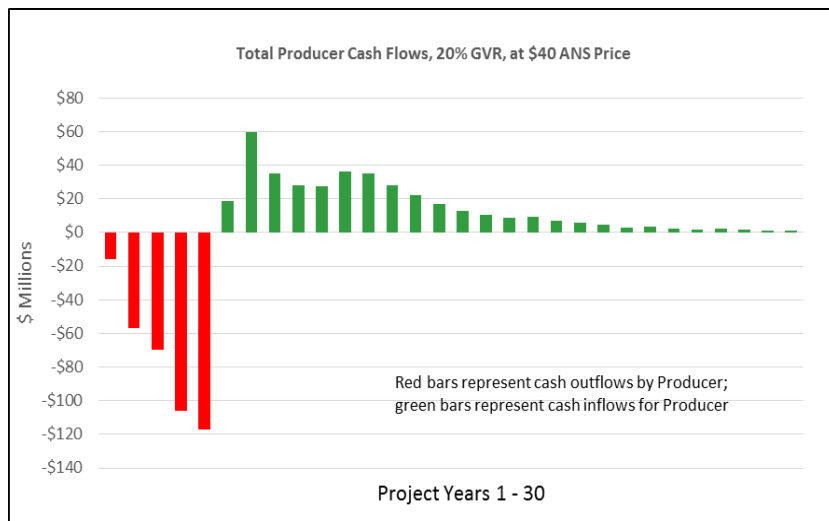
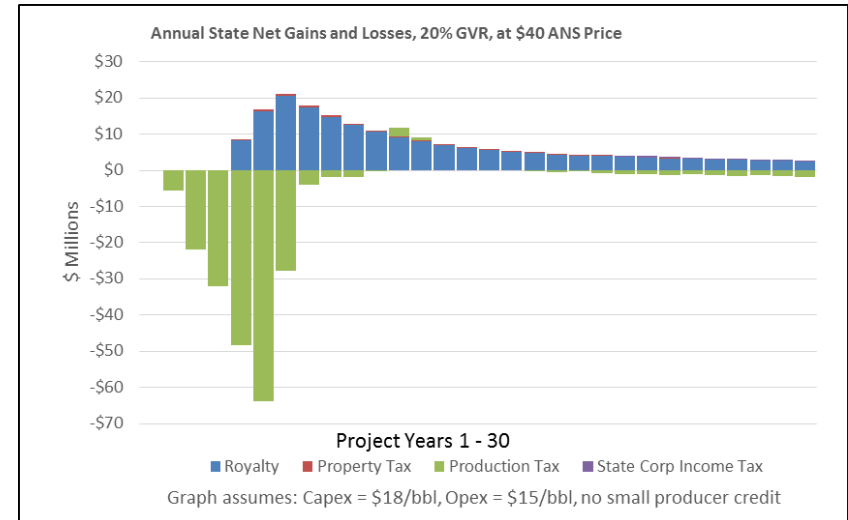
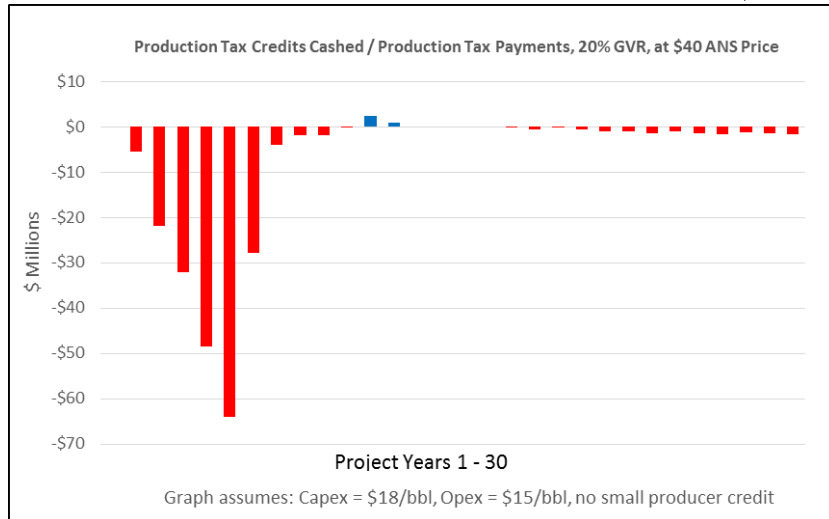
North Slope Life Cycle Modeling Assumptions

50 mmbo field assumptions

Life of Field	30 years
Peak oil Production	15,000 barrels /day
Transport / barrel	\$10 / barrel
Royalty Rate	12.50%
Capex / barrel	\$18 / barrel
Opex / barrel	\$15 / barrel
Property Tax / barrel	\$1.25 / barrel
State Corp Income Tax Rate	6.5% of PTV after Prod Tax
Fed Corp Income Tax Rate	35% of PTV after SCIT

North Slope Life Cycle Modeling

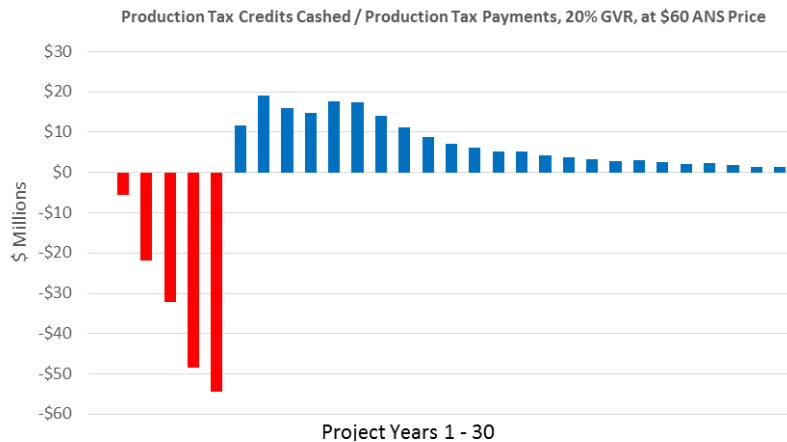
50 mmbo Status Quo, \$40/bbl



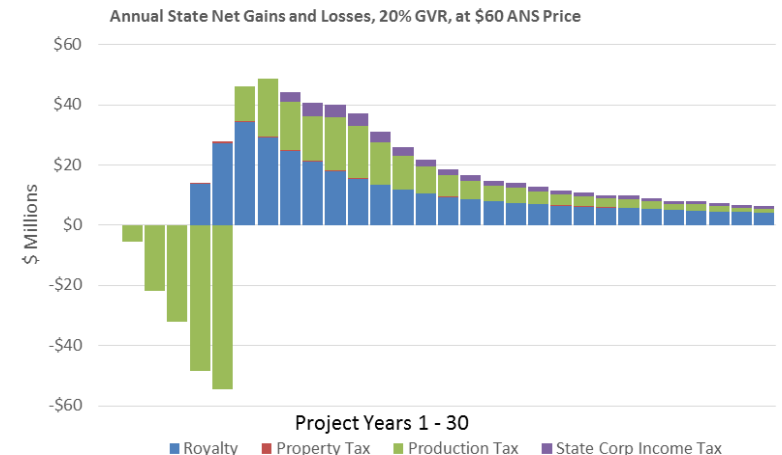
Life Cycle Totals	\$Millions
Production Tax Credits Cashed	221
Production Tax Paid	3
Net Production Tax	-217
Production Tax NPV 6.15%	-153
Total Annual State Losses	153
Total Annual State Gains	129
Net State Gain (Loss)	-24
State NPV 6.15%	-58
Total Producer Cash Out	365
Total Producer Cash In	384
Net Producer Cash Flow	19
Producer Cash NPV 6.15%	-99

North Slope Life Cycle Modeling

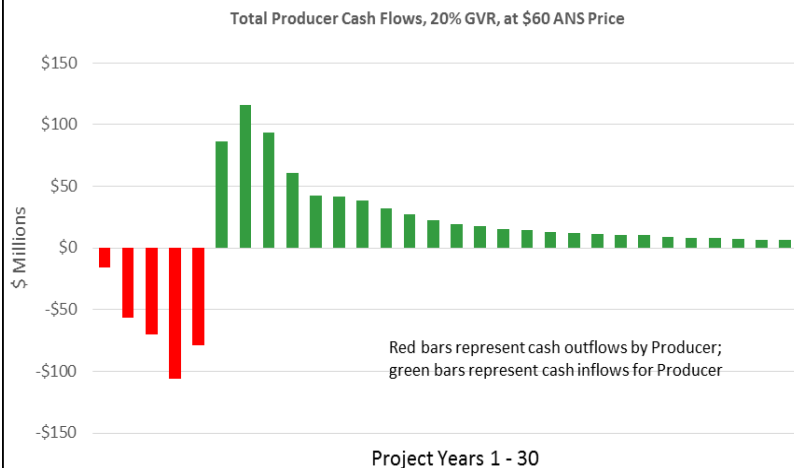
50 mmbo Status Quo, \$60/bbl



Graph assumes: Capex = \$18/bbl, Opex = \$15/bbl, no small producer credit



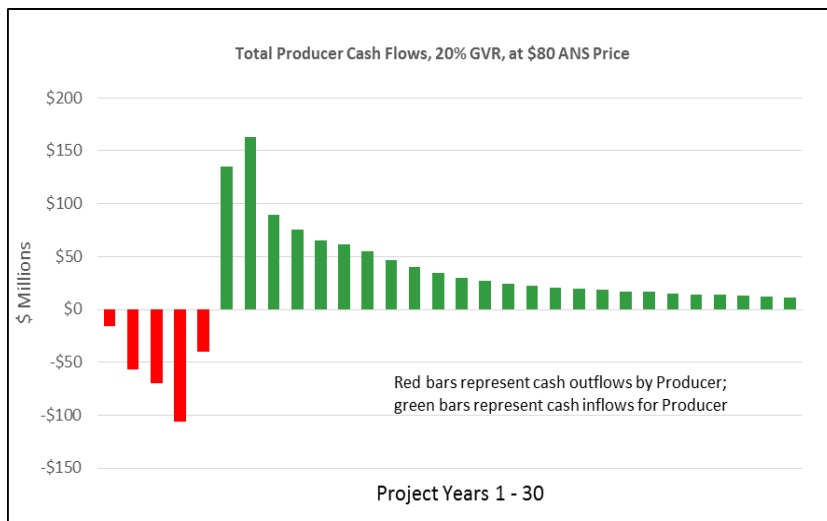
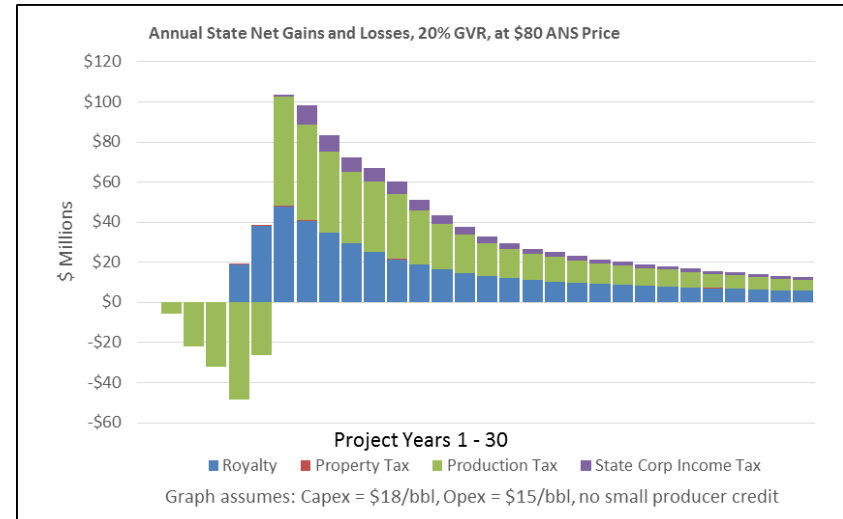
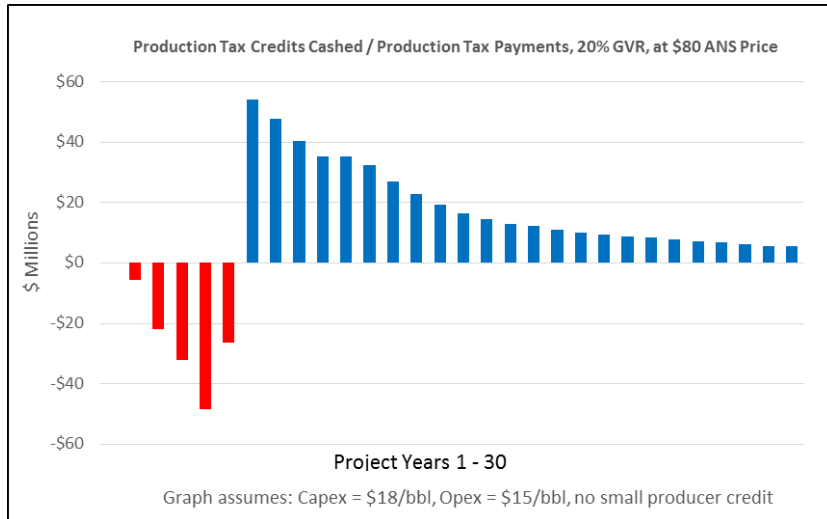
Graph assumes: Capex = \$18/bbl, Opex = \$15/bbl, no small producer credit



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	162
Production Tax Paid	183
Net Production Tax	21
Production Tax NPV 6.15%	-37
Total Annual State Losses	121
Total Annual State Gains	501
Net State Gain (Loss)	380
State NPV 6.15%	136
Total Producer Cash Out	327
Total Producer Cash In	731
Net Producer Cash Flow	404
Producer Cash NPV 6.15%	112

North Slope Life Cycle Modeling

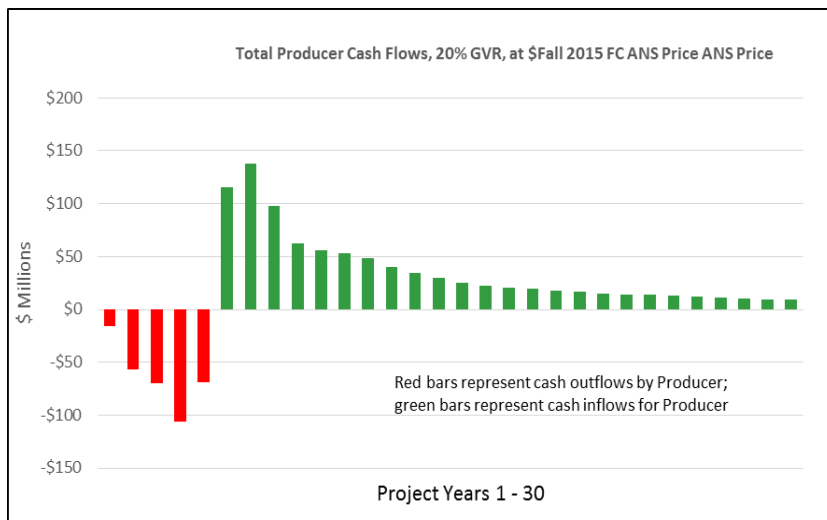
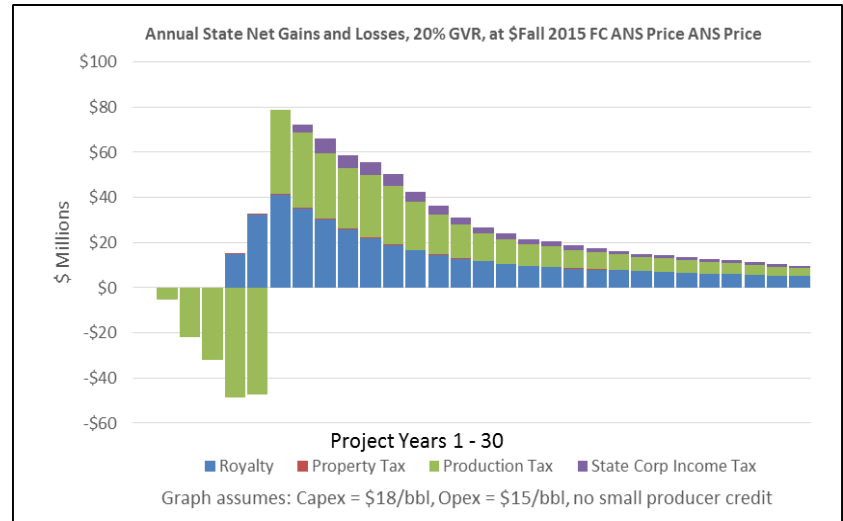
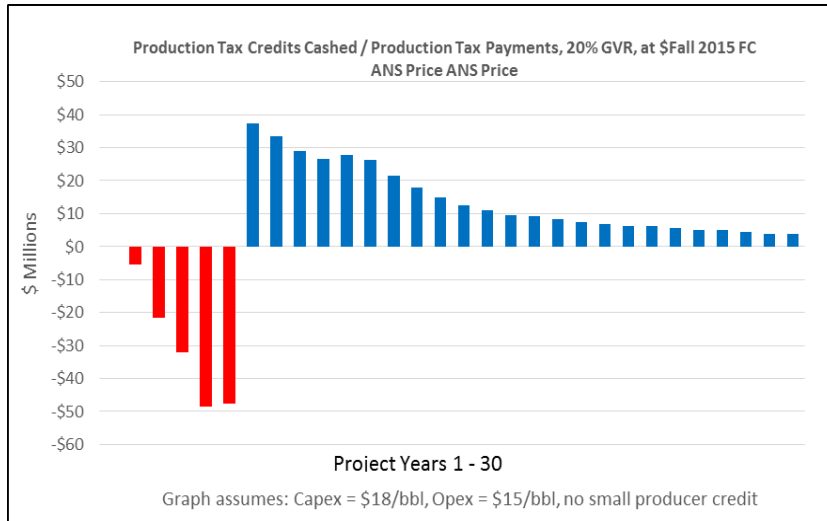
50 mmbo Status Quo, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	134
Production Tax Paid	457
Net Production Tax	323
Production Tax NPV 6.15%	110
Total Annual State Losses	88
Total Annual State Gains	932
Net State Gain (Loss)	844
State NPV 6.15%	364
Total Producer Cash Out	289
Total Producer Cash In	1,040
Net Producer Cash Flow	751
Producer Cash NPV 6.15%	289

North Slope Life Cycle Modeling

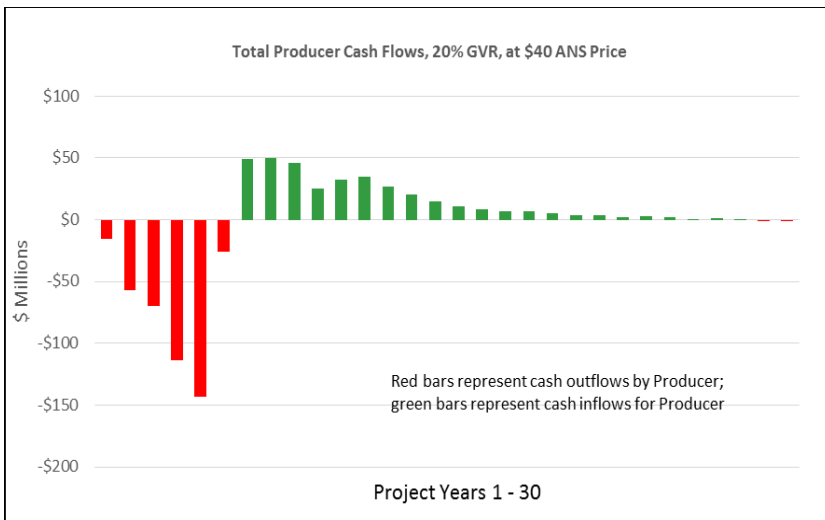
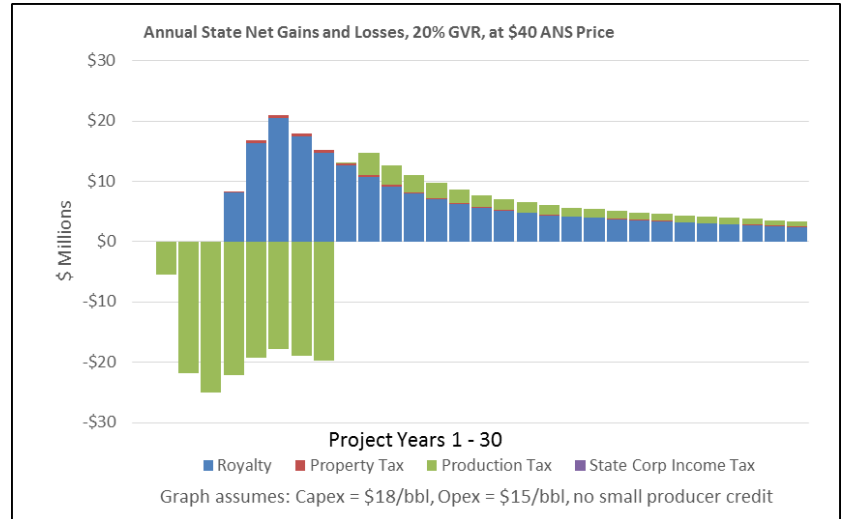
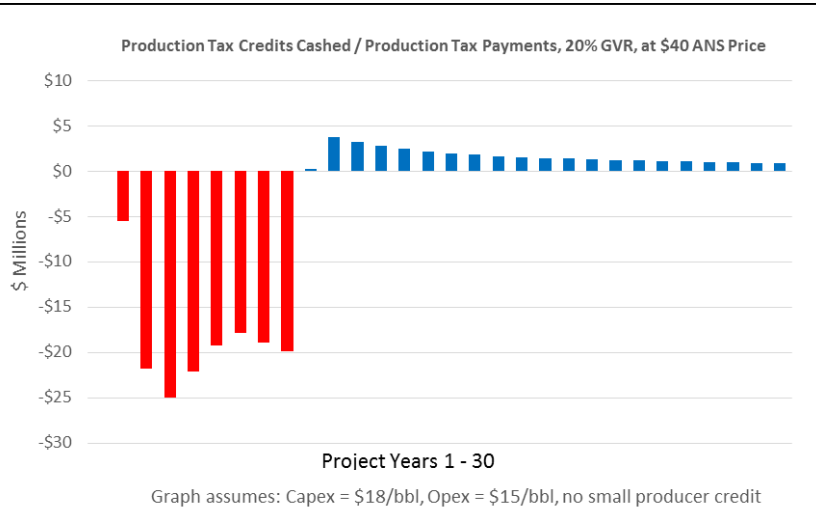
50 mmbo Status Quo, Fall 2015 FC Prices



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	155
Production Tax Paid	339
Net Production Tax	183
Production Tax NPV 6.15%	40
Total Annual State Losses	107
Total Annual State Gains	736
Net State Gain (Loss)	629
State NPV 6.15%	255
Total Producer Cash Out	317
Total Producer Cash In	906
Net Producer Cash Flow	588
Producer Cash NPV 6.15%	203

North Slope Life Cycle Modeling

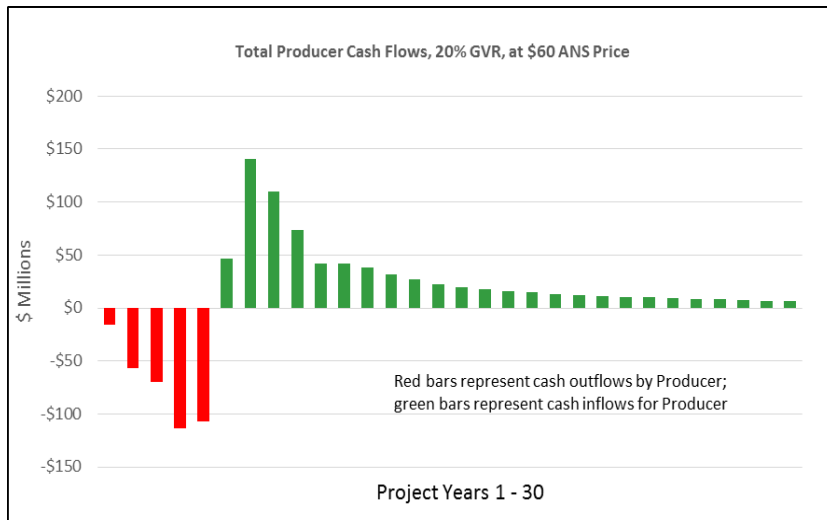
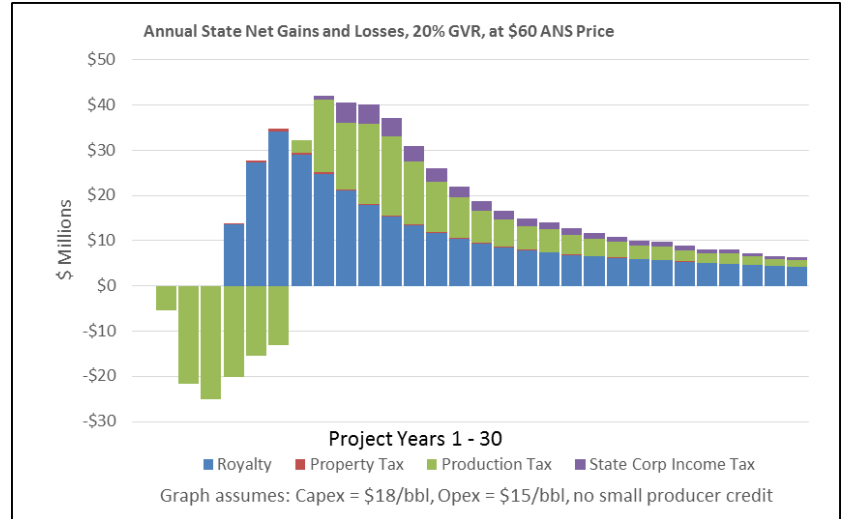
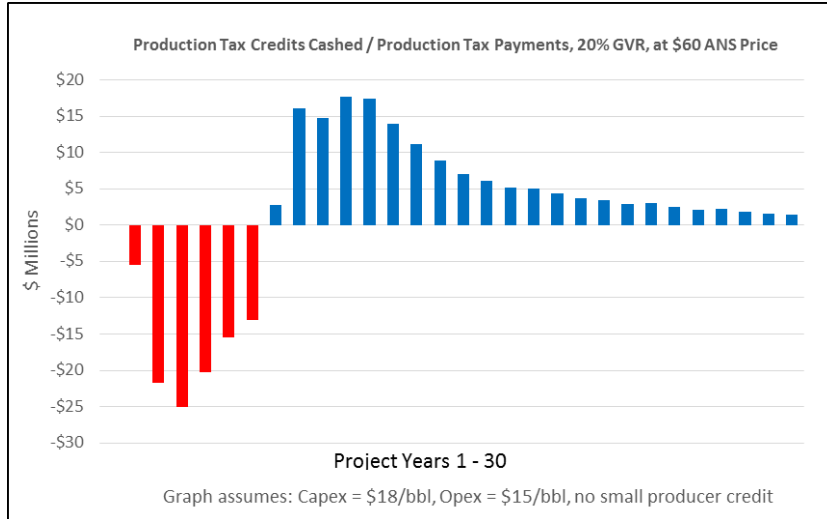
50 mmbo HB 247, \$40 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	150
Production Tax Paid	34
Net Production Tax	-116
Production Tax NPV 6.15%	-95
Total Annual State Losses	74
Total Annual State Gains	150
Net State Gain (Loss)	76
State NPV 6.15%	-1
Total Producer Cash Out	425
Total Producer Cash In	354
Net Producer Cash Flow	-71
Producer Cash NPV 6.15%	-155

North Slope Life Cycle Modeling

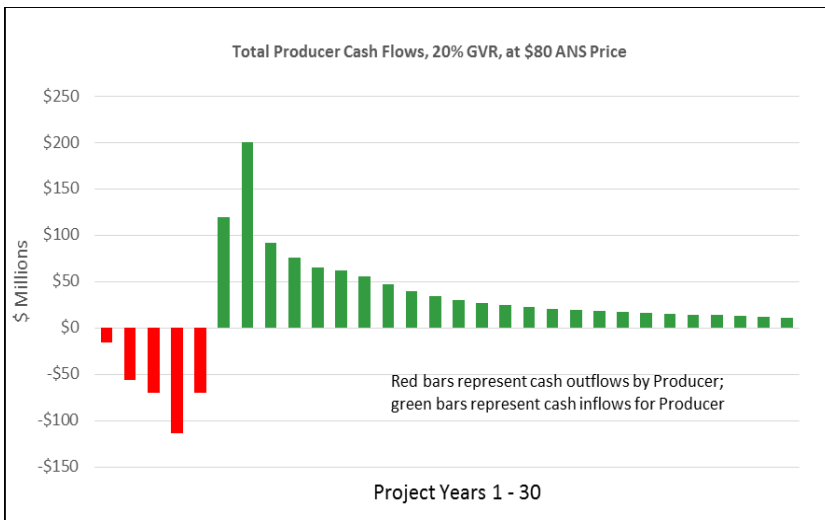
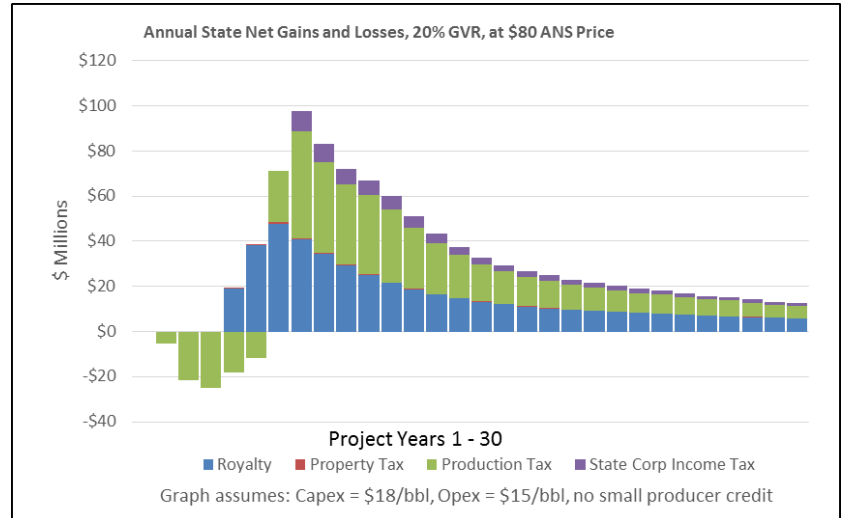
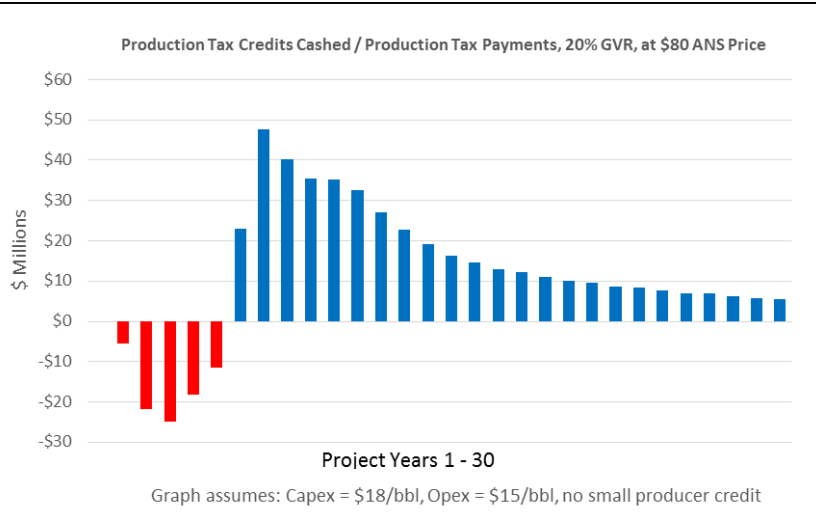
50 mmbo HB 247, \$60 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	101
Production Tax Paid	155
Net Production Tax	54
Production Tax NPV 6.15%	-10
Total Annual State Losses	59
Total Annual State Gains	470
Net State Gain (Loss)	412
State NPV 6.15%	163
Total Producer Cash Out	362
Total Producer Cash In	746
Net Producer Cash Flow	384
Producer Cash NPV 6.15%	93

North Slope Life Cycle Modeling

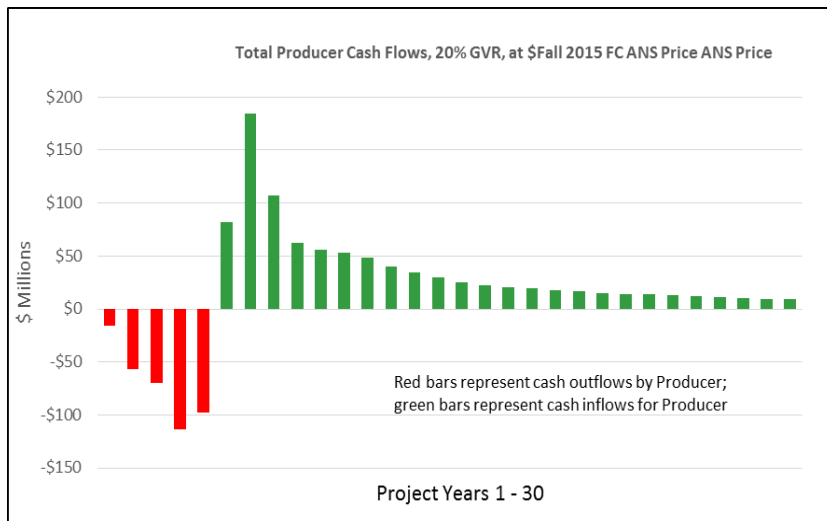
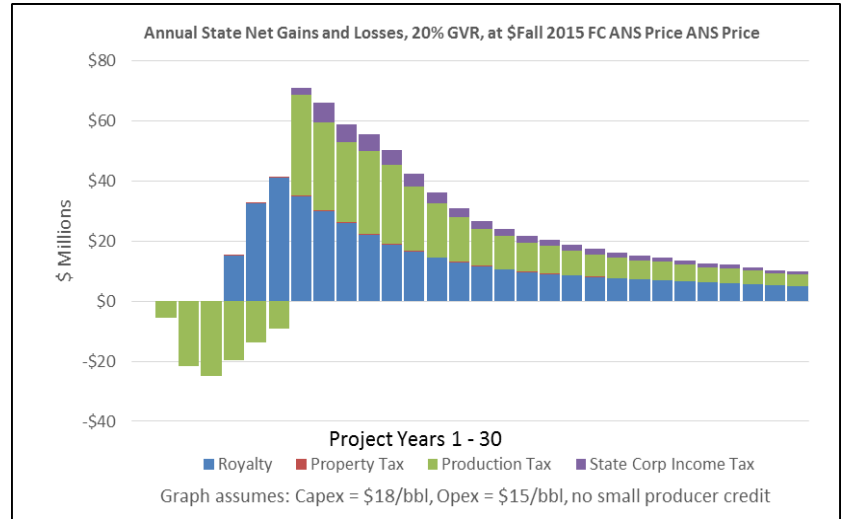
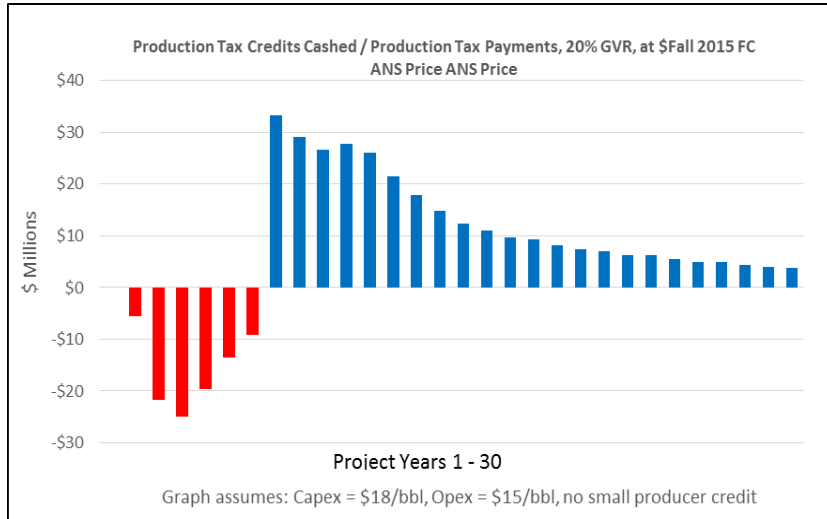
50 mmbo HB 247, \$80 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	82
Production Tax Paid	426
Net Production Tax	344
Production Tax NPV 6.15%	128
Total Annual State Losses	52
Total Annual State Gains	916
Net State Gain (Loss)	863
State NPV 6.15%	380
Total Producer Cash Out	326
Total Producer Cash In	1,064
Net Producer Cash Flow	738
Producer Cash NPV 6.15%	277

North Slope Life Cycle Modeling

50 mmbo HB 247, Fall 2015 FC Prices



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	95
Production Tax Paid	301
Net Production Tax	207
Production Tax NPV 6.15%	60
Total Annual State Losses	57
Total Annual State Gains	707
Net State Gain (Loss)	651
State NPV 6.15%	274
Total Producer Cash Out	353
Total Producer Cash In	928
Net Producer Cash Flow	574
Producer Cash NPV 6.15%	189

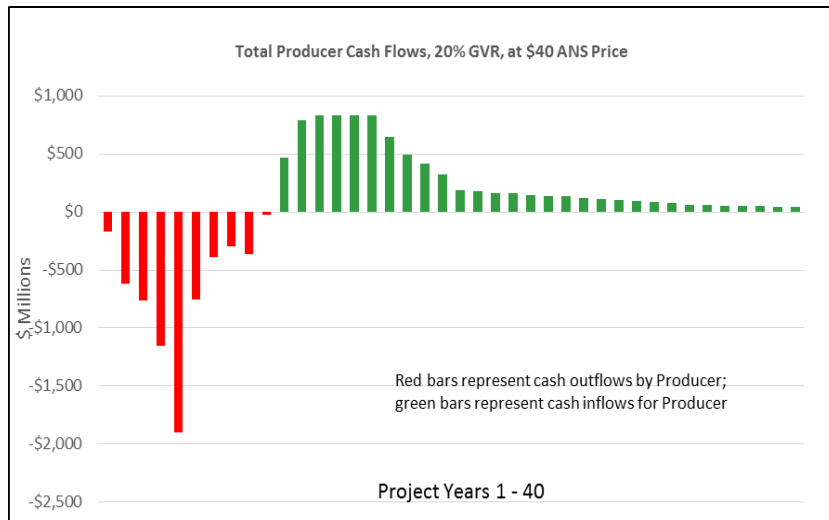
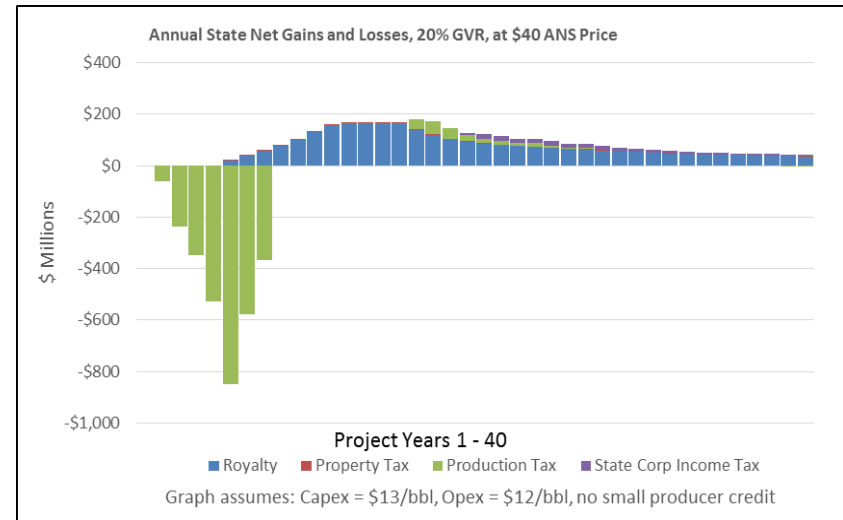
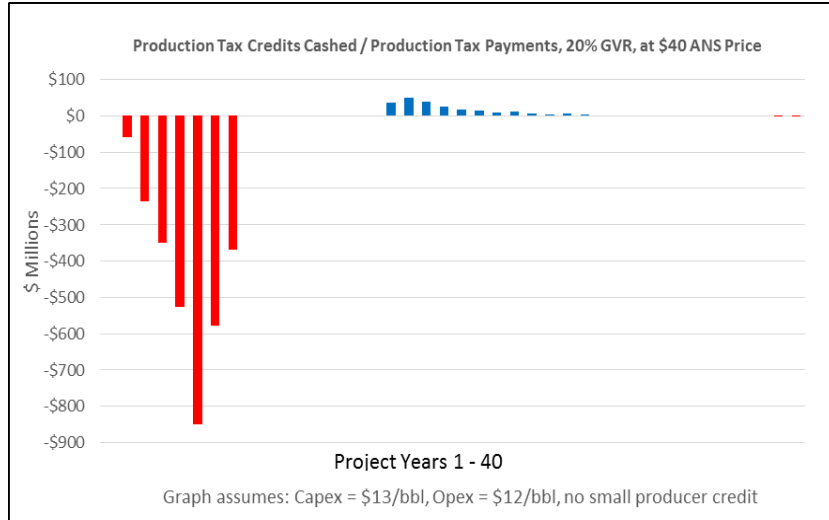
North Slope Life Cycle Modeling Assumptions

750 mmbo field assumptions

Life of Field	40 years
Peak oil Production	120,000 barrels / day
Transport / barrel	\$10 / barrel
Royalty Rate	12.50%
Capex / barrel	\$13 / barrel
Opex / barrel	\$12 / barrel
Property Tax / barrel	\$1.25 / barrel
State Corp Income Tax Rate	6.5% of PTV after Prod Tax
Fed Corp Income Tax Rate	35% of PTV after SCIT

North Slope Life Cycle Modeling

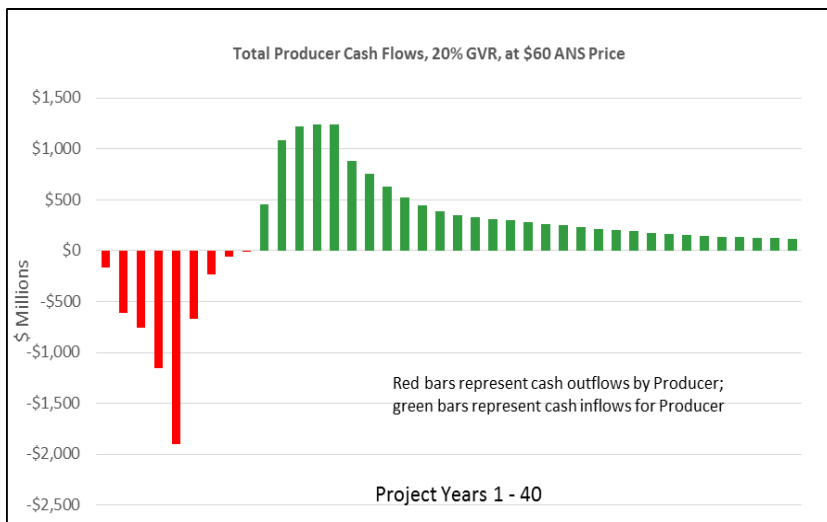
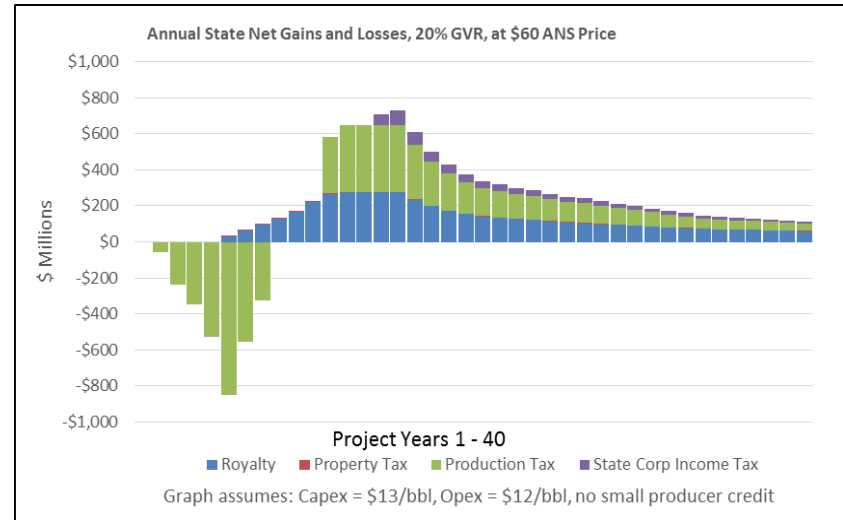
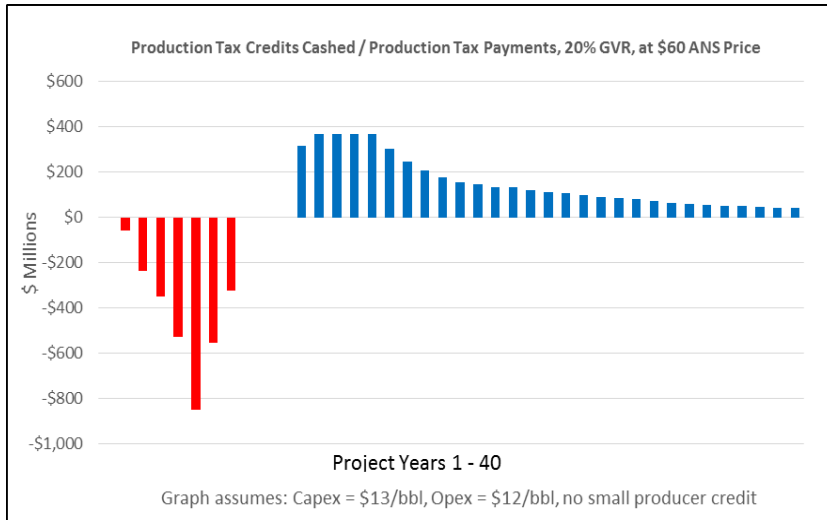
750 mmbo Status Quo, \$40/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	2,967
Production Tax Paid	228
Net Production Tax	-2,738
Production Tax NPV 6.15%	-2,047
Total Annual State Losses	2,844
Total Annual State Gains	3,211
Net State Gain (Loss)	367
State NPV 6.15%	-1,016
Total Producer Cash Out	6,429
Total Producer Cash In	8,561
Net Producer Cash Flow	2,131
Producer Cash NPV 6.15%	-1,768

North Slope Life Cycle Modeling

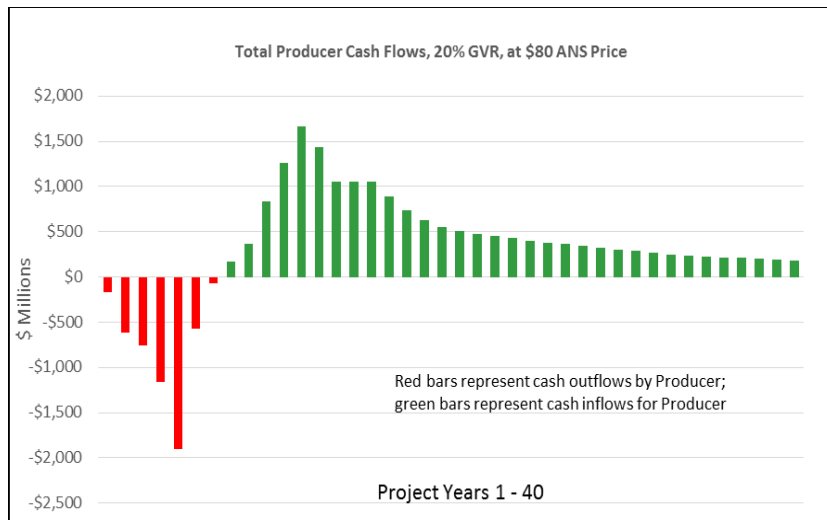
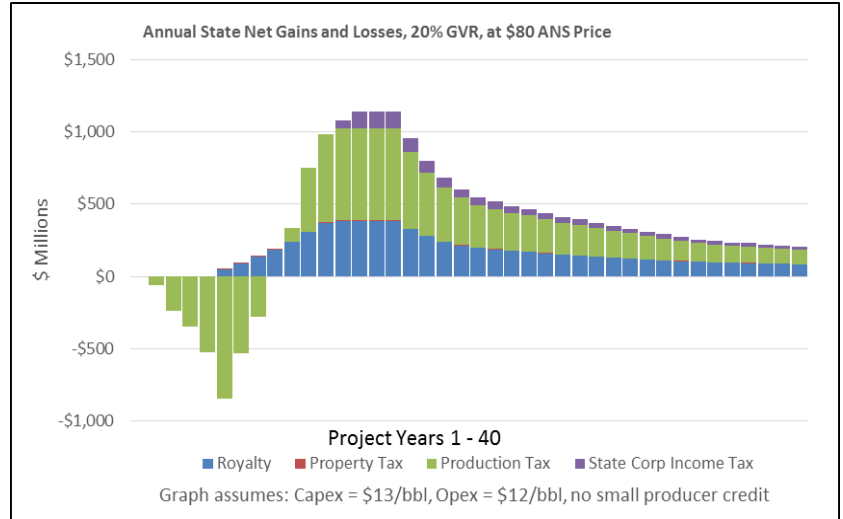
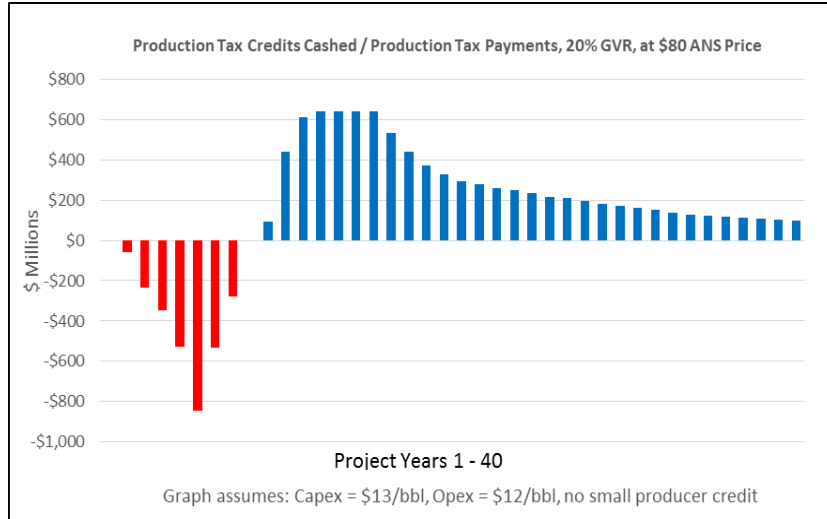
750 mmbo Status Quo, \$60/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	2,897
Production Tax Paid	4,465
Net Production Tax	1,568
Production Tax NPV 6.15%	-642
Total Annual State Losses	2,699
Total Annual State Gains	9,814
Net State Gain (Loss)	7,115
State NPV 6.15%	1,197
Total Producer Cash Out	5,562
Total Producer Cash In	13,037
Net Producer Cash Flow	7,475
Producer Cash NPV 6.15%	312

North Slope Life Cycle Modeling

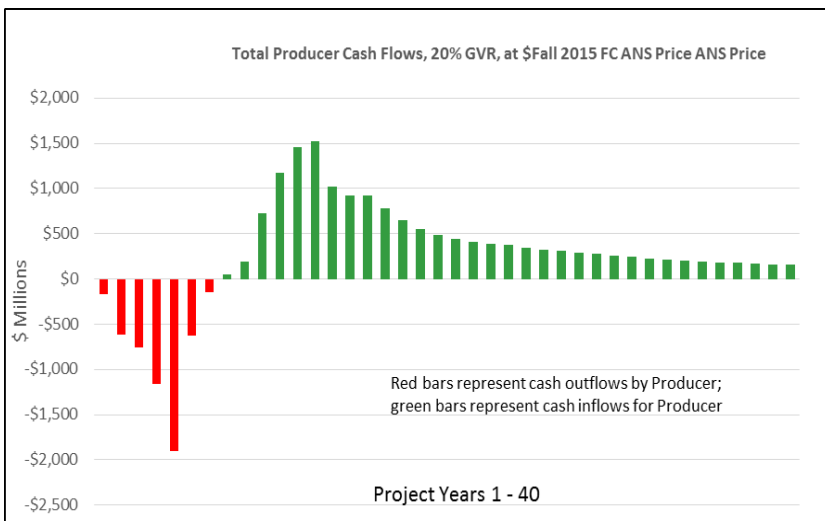
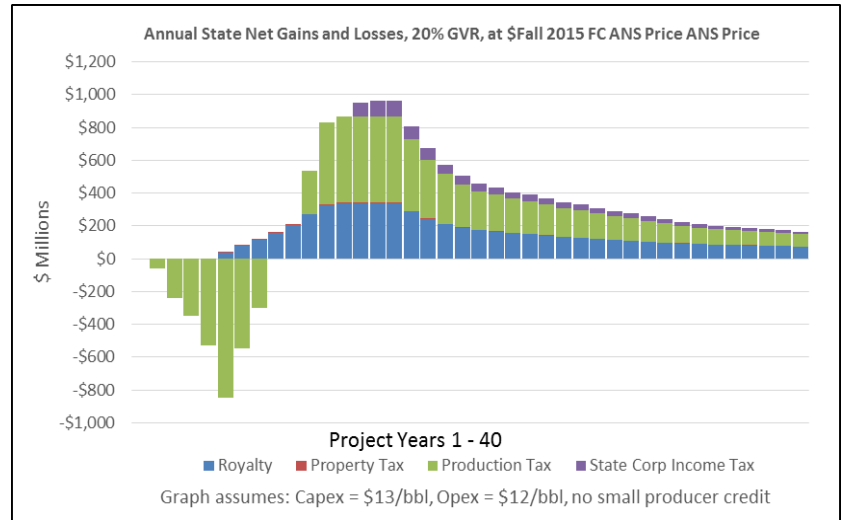
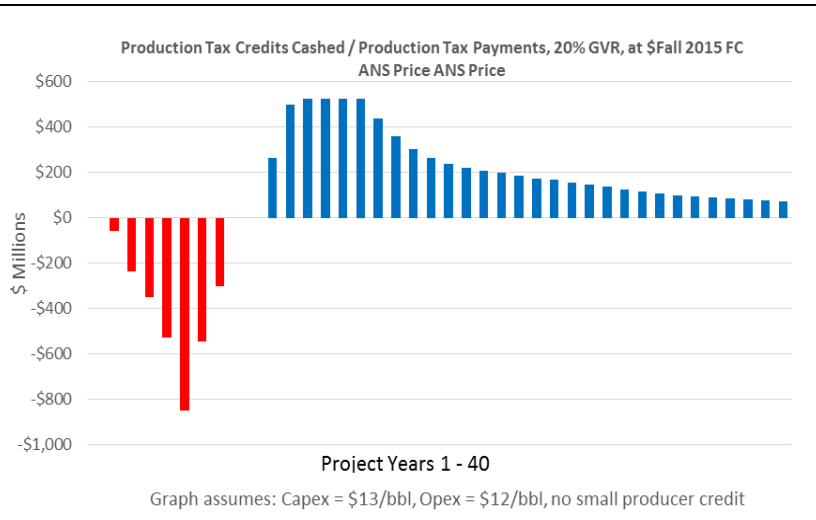
750 mmbo Status Quo, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	2,830
Production Tax Paid	8,923
Net Production Tax	6,093
Production Tax NPV 6.15%	869
Total Annual State Losses	2,553
Total Annual State Gains	16,623
Net State Gain (Loss)	14,069
State NPV 6.15%	3,527
Total Producer Cash Out	5,247
Total Producer Cash In	17,933
Net Producer Cash Flow	12,686
Producer Cash NPV 6.15%	2,216

North Slope Life Cycle Modeling

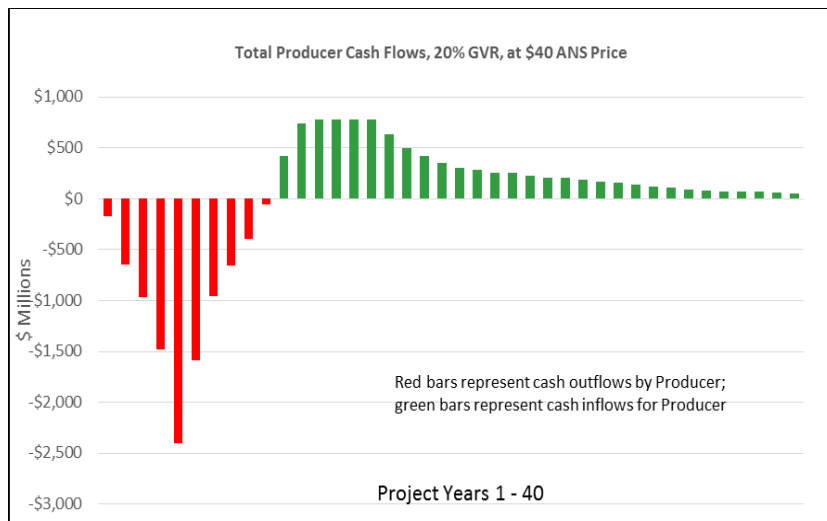
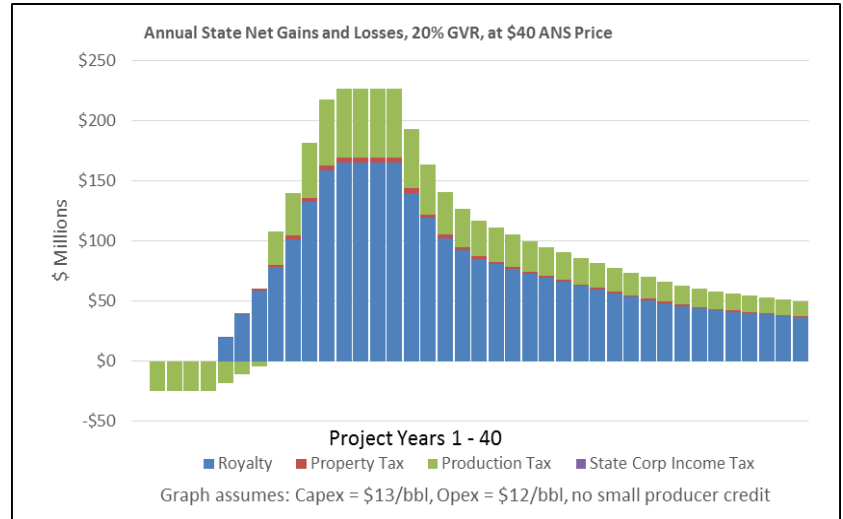
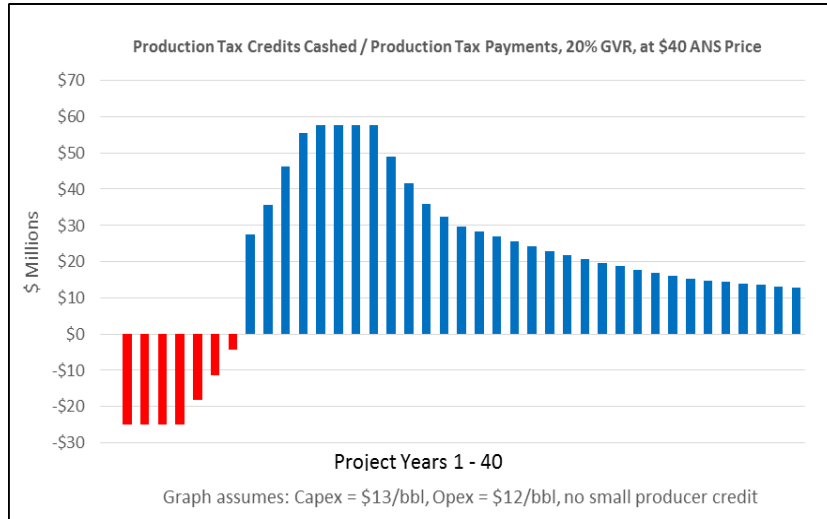
750 mmbo Status Quo, Fall 2015 FC Prices



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	2,864
Production Tax Paid	6,999
Net Production Tax	4,135
Production Tax NPV 6.15%	206
Total Annual State Losses	2,627
Total Annual State Gains	13,696
Net State Gain (Loss)	11,069
State NPV 6.15%	2,509
Total Producer Cash Out	5,374
Total Producer Cash In	15,833
Net Producer Cash Flow	10,458
Producer Cash NPV 6.15%	1,401

North Slope Life Cycle Modeling

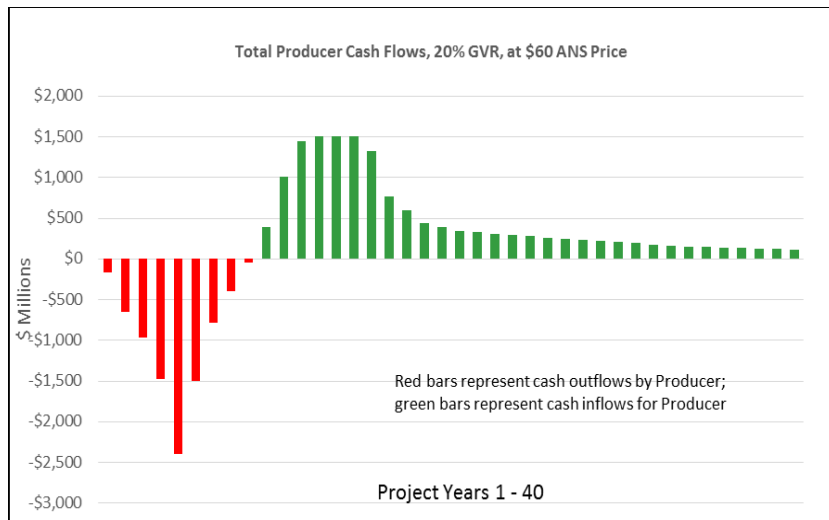
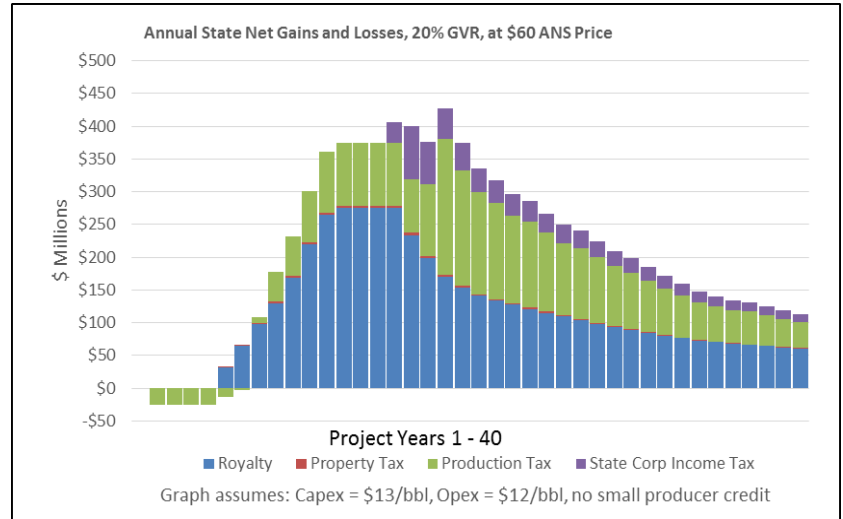
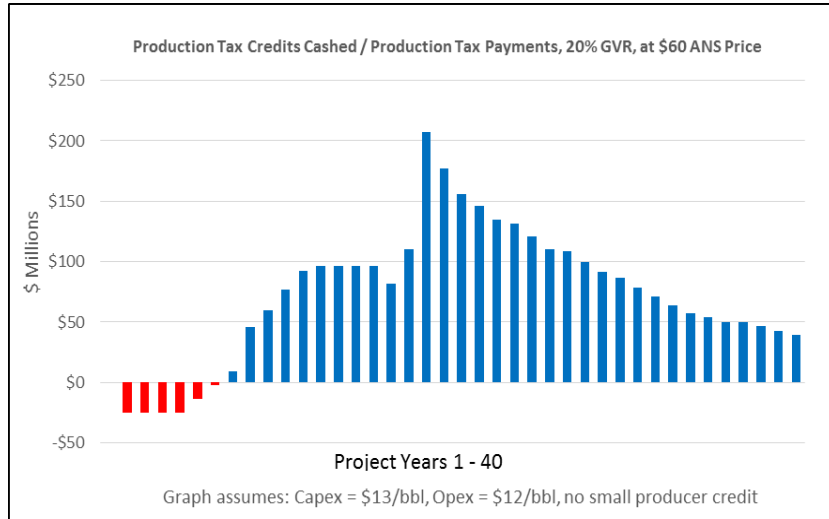
750 mmbo HB247, \$40 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	134
Production Tax Paid	941
Net Production Tax	807
Production Tax NPV 6.15%	206
Total Annual State Losses	100
Total Annual State Gains	3,785
Net State Gain (Loss)	3,685
State NPV 6.15%	1,192
Total Producer Cash Out	9,323
Total Producer Cash In	9,284
Net Producer Cash Flow	-39
Producer Cash NPV 6.15%	-3,744

North Slope Life Cycle Modeling

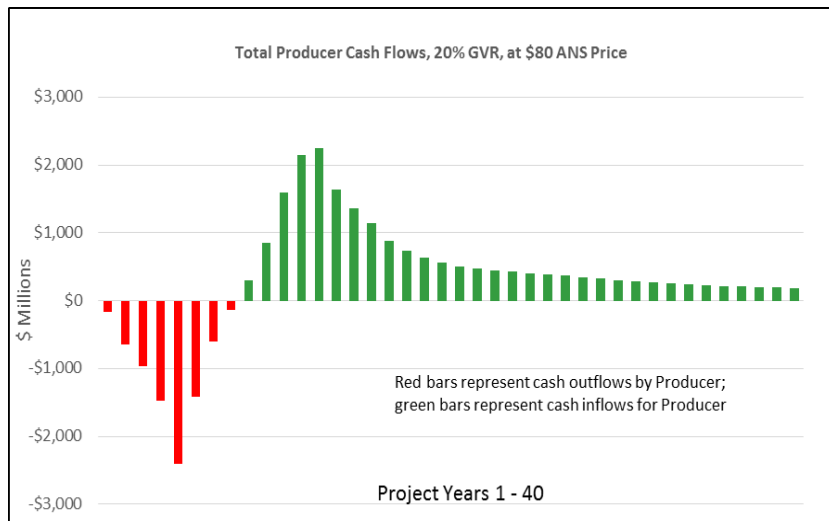
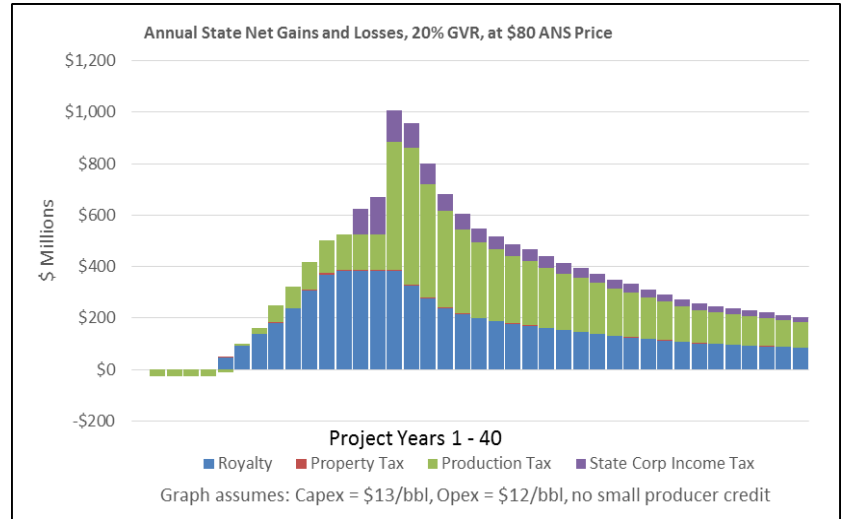
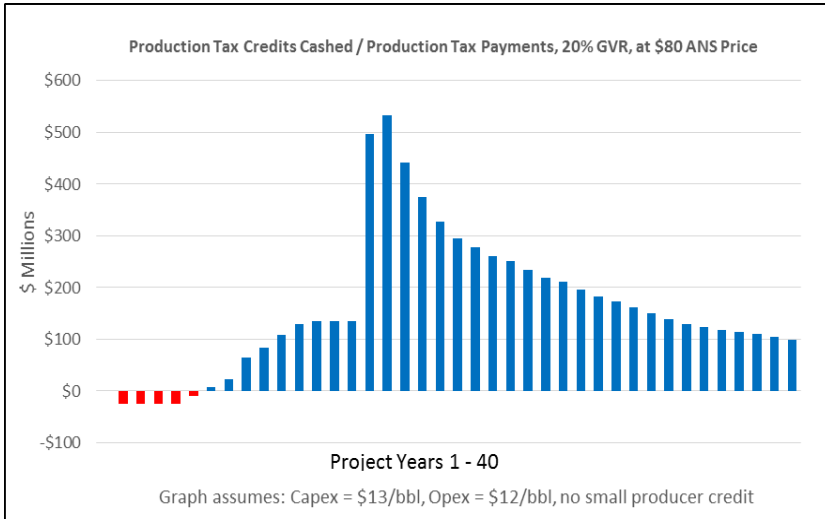
750 mmbo HB247, \$60 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	116
Production Tax Paid	2,983
Net Production Tax	2,867
Production Tax NPV 6.15%	749
Total Annual State Losses	100
Total Annual State Gains	8,431
Net State Gain (Loss)	8,331
State NPV 6.15%	2,553
Total Producer Cash Out	8,398
Total Producer Cash In	15,084
Net Producer Cash Flow	6,686
Producer Cash NPV 6.15%	-870

North Slope Life Cycle Modeling

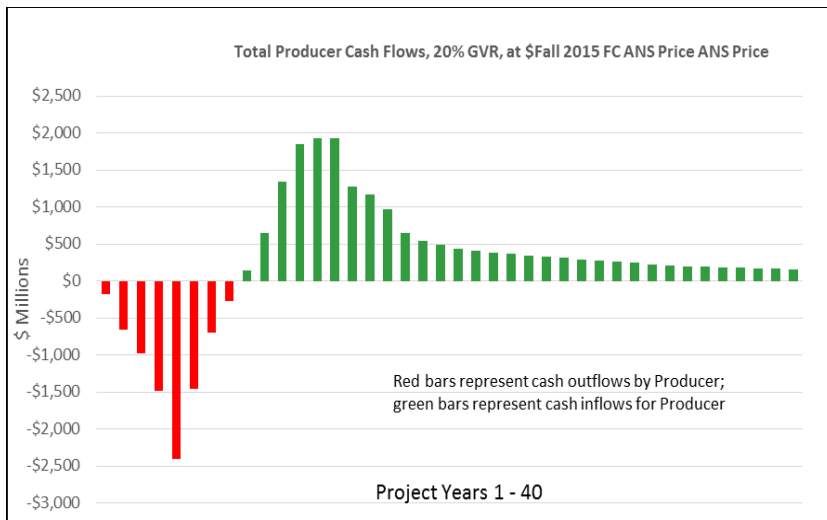
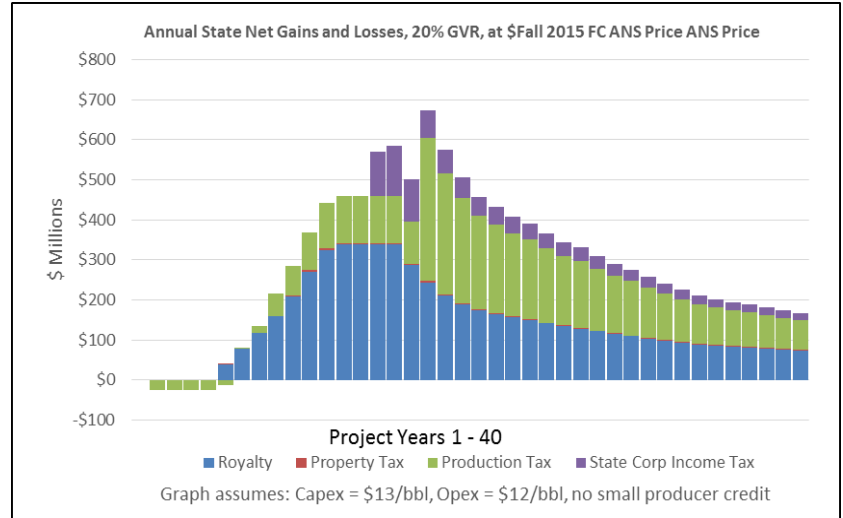
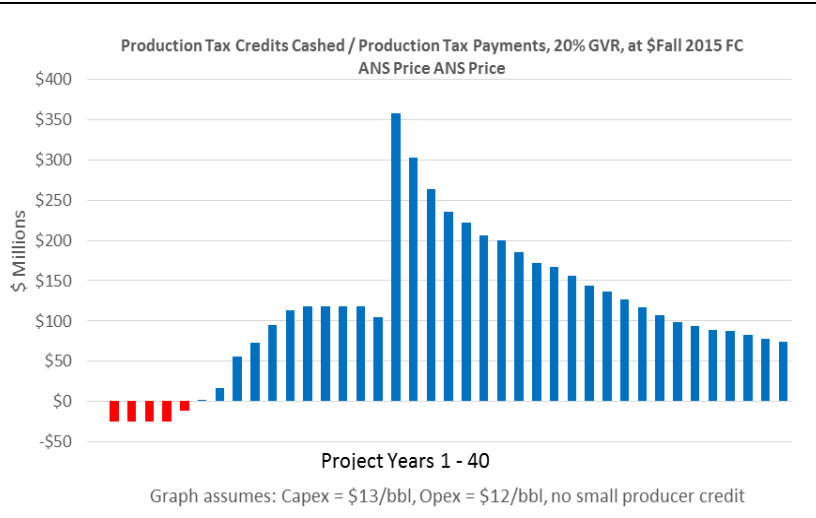
750 mmbo HB 247, \$80 / bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	109
Production Tax Paid	6,533
Net Production Tax	6,424
Production Tax NPV 6.15%	1,743
Total Annual State Losses	100
Total Annual State Gains	14,479
Net State Gain (Loss)	14,379
State NPV 6.15%	4,388
Total Producer Cash Out	7,832
Total Producer Cash In	20,317
Net Producer Cash Flow	12,485
Producer Cash NPV 6.15%	1,415

North Slope Life Cycle Modeling

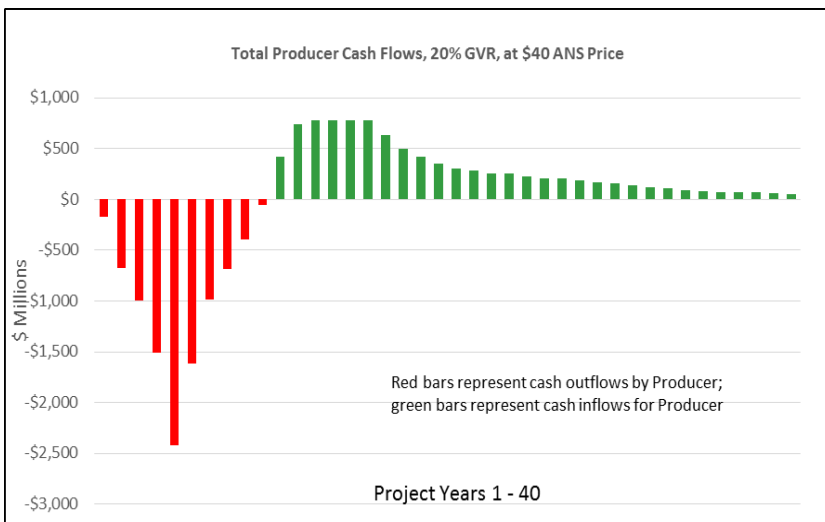
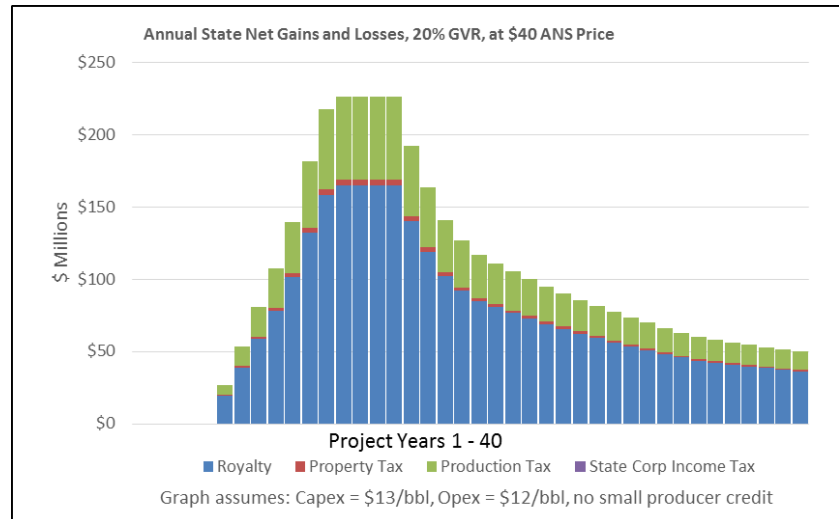
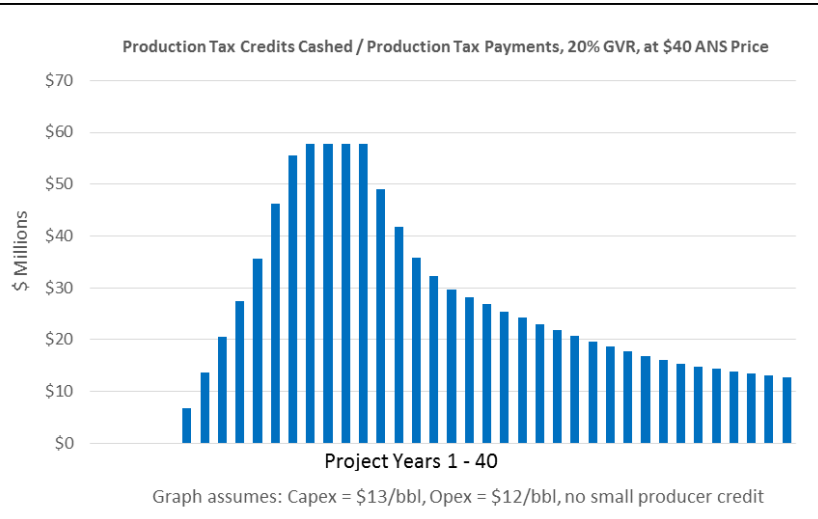
750 mmbo HB 247, Fall 2015 FC Prices



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	111
Production Tax Paid	4,634
Net Production Tax	4,523
Production Tax NPV 6.15%	1,172
Total Annual State Losses	100
Total Annual State Gains	11,533
Net State Gain (Loss)	11,433
State NPV 6.15%	3,461
Total Producer Cash Out	8,094
Total Producer Cash In	18,316
Net Producer Cash Flow	10,222
Producer Cash NPV 6.15%	520

North Slope Life Cycle Modeling

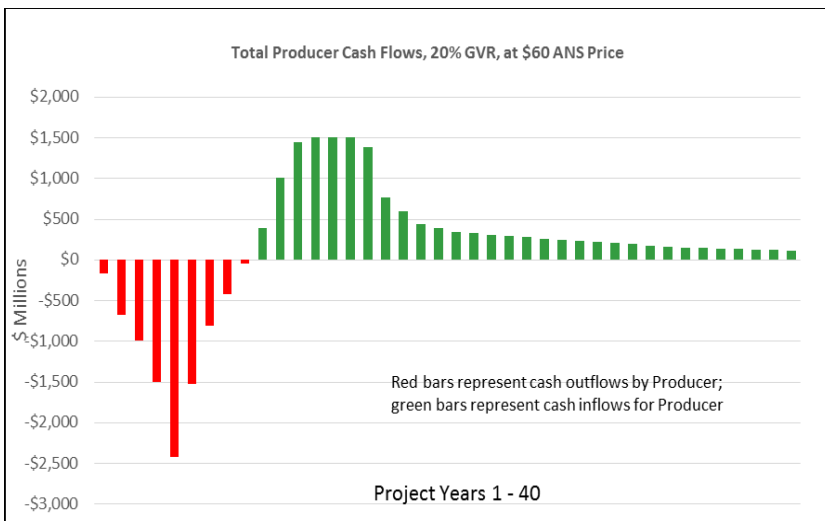
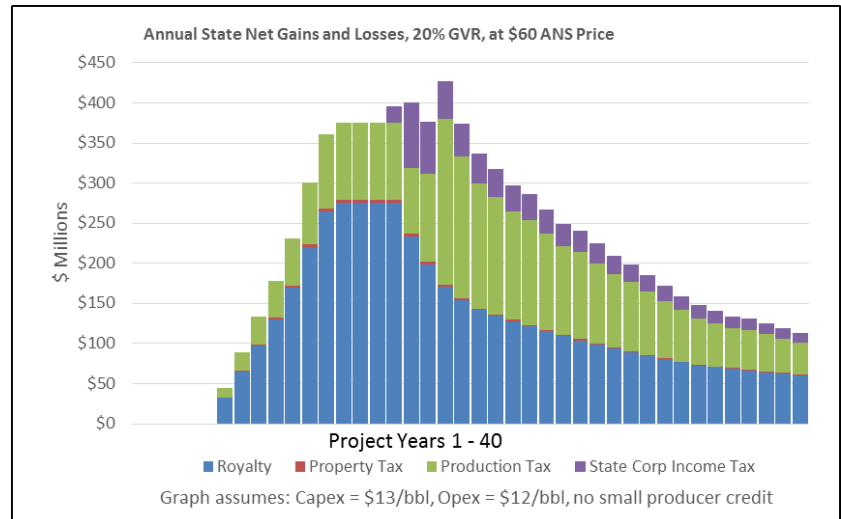
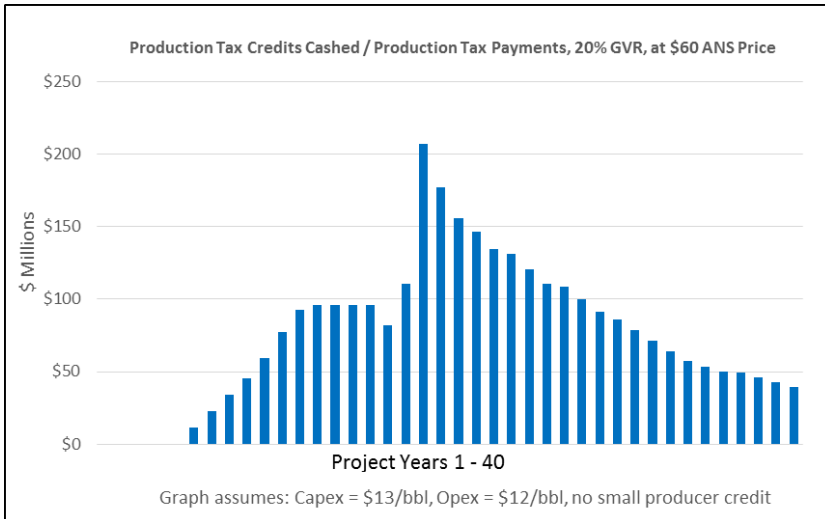
750 mmbo HB 247, \$40/bbl, Co. w/ > \$10 billion revenue



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	0
Production Tax Paid	982
Net Production Tax	982
Production Tax NPV 6.15%	337
Total Annual State Losses	0
Total Annual State Gains	3,860
Net State Gain (Loss)	3,860
State NPV 6.15%	1,322
Total Producer Cash Out	9,498
Total Producer Cash In	9,284
Net Producer Cash Flow	-214
Producer Cash NPV 6.15%	-3,875

North Slope Life Cycle Modeling

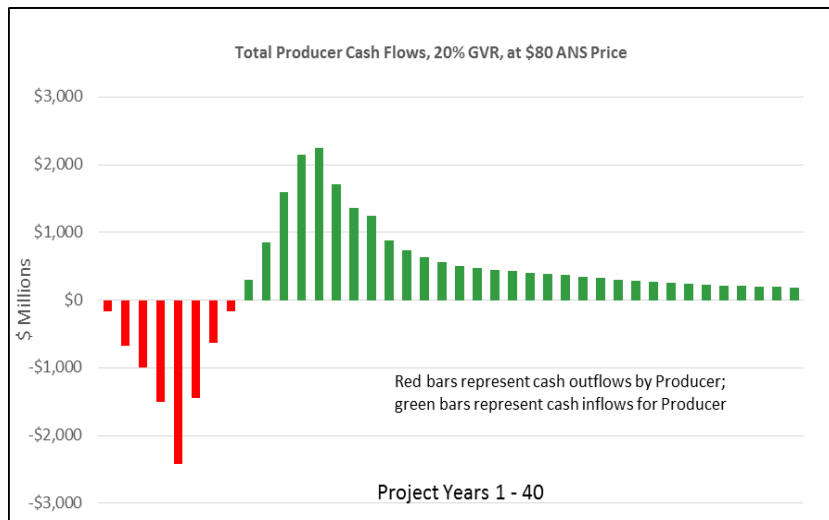
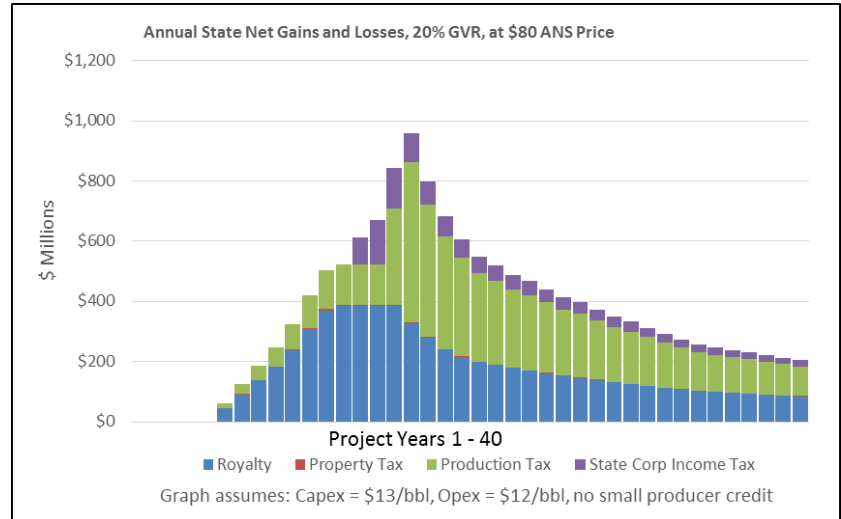
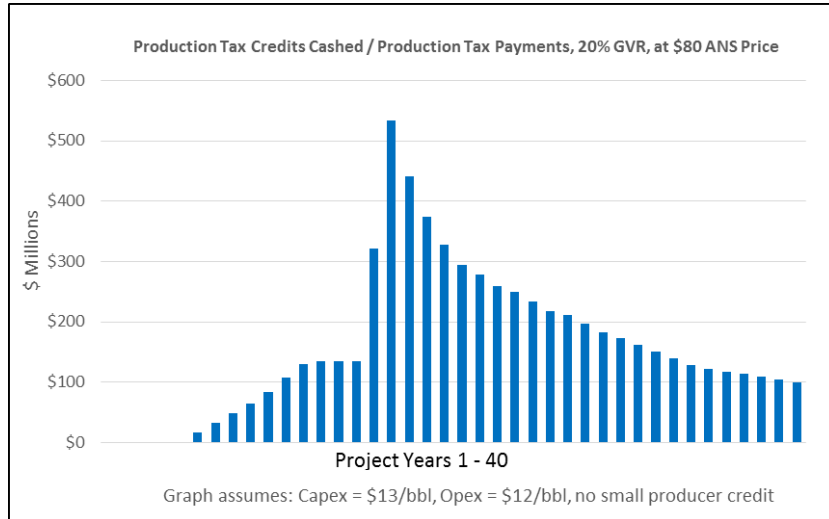
750 mmbo HB 247, \$60/bbl, Co. w/ > \$10 billion revenue



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	0
Production Tax Paid	3,042
Net Production Tax	3,042
Production Tax NPV 6.15%	879
Total Annual State Losses	0
Total Annual State Gains	8,494
Net State Gain (Loss)	8,494
State NPV 6.15%	2,679
Total Producer Cash Out	8,573
Total Producer Cash In	15,152
Net Producer Cash Flow	6,579
Producer Cash NPV 6.15%	-974

North Slope Life Cycle Modeling

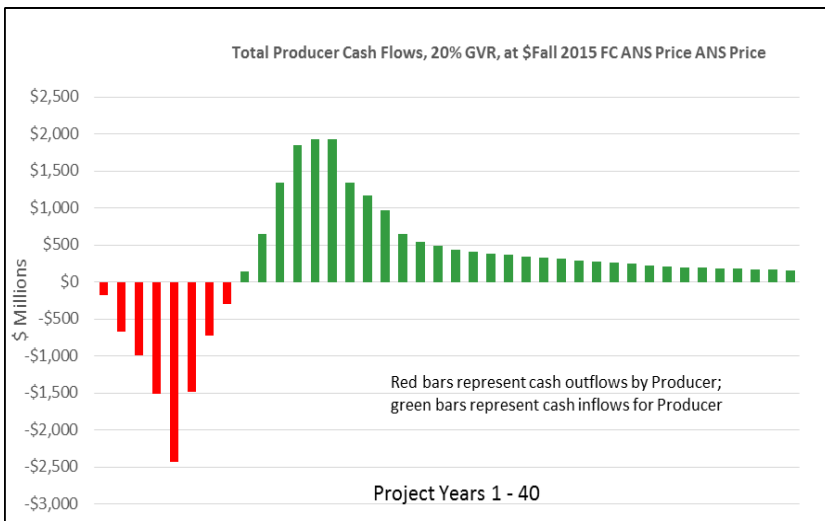
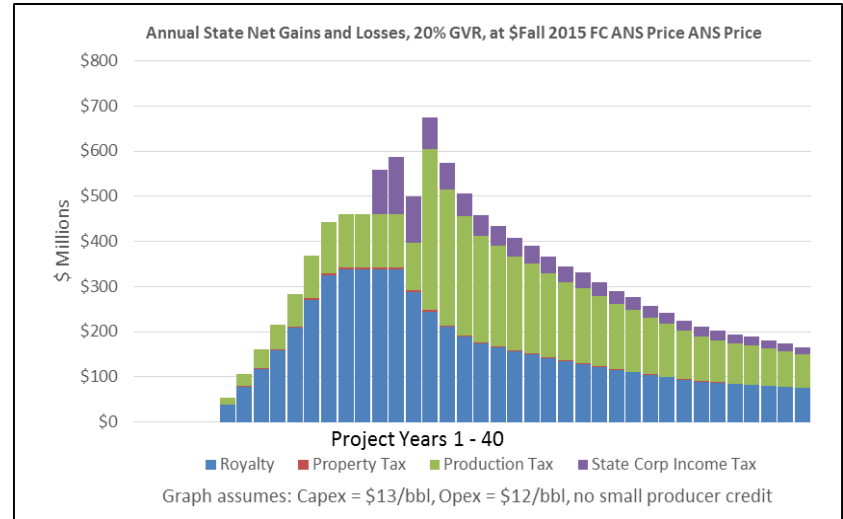
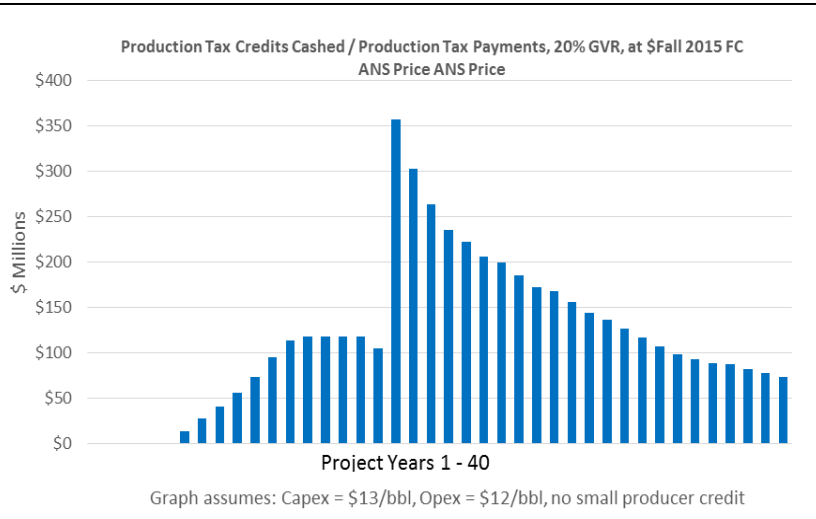
750 mmbo HB 247, \$80/bbl, Co. w/ > \$10 billion revenue



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	0
Production Tax Paid	6,424
Net Production Tax	6,424
Production Tax NPV 6.15%	1,806
Total Annual State Losses	0
Total Annual State Gains	14,379
Net State Gain (Loss)	14,379
State NPV 6.15%	4,451
Total Producer Cash Out	8,007
Total Producer Cash In	20,492
Net Producer Cash Flow	12,485
Producer Cash NPV 6.15%	1,355

North Slope Life Cycle Modeling

750 mmbo HB 247, Fall 2015 FC price, > \$10 billion rev.



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	0
Production Tax Paid	4,698
Net Production Tax	4,698
Production Tax NPV 6.15%	1,303
Total Annual State Losses	0
Total Annual State Gains	11,596
Net State Gain (Loss)	11,596
State NPV 6.15%	3,587
Total Producer Cash Out	8,269
Total Producer Cash In	18,385
Net Producer Cash Flow	10,116
Producer Cash NPV 6.15%	417

Field Life Cycle Modeling: Cook Inlet

Cook Inlet Life Cycle Modeling Assumptions

- Field size of 50 mmbo
- New producer eligible for cash refunds
 - (Modeling also applies for an incumbent producer not eligible for cash refunds who can apply credits to other North Slope fields)
- Four Oil prices modeled – all in real uninflated \$
 - \$40, \$60, and \$80 held static through life of field
 - Fall 2015 forecast prices (2025 extended through life of field)
- Two tax systems modeled
 - Status quo (new fields qualify for 20% GVR)
 - HB247 elements:
 - Limit tax refunds to \$25 million per company per year
 - Repeal of Qualified Capital Expenditure and Well Lease Expenditure credits
 - 10-year limit on carry-forward of NOL credits
- Alternatives for Cook Inlet tax regime, with current tax cap of zero expiring in 2022 or extended indefinitely

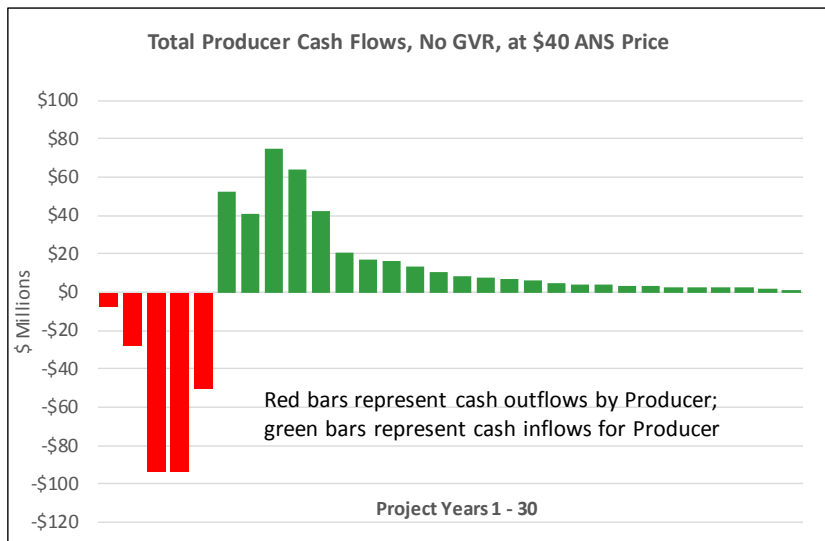
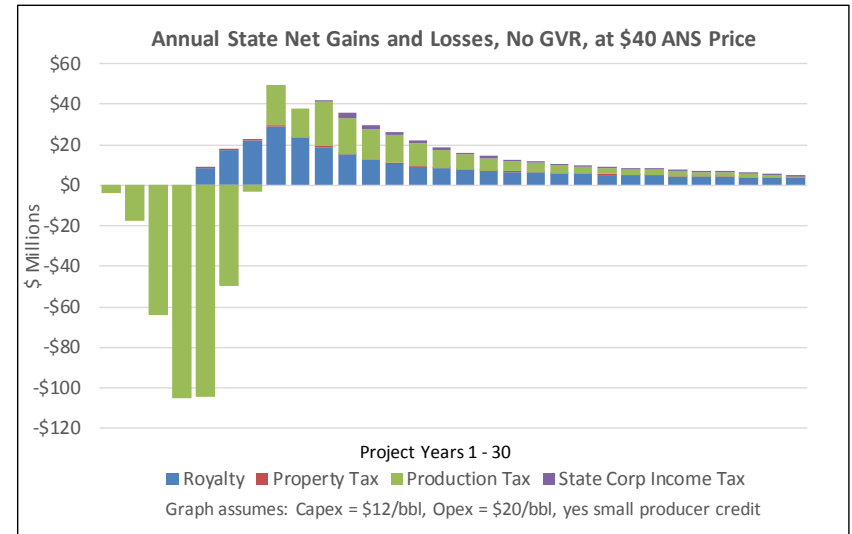
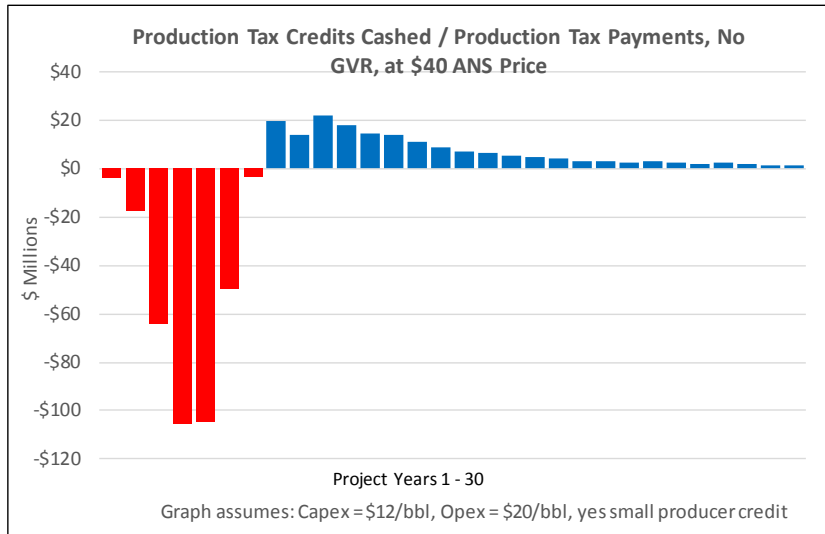
Cook Inlet Life Cycle Modeling Assumptions

50 mmbo field assumptions

Life of Field	30 years
Peak oil Production	17,000 barrels / day
Transport / barrel	\$2 / barrel
Royalty Rate	12.50%
Capex / barrel	\$12 / barrel
Opex / barrel	\$20 / barrel
Property Tax / barrel	\$1.25 / barrel
State Corp Income Tax Rate	6.5% of PTV after Prod Tax
Fed Corp Income Tax Rate	35% of PTV after SCIT

Cook Inlet Life Cycle Modeling

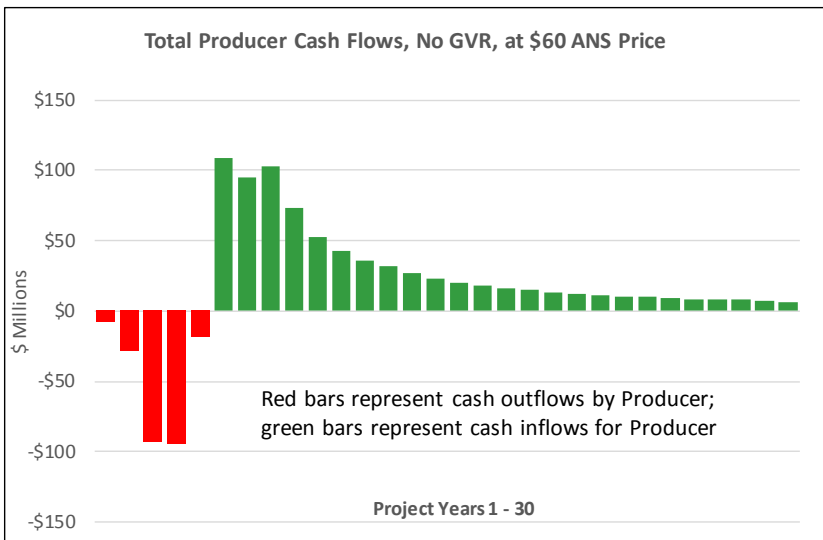
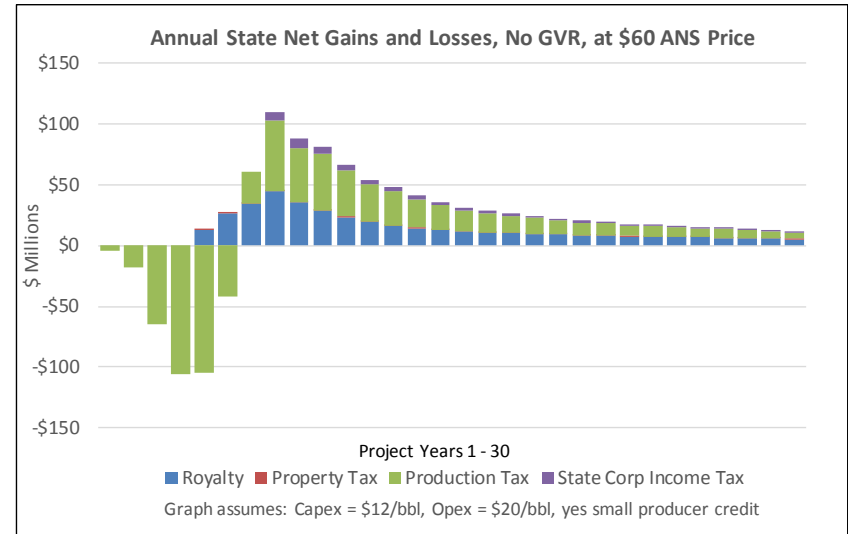
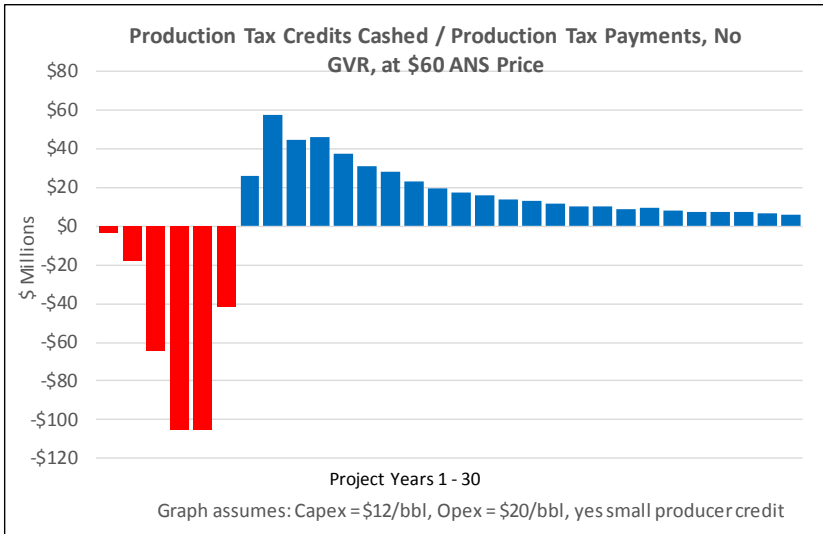
50 mmbo Status Quo, 2022 Tax Caps expire, \$40/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	349
Production Tax Paid	172
Net Production Tax	-177
Production Tax NPV 6.15%	-192
Total Annual State Losses	319
Total Annual State Gains	418
Net State Gain (Loss)	99
State NPV 6.15%	-59
Total Producer Cash Out	273
Total Producer Cash In	412
Net Producer Cash Flow	139
Producer Cash NPV 6.15%	3

Cook Inlet Life Cycle Modeling

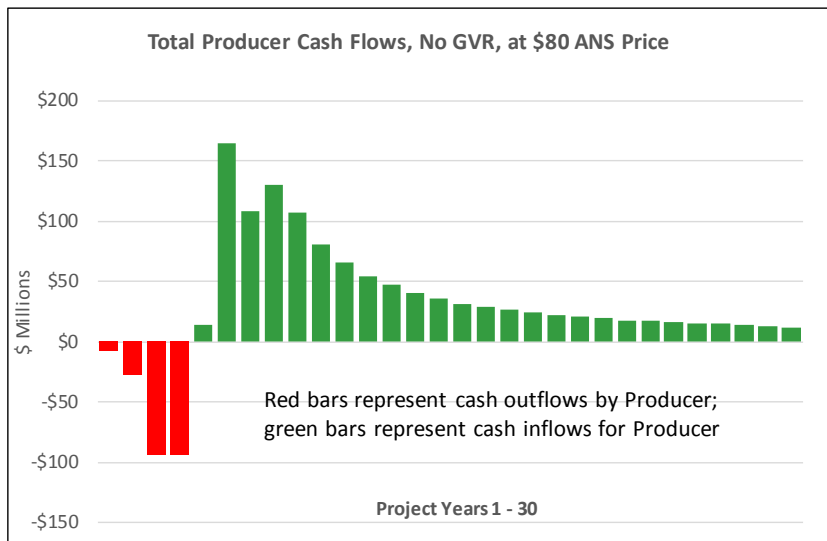
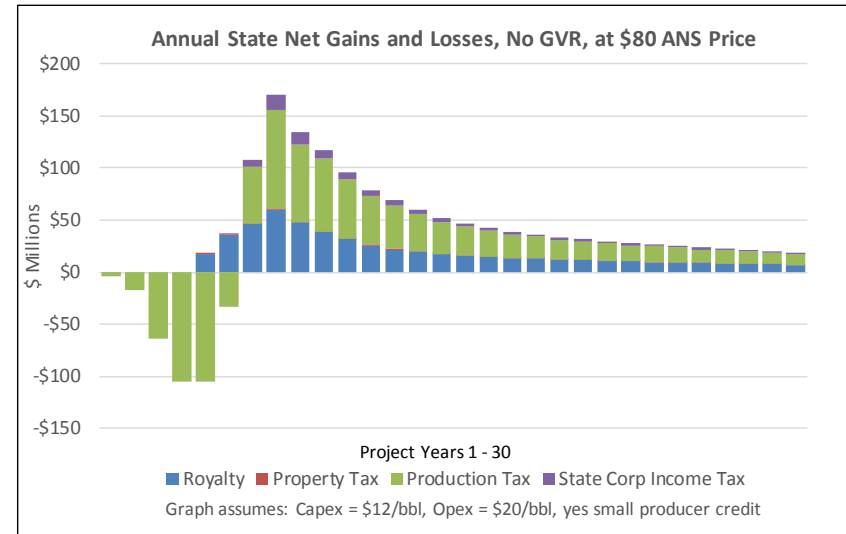
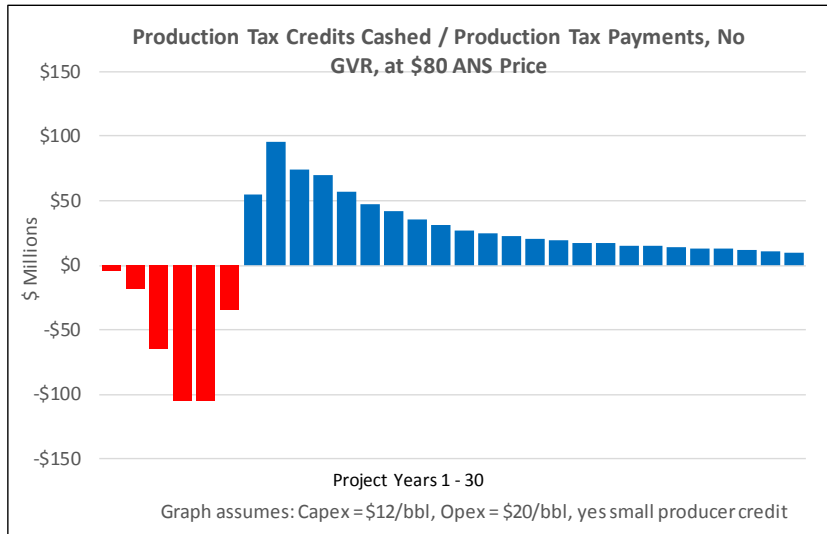
50 mmbo Status Quo, 2022 Tax Caps expire, \$60/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	337
Production Tax Paid	465
Net Production Tax	128
Production Tax NPV 6.15%	-50
Total Annual State Losses	297
Total Annual State Gains	877
Net State Gain (Loss)	579
State NPV 6.15%	167
Total Producer Cash Out	241
Total Producer Cash In	768
Net Producer Cash Flow	527
Producer Cash NPV 6.15%	202

Cook Inlet Life Cycle Modeling

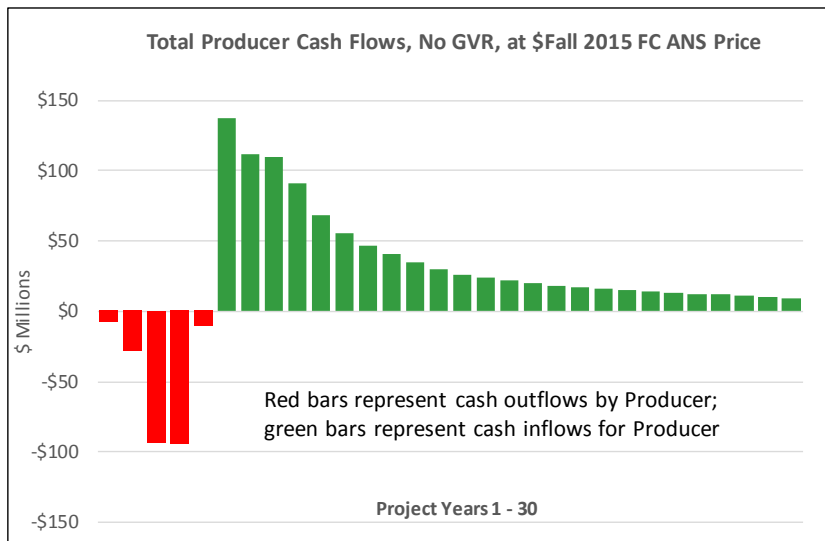
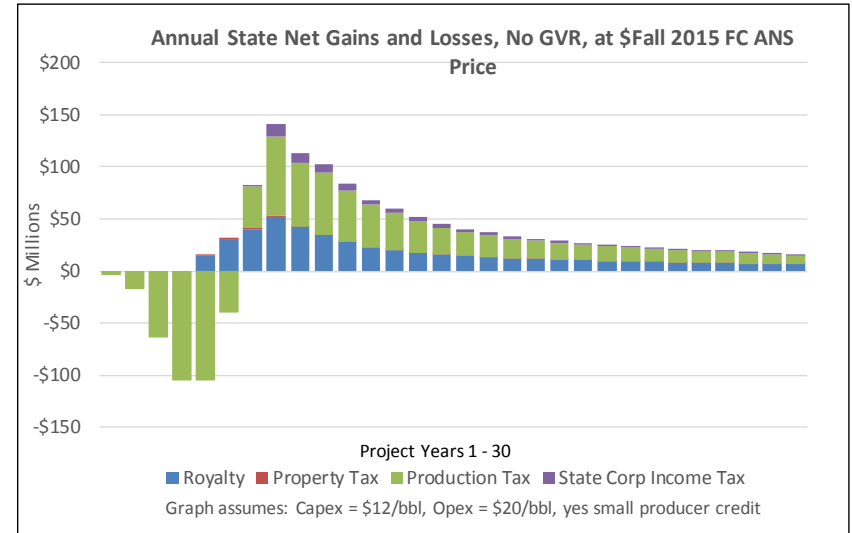
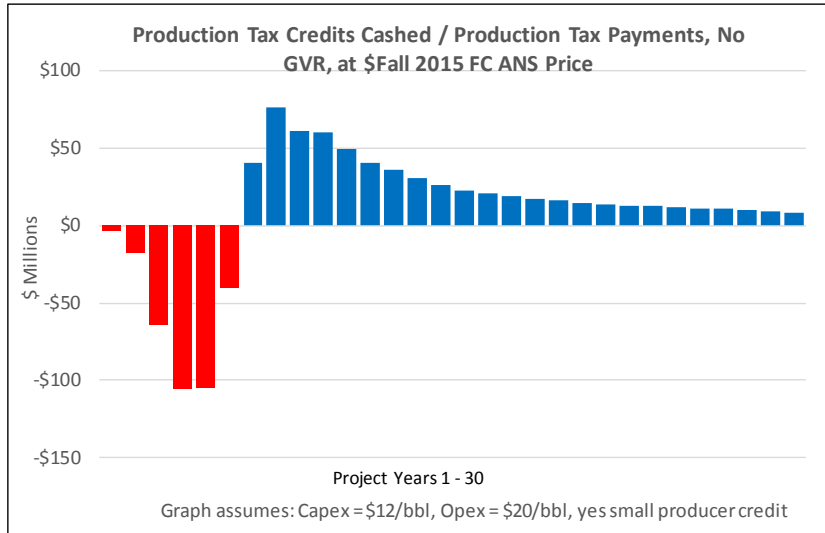
50 mmbo Status Quo, 2022 Tax Caps expire, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	329
Production Tax Paid	761
Net Production Tax	432
Production Tax NPV 6.15%	92
Total Annual State Losses	278
Total Annual State Gains	1,338
Net State Gain (Loss)	1,060
State NPV 6.15%	395
Total Producer Cash Out	223
Total Producer Cash In	1,138
Net Producer Cash Flow	915
Producer Cash NPV 6.15%	396

Cook Inlet Life Cycle Modeling

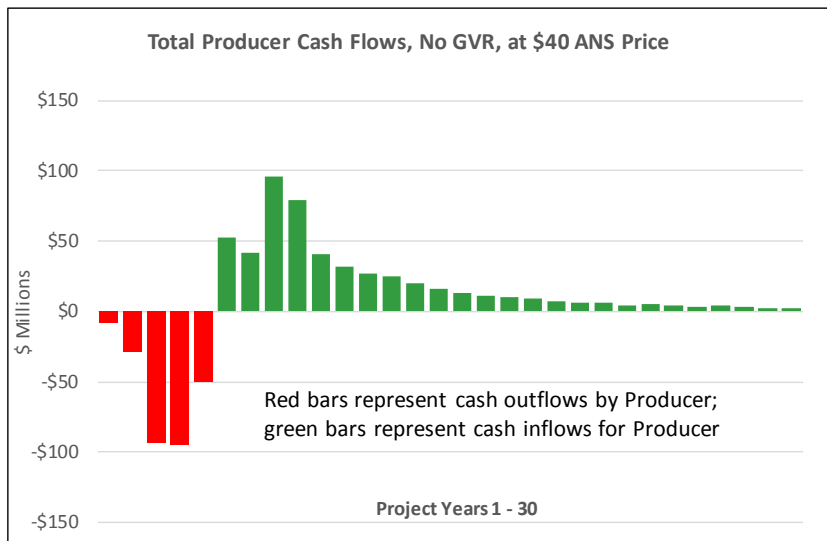
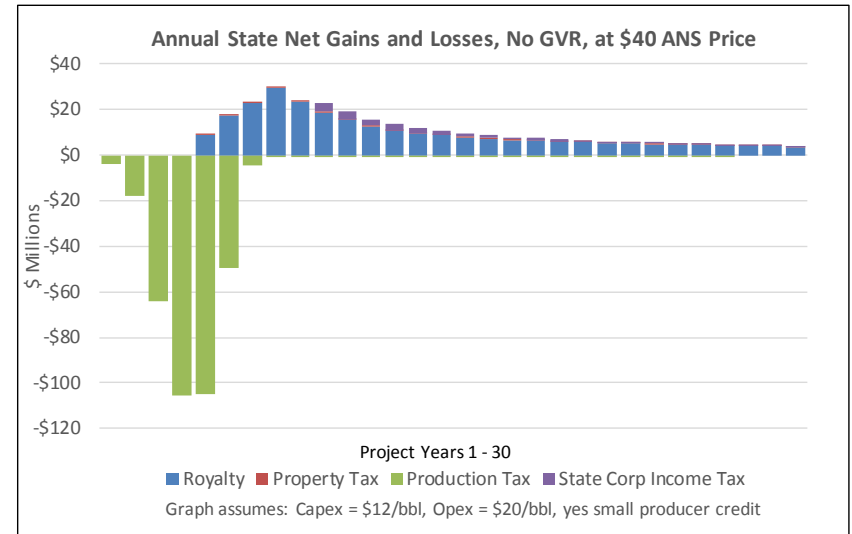
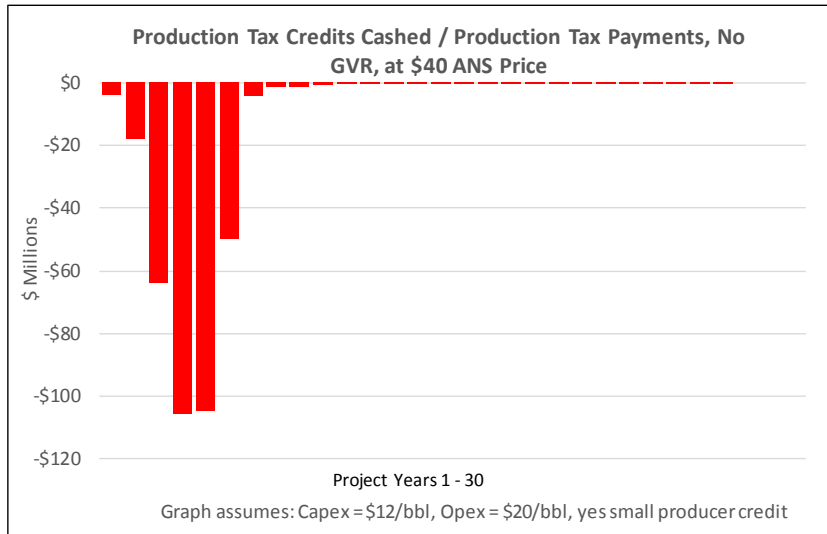
50 mmbo Status Quo, 2022 Tax Caps expire, Fall 2015 FC Price



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	335
Production Tax Paid	629
Net Production Tax	294
Production Tax NPV 6.15%	26
Total Annual State Losses	290
Total Annual State Gains	1,130
Net State Gain (Loss)	840
State NPV 6.15%	288
Total Producer Cash Out	233
Total Producer Cash In	968
Net Producer Cash Flow	735
Producer Cash NPV 6.15%	303

Cook Inlet Life Cycle Modeling

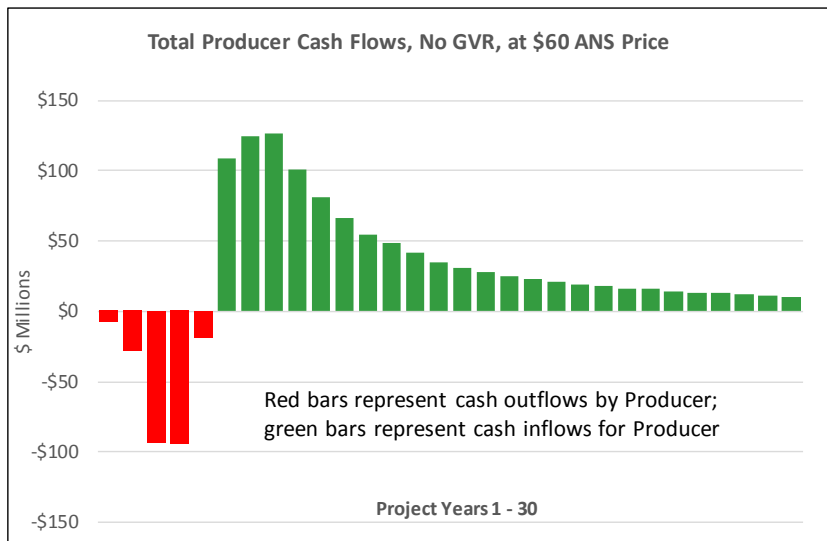
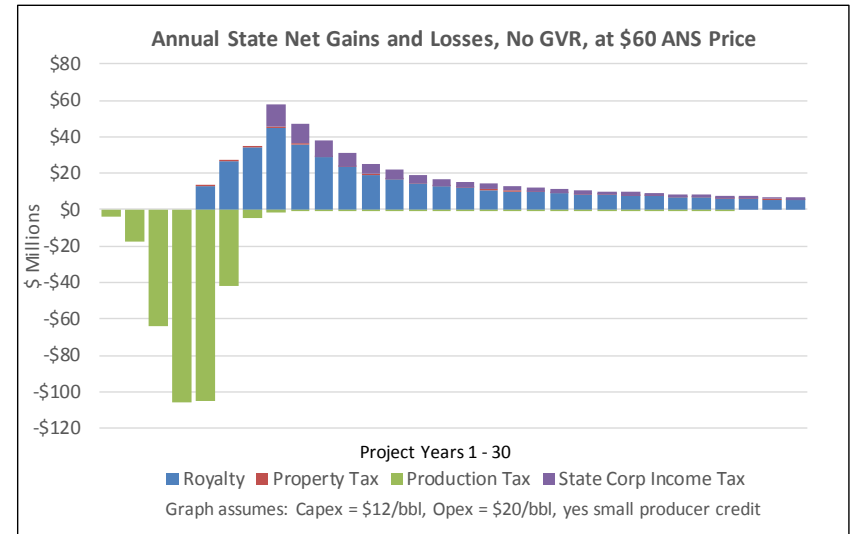
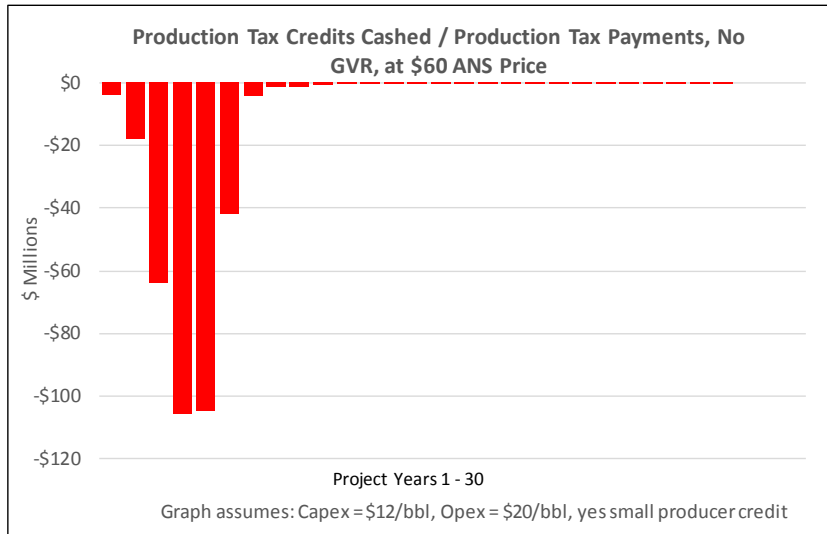
50 mmbo Status Quo, Tax Caps extended, \$40/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	357
Production Tax Paid	0
Net Production Tax	-357
Production Tax NPV 6.15%	-275
Total Annual State Losses	319
Total Annual State Gains	249
Net State Gain (Loss)	-70
State NPV 6.15%	-137
Total Producer Cash Out	273
Total Producer Cash In	522
Net Producer Cash Flow	249
Producer Cash NPV 6.15%	54

Cook Inlet Life Cycle Modeling

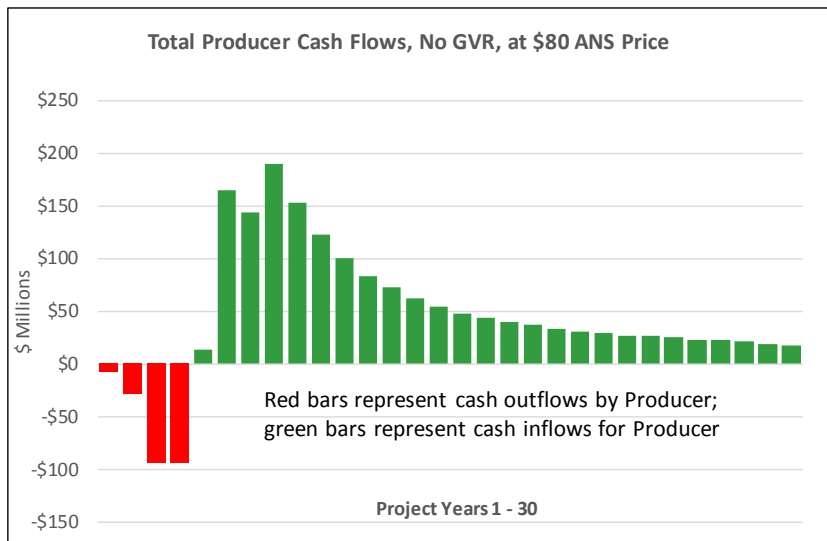
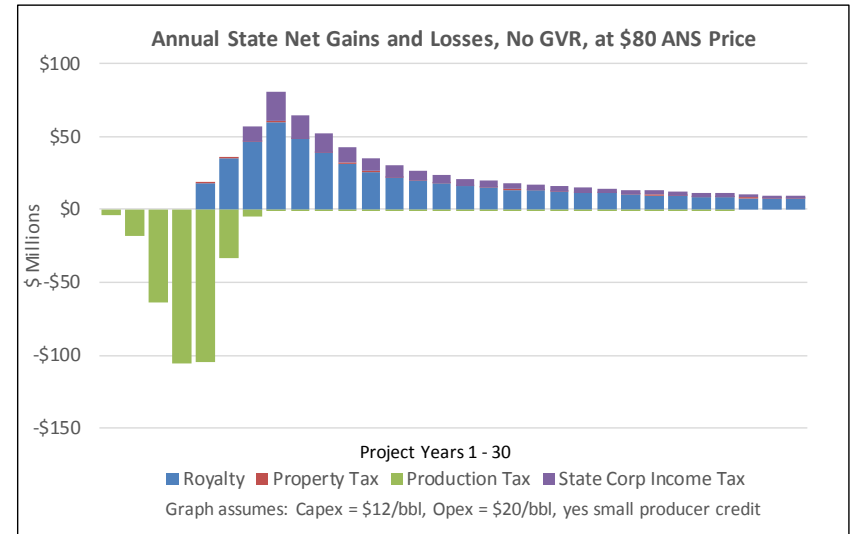
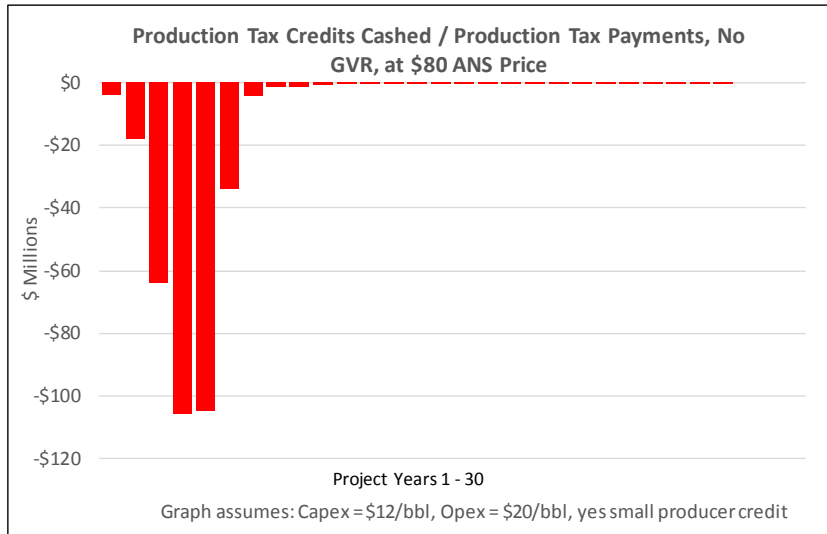
50 mmbo Status Quo, Tax Caps extended, \$60/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	349
Production Tax Paid	0
Net Production Tax	-349
Production Tax NPV 6.15%	-269
Total Annual State Losses	297
Total Annual State Gains	431
Net State Gain (Loss)	134
State NPV 6.15%	-37
Total Producer Cash Out	241
Total Producer Cash In	1,058
Net Producer Cash Flow	817
Producer Cash NPV 6.15%	335

Cook Inlet Life Cycle Modeling

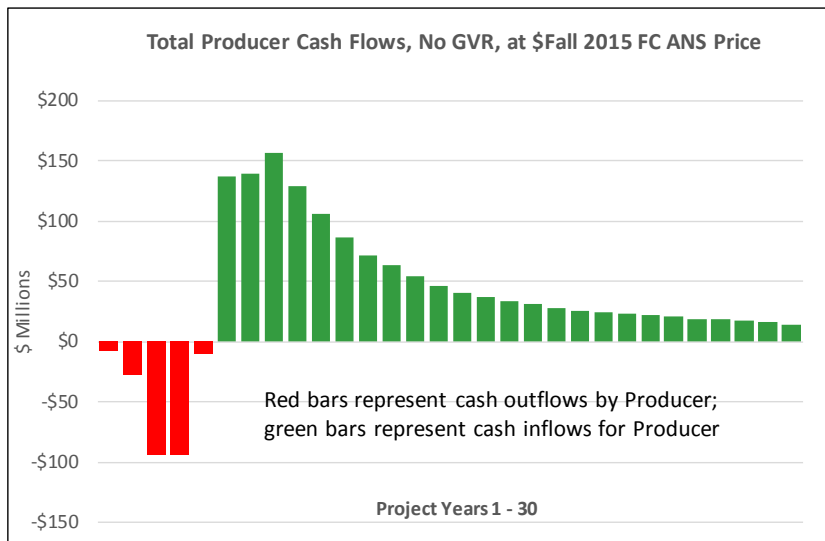
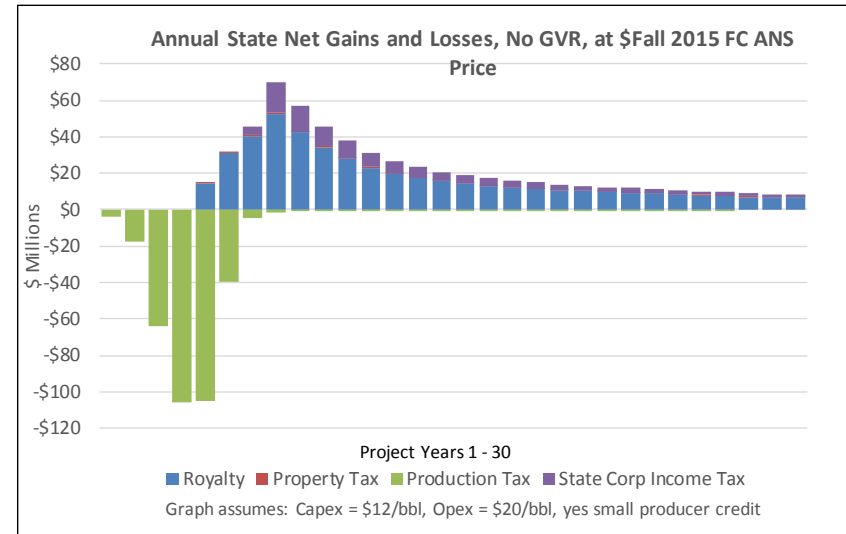
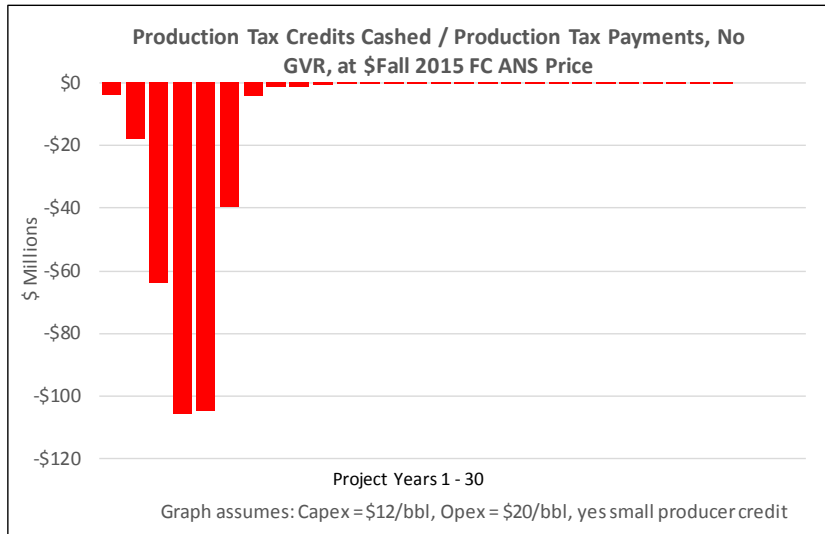
50 mmbo Status Quo, Tax Caps extended, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	341
Production Tax Paid	0
Net Production Tax	-341
Production Tax NPV 6.15%	-263
Total Annual State Losses	278
Total Annual State Gains	615
Net State Gain (Loss)	337
State NPV 6.15%	63
Total Producer Cash Out	223
Total Producer Cash In	1,608
Net Producer Cash Flow	1,385
Producer Cash NPV 6.15%	612

Cook Inlet Life Cycle Modeling

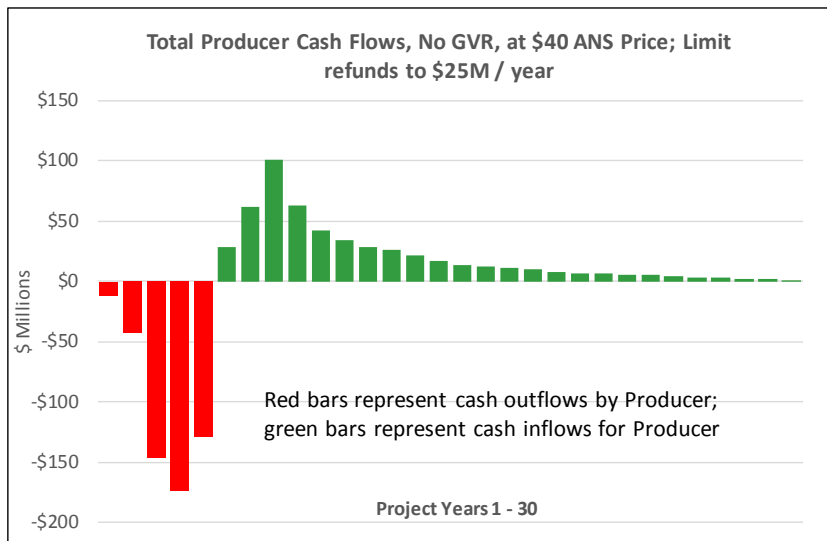
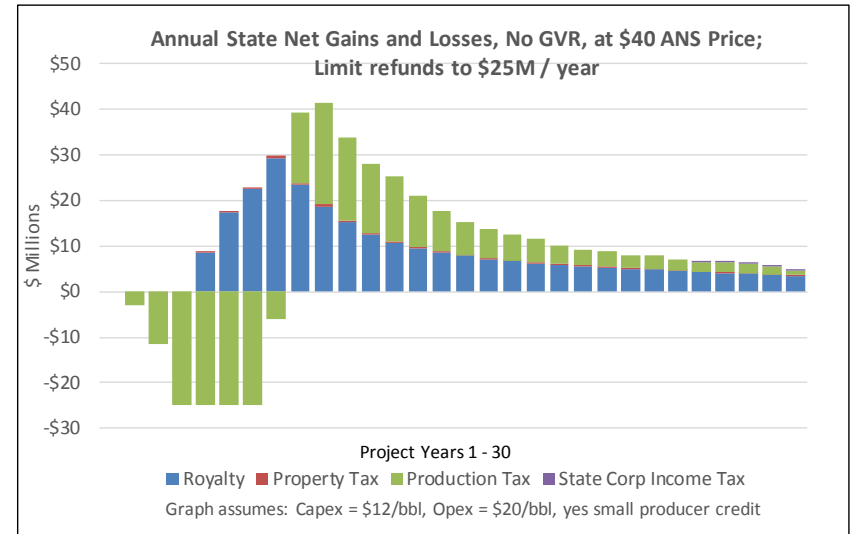
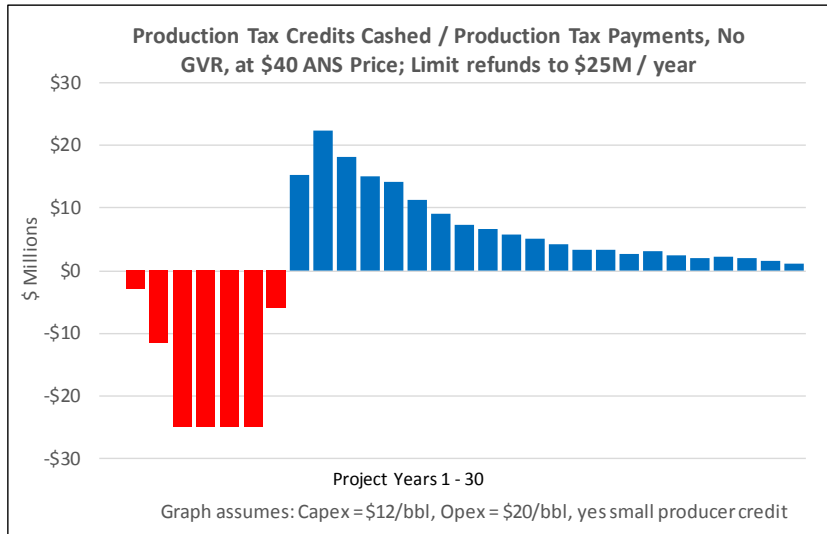
50 mmbo Status Quo, Tax Caps extended, Fall 2015 FC Price



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	347
Production Tax Paid	0
Net Production Tax	-347
Production Tax NPV 6.15%	-268
Total Annual State Losses	290
Total Annual State Gains	531
Net State Gain (Loss)	241
State NPV 6.15%	14
Total Producer Cash Out	233
Total Producer Cash In	1,357
Net Producer Cash Flow	1,124
Producer Cash NPV 6.15%	481

Cook Inlet Life Cycle Modeling

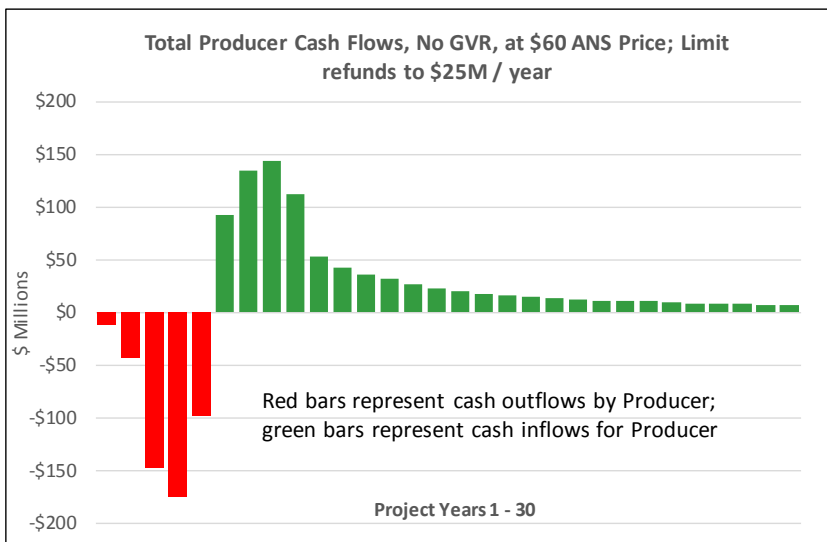
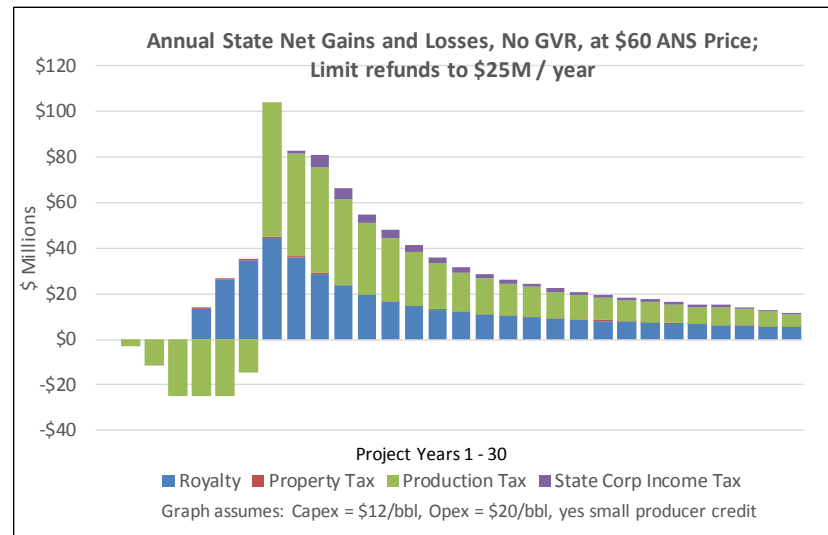
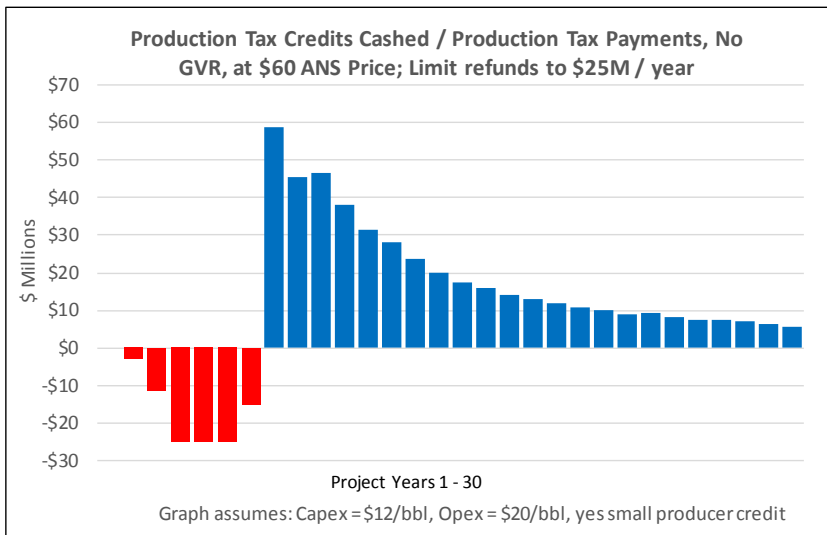
50 mmbo HB247, 2022 Tax Caps expire, \$40/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	120
Production Tax Paid	159
Net Production Tax	38
Production Tax NPV 6.15%	-19
Total Annual State Losses	65
Total Annual State Gains	365
Net State Gain (Loss)	300
State NPV 6.15%	108
Total Producer Cash Out	505
Total Producer Cash In	513
Net Producer Cash Flow	9
Producer Cash NPV 6.15%	-135

Cook Inlet Life Cycle Modeling

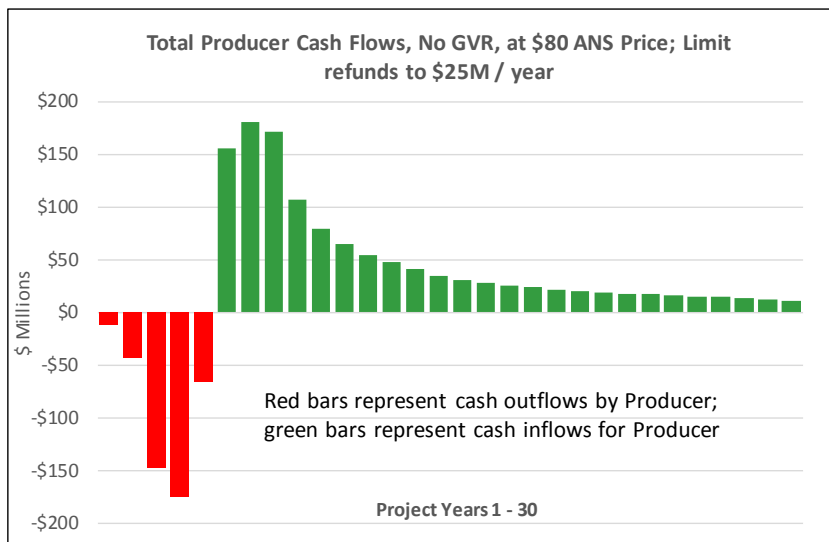
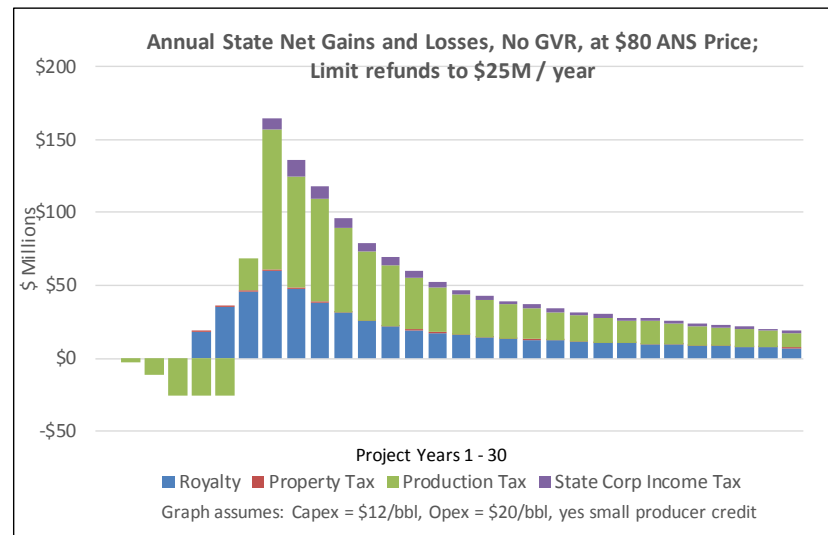
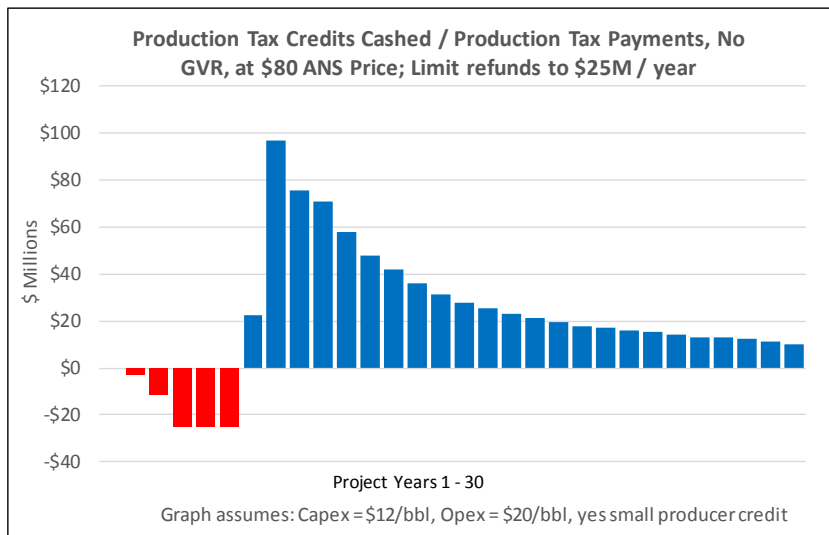
50 mmbo HB247, 2022 Tax Caps expire, \$60/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	104
Production Tax Paid	447
Net Production Tax	343
Production Tax NPV 6.15%	121
Total Annual State Losses	51
Total Annual State Gains	831
Net State Gain (Loss)	780
State NPV 6.15%	331
Total Producer Cash Out	473
Total Producer Cash In	869
Net Producer Cash Flow	397
Producer Cash NPV 6.15%	80

Cook Inlet Life Cycle Modeling

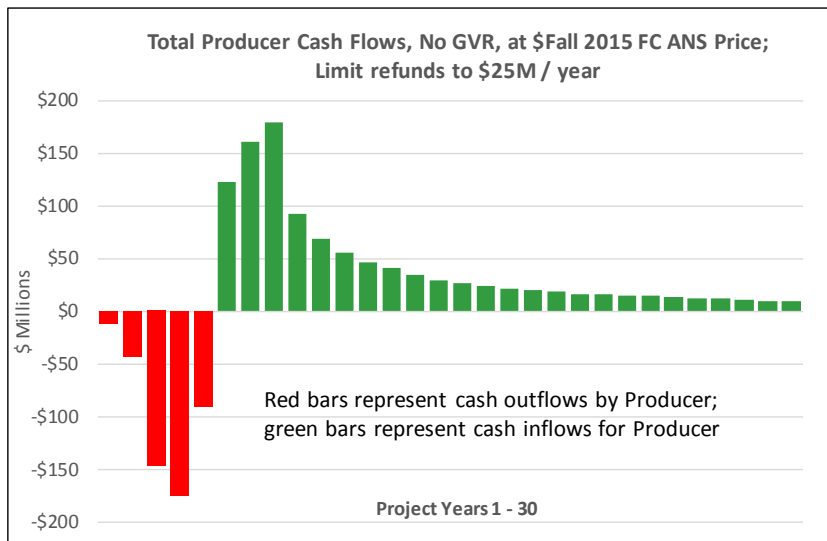
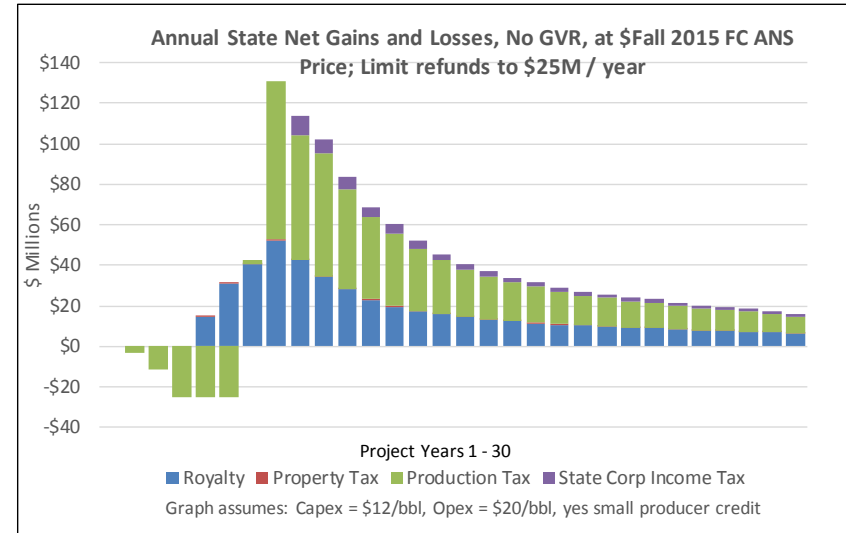
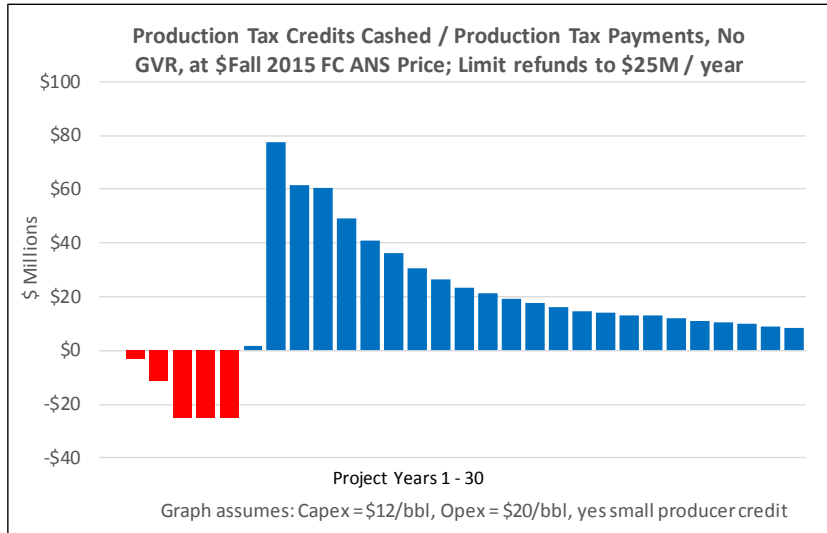
50 mmbo HB247, 2022 Tax Caps expire, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	89
Production Tax Paid	736
Net Production Tax	647
Production Tax NPV 6.15%	263
Total Annual State Losses	46
Total Annual State Gains	1,307
Net State Gain (Loss)	1,261
State NPV 6.15%	557
Total Producer Cash Out	441
Total Producer Cash In	1,225
Net Producer Cash Flow	784
Producer Cash NPV 6.15%	278

Cook Inlet Life Cycle Modeling

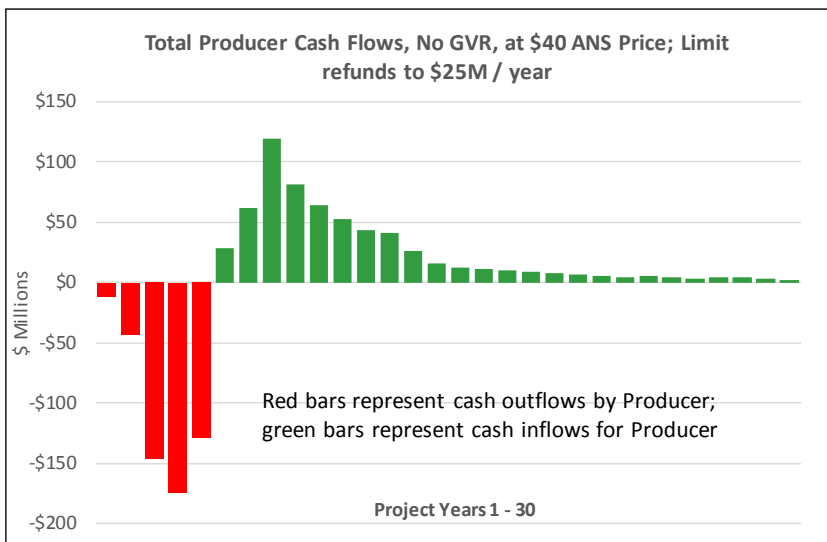
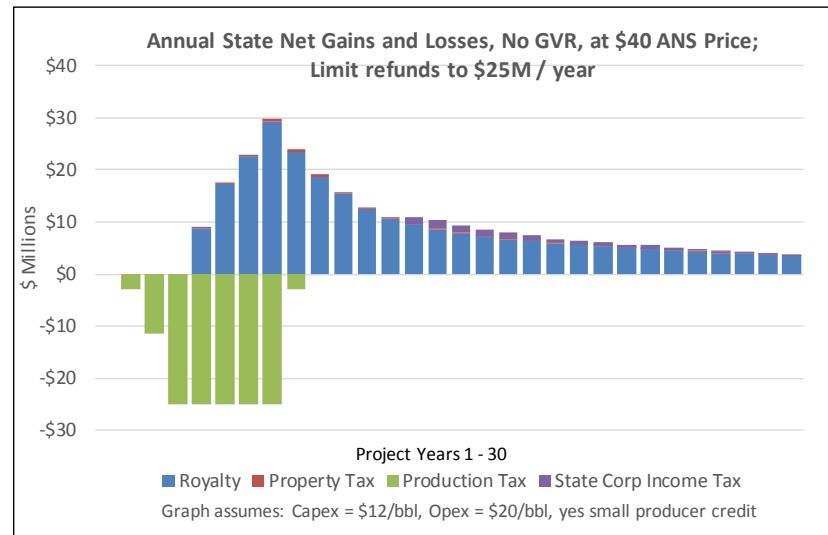
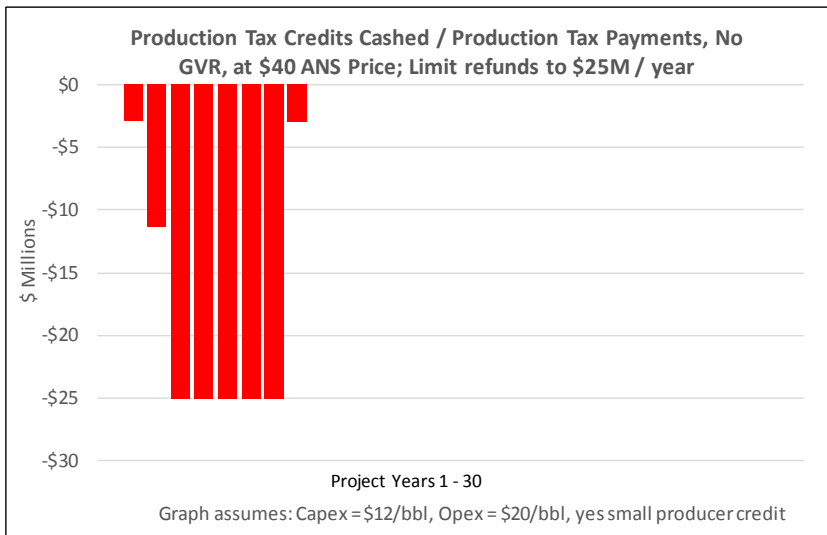
50 mmbo HB247, 2022 Tax Caps expire, Fall 2015 FC Price



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	89
Production Tax Paid	598
Net Production Tax	509
Production Tax NPV 6.15%	197
Total Annual State Losses	50
Total Annual State Gains	1,091
Net State Gain (Loss)	1,041
State NPV 6.15%	451
Total Producer Cash Out	465
Total Producer Cash In	1,069
Net Producer Cash Flow	604
Producer Cash NPV 6.15%	183

Cook Inlet Life Cycle Modeling

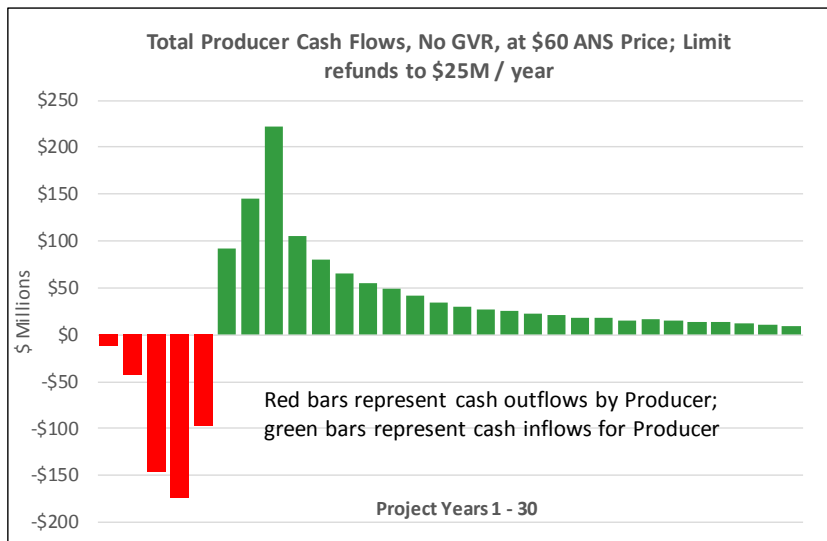
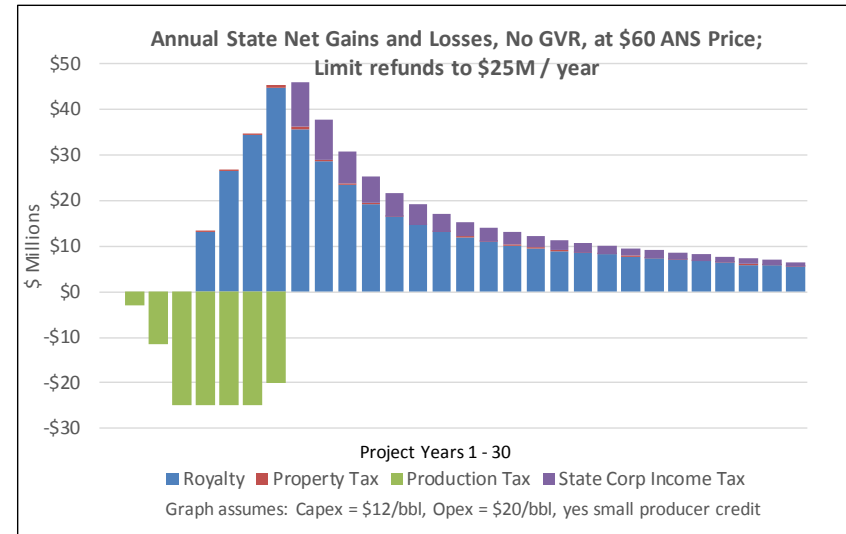
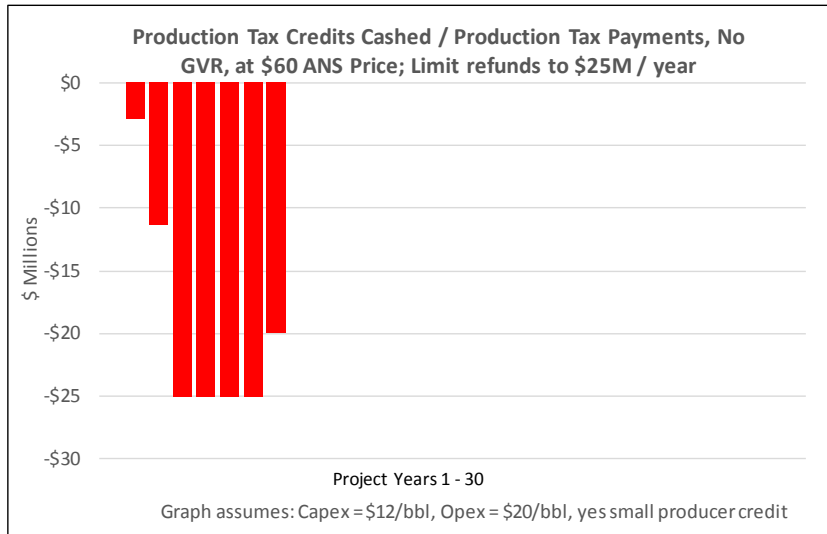
50 mmbo HB247, Tax Caps extended, \$40/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	142
Production Tax Paid	0
Net Production Tax	-142
Production Tax NPV 6.15%	-101
Total Annual State Losses	65
Total Annual State Gains	196
Net State Gain (Loss)	131
State NPV 6.15%	29
Total Producer Cash Out	505
Total Producer Cash In	623
Net Producer Cash Flow	118
Producer Cash NPV 6.15%	-76

Cook Inlet Life Cycle Modeling

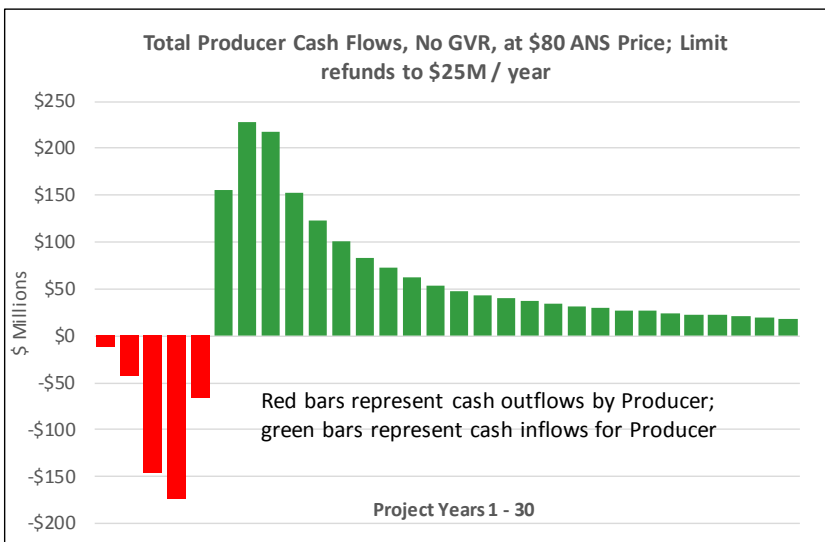
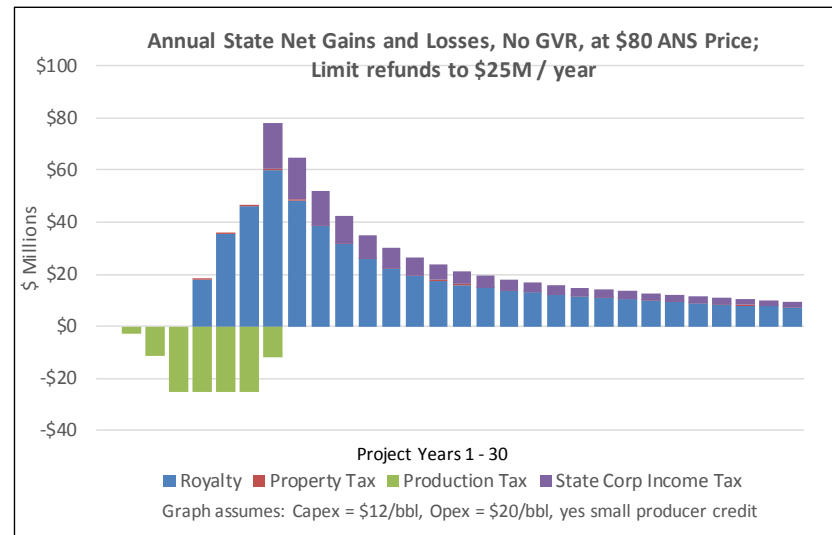
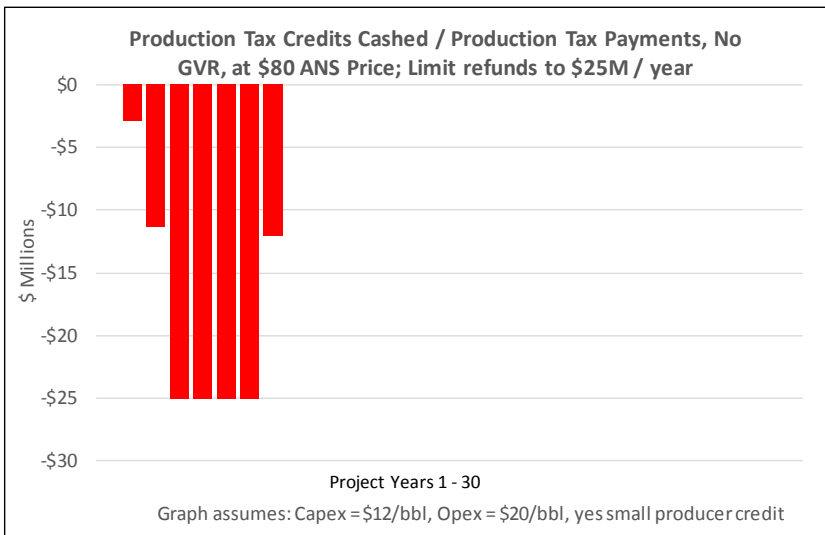
50 mmbo HB247, Tax Caps extended, \$60/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	134
Production Tax Paid	0
Net Production Tax	-134
Production Tax NPV 6.15%	-97
Total Annual State Losses	51
Total Annual State Gains	385
Net State Gain (Loss)	335
State NPV 6.15%	126
Total Producer Cash Out	473
Total Producer Cash In	1,159
Net Producer Cash Flow	686
Producer Cash NPV 6.15%	214

Cook Inlet Life Cycle Modeling

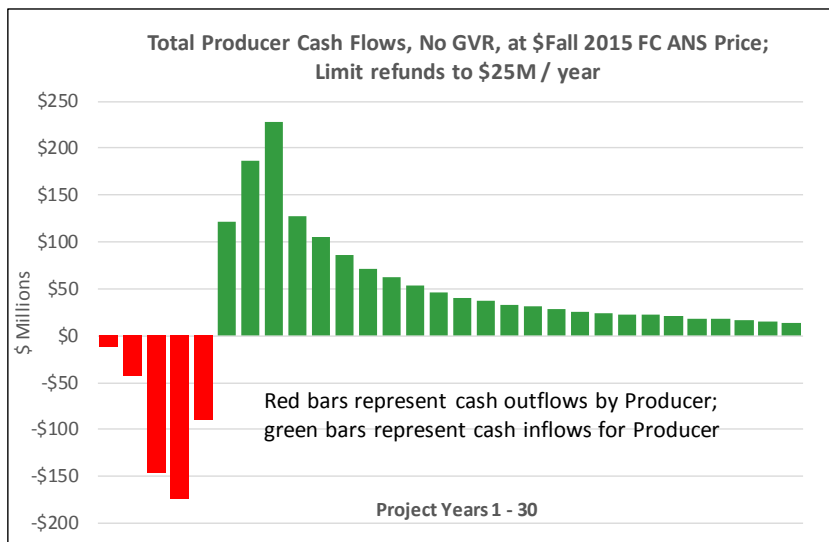
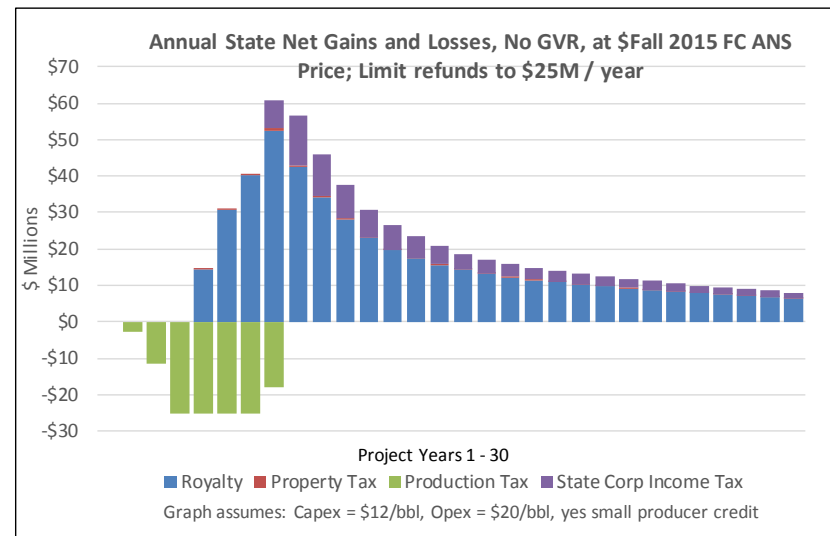
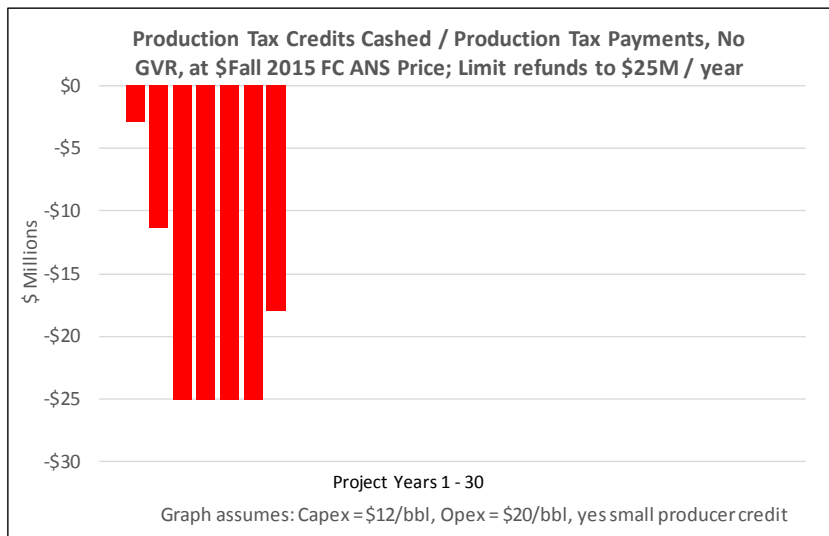
50 mmbo HB247, Tax Caps extended, \$80/bbl



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	126
Production Tax Paid	0
Net Production Tax	-126
Production Tax NPV 6.15%	-92
Total Annual State Losses	46
Total Annual State Gains	584
Net State Gain (Loss)	538
State NPV 6.15%	225
Total Producer Cash Out	441
Total Producer Cash In	1,695
Net Producer Cash Flow	1,254
Producer Cash NPV 6.15%	494

Cook Inlet Life Cycle Modeling

50 mmbo HB247, Tax Caps extended, Fall 2015 FC Price



Life Cycle Totals	\$Millions
Production Tax Credits Cashed	132
Production Tax Paid	0
Net Production Tax	-132
Production Tax NPV 6.15%	-95
Total Annual State Losses	50
Total Annual State Gains	492
Net State Gain (Loss)	442
State NPV 6.15%	177
Total Producer Cash Out	465
Total Producer Cash In	1,458
Net Producer Cash Flow	994
Producer Cash NPV 6.15%	362

Summary Tables

Summary Table- North Slope

Field Size (million bbl)	Tax Regime	Producer Size (>\$10 billion revenue)	Oil Price	Credits Paid (\$millions)	Net Production Tax Paid (\$millions)	Production Tax NPV 6.15% (\$millions)	Net State Gain (Loss) (\$millions)	State NPV 6.15% (\$millions)	Producer Cash Flow (\$millions)	Producer NPV 6.15% (\$millions)
50	Status Quo	n/a	\$40	\$221	(\$217)	(\$153)	(\$24)	(\$58)	\$19	(\$99)
50	Status Quo	n/a	\$60	\$162	\$21	(\$37)	\$380	\$136	\$404	\$112
50	Status Quo	n/a	\$80	\$134	\$323	\$110	\$844	\$364	\$751	\$289
50	Status Quo	n/a	Fall 15 FC	\$155	\$183	\$40	\$629	\$255	\$588	\$203
50	HB 247	small	\$40	\$150	(\$116)	(\$95)	\$71	(\$1)	(\$71)	(\$155)
50	HB 247	small	\$60	\$101	\$54	(\$10)	\$412	\$163	\$384	\$93
50	HB 247	small	\$80	\$82	\$344	\$128	\$863	\$380	\$738	\$277
50	HB 247	small	Fall 15 FC	\$95	\$207	\$60	\$651	\$274	\$574	\$189
750	Status Quo	n/a	\$40	\$2,967	(\$2,738)	(\$2,047)	\$367	(\$1,016)	\$2,131	(\$1,768)
750	Status Quo	n/a	\$60	\$2,897	\$1,568	(\$642)	\$7,115	\$1,197	\$7,475	\$312
750	Status Quo	n/a	\$80	\$2,830	\$6,093	\$869	\$14,069	\$3,527	\$12,686	\$2,216
750	Status Quo	n/a	Fall 15 FC	\$2,864	\$4,135	\$206	\$11,069	\$2,509	\$10,458	\$1,401
750	HB 247	small	\$40	\$134	\$807	\$206	\$3,685	\$1,192	(\$39)	(\$3,744)
750	HB 247	small	\$60	\$116	\$2,867	\$749	\$8,331	\$2,553	\$6,686	(\$870)
750	HB 247	small	\$80	\$109	\$6,424	\$1,743	\$14,379	\$4,388	\$12,485	\$1,415
750	HB 247	small	Fall 15 FC	\$111	\$4,523	\$1,172	\$11,433	\$3,461	\$10,222	\$520
750	HB 247	large	\$40	\$0	\$982	\$337	\$3,860	\$1,322	(\$214)	(\$3,875)
750	HB 247	large	\$60	\$0	\$3,084	\$879	\$8,494	\$2,679	\$6,579	(\$974)
750	HB 247	large	\$80	\$0	\$6,424	\$1,806	\$14,379	\$4,451	\$12,485	\$1,355
750	HB 247	large	Fall 15 FC	\$0	\$4,683	\$1,303	\$11,596	\$3,587	\$10,116	\$417

Summary Table- Cook Inlet

Field Size (million bbl)	Tax Regime	Tax Caps Sunset?	Oil Price	Credits Paid (\$millions)	Net Production Tax Paid (\$millions)	Production Tax NPV 6.15% (\$millions)	Net State Gain (Loss) (\$millions)	State NPV 6.15% (\$millions)	Producer Cash Flow (\$millions)	Producer NPV 6.15% (\$millions)
50	Status Quo	yes	\$40	\$349	(\$177)	(\$192)	\$99	(\$59)	\$139	\$3
50	Status Quo	yes	\$60	\$337	\$128	(\$50)	\$579	\$167	\$527	\$202
50	Status Quo	yes	\$80	\$329	\$432	\$92	\$1,060	\$395	\$915	\$396
50	Status Quo	yes	Fall 15 FC	\$335	\$294	\$26	\$840	\$288	\$735	\$303
50	Status Quo	no	\$40	\$357	(\$357)	(\$275)	(\$70)	(\$137)	\$249	\$54
50	Status Quo	no	\$60	\$349	(\$349)	(\$269)	\$134	(\$37)	\$817	\$335
50	Status Quo	no	\$80	\$341	(\$341)	(\$263)	\$337	\$63	\$1,385	\$612
50	Status Quo	no	Fall 15 FC	\$347	(\$347)	(\$268)	\$241	\$14	\$1,124	\$481
50	HB 247	yes	\$40	\$120	\$38	(\$19)	\$300	\$108	\$9	(\$135)
50	HB 247	yes	\$60	\$104	\$343	\$121	\$780	\$331	\$397	\$80
50	HB 247	yes	\$80	\$89	\$647	\$263	\$1,261	\$557	\$784	\$278
50	HB 247	yes	Fall 15 FC	\$89	\$509	\$197	\$1,041	\$451	\$604	\$183
50	HB 247	no	\$40	\$142	(\$142)	(\$101)	\$131	\$29	\$118	(\$76)
50	HB 247	no	\$60	\$134	(\$134)	(\$97)	\$335	\$126	\$686	\$214
50	HB 247	no	\$80	\$126	(\$126)	(\$92)	\$538	\$225	\$1,254	\$494
50	HB 247	no	Fall 15 FC	\$132	(\$132)	(\$95)	\$442	\$177	\$994	\$362



Thank You!

Contact Information

Ken Alper
Director, Tax Division
Department of Revenue
Ken.Alper@Alaska.gov
(907) 465-8221

Cherie Nienhuis
Commercial Analyst
Department of Revenue
Cheryl.Nienhuis@Alaska.gov
(907) 269-1019

Dan Stickel
Assistant Chief Economist
Department of Revenue
Daniel.Stickel@Alaska.gov
(907) 465-3279