State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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The Honorable Eric Feige
State Capitol Room 126
Juneau AK, 99801

February 23, 2011

The Honorable Paul Seaton
State Capitol Room 102
Juneau AK, 99801

SUBJECT: Response to Modeling Request from Co-Chair Seaton

Dear Representative Feige and Seaton:

Enclosed please find the results of the hypothetical modeling project requested by Co-chair Seaton during the House Resources Committee meeting on February 21, 2011, and earlier by email.

Please pay particular attention to the assumptions and caveats provided in the cover sheet for the analysis. The assumptions used were as requested, and this analysis in no way represents a Department of Revenue forecast or expectation.

Sincerely,

Bruce Tangeman
Deputy Commissioner

Title:	**Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions***
Preparer:	Cherie Nienhuis, Petroleum Economic Policy Analyst and Dan Stickel, Petroleum Economist
Date:	23-Feb-11
Purpose:	As requested by Representative Seaton
Data Source:	Major ACES tax variables and major proposed variables in HB 110
Key Assumptions:	*Assumptions as requested by requestor, which are neither supported nor condoned by the Department of Revenue. The following assumptions were dictated: 50% TAPS throughput is oil from New Fields (over a seven-year period TAPS Legacy Field oil is switched over to New Field Oil at a rate of 7% per year so that at the end of the seven years roughly 50% of TAPS throughput is New Field Oil.) ANS WC price of $90 per barrel, and $50 per barrel Costs of $36 per barrel $15 Billion in capital investment for new infrastructure available for credit With the models, please provide tables below the model, or on a separate page, so we can review the input data. The following assumptions were made by the Department, to implement the models: Incremental oil only ocurrs in the HB 110 case Stated decline rate, and incremental oil additions, continue beyond the first 7 years. Stated cost of $36 is for incremental oil and includes $7 transportation costs, $19 operating costs, $10 capital costs. Costs for exising oil are $10 / barrel operating costs, $10 / barrel capital costs, plus $7 / barrel transporation costs ($27 / barrel total) Simplistic transportation cost model - half of transit costs vary relative to production (costs will increase as throughput declines) The $15 billion of new infrastructure is exclusive to incremental oil and spread evenly across the first 7 years (appx $2.1 billion per year) Production decline rate is levied on a compound basis, resulting in smaller absolute declines each year This analysis does not include assumptions relating to lease expenditure exemptions, or proposed credits. We do not include credits other than the 20% capital credit, and for simplification we assume all credits can be taken in one year. See assumptions listed on each sheet.
History:	None
Disclaimer:	This analysis does not represent a Department of Revenue forecast or expectation. The modeling shown here represents a hypothetical scenario only using assumptions provided by the requestor. Under HB 110, the 15% base tax rate would apply only to oil and gas produced from leases or properties that have not been in a unit as of 1/1/2011 and have never had commercial production. We forecast that the vast majority of additional North Slope production will come from existing units and will not receive the 15% base tax rate. The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results. The information contained in this workbook may be privileged, confidential or otherwise protected from disclosure. If you are not the intended recipient, any use, dissemination, disclosure, distribution or copying is strictly prohibited.

Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $90 ANS Scenario

Prepared 02/23/11 by Department of Revenue for Rep Seaton

This analysis does not represent a Department of Revenue forecast or expectation.

These hypothetical assumptions were specifically requested by the requestor and the Department of Revenue does not in any way support the assumptions.
This analysis does not include assumptions relating to lease expenditure exemptions, or proposed credits

KEY INPUTS				
Initial Production (bpd)	600,000	Incremental facilities capital ($ mm)	$	15,000
Decline rate - existing	7%	Years to spread facilities spend	$	7
Oil Price	$90	Incremental Opex / bbl	$	19
Existing Opex / bbl	$ 10	Incremental Capex / bbl	$	10
Existing Capex / bbl	$ 10	Transit costs	$	7

All amounts in $ millions except for oil production and amounts labeled as per barrel amounts

ACES Scenario - Existing oil with decline rate

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 15,905	$ 2,190	$ 2,190	$ 4,380	$11,525	60.14	$2,881	$1,390	$4,271	$ 438	$ -	$3,833	$ -
2	558,000	$ 14,745	$ 2,037	$ 2,037	$ 4,073	$10,671	59.88	$2,668	$1,275	$3,943	$ 407	$ -	$3,536	$ -
3	518,940	$ 13,666	$ 1,894	$ 1,894	$ 3,788	$9,877	59.60	$2,469	$1,169	$3,639	$ 379	$ -	$3,260	$ -
4	482,614	$ 12,662	$ 1,762	$ 1,762	$ 3,523	$9,139	59.29	$2,285	$1,071	$3,355	$ 352	$ -	$3,003	$ -
5	448,831	$ 11,729	$ 1,638	$ 1,638	$ 3,276	$8,452	58.96	$2,113	$979	$3,092	$ 328	$ -	$2,765	$ -
6	417,413	$ 10,861	$ 1,524	$ 1,524	$ 3,047	$7,814	58.61	$1,953	$894	$2,848	$ 305	$ -	$2,543	$ -
7	388,194	$ 10,054	$ 1,417	$ 1,417	$ 2,834	$7,220	58.23	$1,805	$815	$2,620	$ 283	$ -	$2,337	$ -
8	361,021	$ 9,303	$ 1,318	$ 1,318	$ 2,635	$6,667	57.83	$1,667	$742	$2,409	$ 264	$ -	$2,145	$ -
9	335,749	$ 8,605	$ 1,225	$ 1,225	$ 2,451	$6,154	57.39	$1,538	$674	$2,213	$ 245	$ -	$1,967	$ -
10	312,247	$ 7,955	$ 1,140	$ 1,140	$ 2,279	$5,676	56.92	$1,419	$611	$2,030	$ 228	$ -	$1,802	$ -
11	290,389	$ 7,352	$ 1,060	$ 1,060	$ 2,120	$5,232	56.41	$1,308	$553	$1,861	$ 212	$ -	$1,649	$ -
12	270,062	$ 6,790	$ 986	$ 986	$ 1,971	$4,819	55.87	$1,205	$499	$1,703	$ 197	$ -	$1,506	$ -
13	251,158	$ 6,268	$ 917	$ 917	$ 1,833	$4,434	55.28	$1,109	$448	$1,557	$ 183	$ -	$1,374	$ -
14	233,577	$ 5,782	$ 853	$ 853	$ 1,705	$4,077	54.65	$1,019	$402	$1,421	$ 171	$ -	$1,251	$ -
15	217,226	$ 5,330	$ 793	$ 793	$ 1,586	$3,745	53.98	$936	$359	$1,295	$ 159	$ -	$1,137	$ -
16	202,021	$ 4,910	$ 737	$ 737	$ 1,475	$3,436	53.25	$859	$319	$1,178	$ 147	$ -	$1,031	$ -
17	187,879	$ 4,520	$ 686	$ 686	$ 1,372	$3,148	52.47	$787	$283	$1,070	$ 137	$ -	$933	$ -
18	174,728	$ 4,156	$ 638	$ 638	$ 1,276	$2,881	51.62	$720	$249	$969	$ 128	$ -	$842	$ -
19	162,497	$ 3,818	$ 593	$ 593	$ 1,186	$2,632	50.72	$658	$218	$876	$ 119	$ -	$758	$ -
20	151,122	$ 3,504	$ 552	$ 552	$ 1,103	$2,401	49.75	$600	$190	$790	$ 110	$ -	$680	$ -

HB 110 Scenario - Summary Existing + Incremental Production

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 15,905	$ 4,333	$ 2,190	$ 6,523	$9,382	$ 48.96	$ 3,244	$ 867	$ 536	$ 1,842	$ -
2	600,000	$ 15,905	$ 4,333	$ 2,328	$ 6,661	$9,244	$ 48.24	$ 3,017	$ 867	$ 369	$ 1,782	$ -
3	600,000	$ 15,905	$ 4,333	$ 2,456	$ 6,789	$9,116	$ 47.57	$ 2,806	$ 867	$ 213	$ 1,726	$ -
4	600,000	$ 15,905	$ 4,333	$ 2,576	$ 6,908	$8,996	$ 46.95	$ 2,609	$ 867	$ 68	$ 1,674	$ -
5	600,000	$ 15,905	$ 4,333	$ 2,687	$ 7,019	$8,885	$ 46.37	$ 2,466	$ 867	$ -	$ 1,600	$ -
6	600,000	$ 15,905	$ 4,333	$ 2,790	$ 7,123	$8,782	$ 45.83	$ 2,371	$ 867	$ -	$ 1,505	$ -
7	600,000	$ 15,905	$ 4,333	$ 2,886	$ 7,219	$8,686	$ 45.33	$ 2,283	$ 867	$ -	$ 1,417	$ -
8	600,000	$ 15,905	$ 2,190	$ 2,975	$ 5,165	$10,740	$ 56.05	$ 2,589	$ 438	$ -	$ 2,151	$ -
9	600,000	$ 15,905	$ 2,190	$ 3,058	$ 5,248	$10,657	$ 55.61	$ 2,519	$ 438	$ -	$ 2,081	$ -
10	600,000	$ 15,905	$ 2,190	$ 3,135	$ 5,325	$10,580	$ 55.21	$ 2,455	$ 438	$ -	$ 2,017	$ -
11	600,000	$ 15,905	$ 2,190	$ 3,207	$ 5,397	$10,508	$ 54.84	$ 2,395	$ 438	$ -	$ 1,957	$ -
12	600,000	$ 15,905	$ 2,190	$ 3,274	$ 5,464	$10,441	$ 54.49	$ 2,339	$ 438	$ -	$ 1,901	$ -
13	600,000	$ 15,905	$ 2,190	$ 3,336	$ 5,526	$10,379	$ 54.16	$ 2,287	$ 438	$ -	$ 1,849	$ -
14	600,000	$ 15,905	$ 2,190	$ 3,394	$ 5,584	$10,321	$ 53.86	$ 2,239	$ 438	$ -	$ 1,801	$ -
15	600,000	$ 15,905	$ 2,190	$ 3,447	$ 5,637	$10,267	$ 53.58	$ 2,194	$ 438	$ -	$ 1,756	$ -
16	600,000	$ 15,905	$ 2,190	$ 3,497	$ 5,687	$10,218	$ 53.32	$ 2,153	$ 438	$ -	$ 1,715	$ -
17	600,000	$ 15,905	$ 2,190	$ 3,544	$ 5,734	$10,171	$ 53.08	$ 2,114	$ 438	$ -	$ 1,676	$ -
18	600,000	$ 15,905	$ 2,190	$ 3,587	$ 5,777	$10,128	$ 52.85	$ 2,078	$ 438	$ -	$ 1,640	$ -
19	600,000	$ 15,905	$ 2,190	$ 3,627	$ 5,817	$10,088	$ 52.64	$ 2,044	$ 438	$ -	$ 1,606	$ -
20	600,000	$ 15,905	$ 2,190	$ 3,665	$ 5,855	$10,050	$ 52.45	$ 2,013	$ 438	$ -	$ 1,575	$ -

Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $90 ANS Scenario

Prepared 02/23/11 by Department of Revenue for Rep Seaton

This analysis does not represent a Department of Revenue forecast or expectation.

These hypothetical assumptions were specifically requested by the requestor and the Department of Revenue does not in any way support the assumptions.

This analysis does not include assumptions relating to lease expenditure exemptions, or proposed credits

HB 110 Scenario - Existing oil with decline rate

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 15,905	$ 2,190	$ 2,190	$ 4,380	$11,525	60.14	$2,881	$ 363	$ 3,244	$ 438	$ -	$2,806	$ -
2	558,000	$ 14,792	$ 2,037	$ 2,037	$ 4,073	$10,718	60.14	$2,680	$ 337	$ 3,017	$ 407	$ -	$2,610	$ -
3	518,940	$ 13,756	$ 1,894	$ 1,894	$ 3,788	$9,968	60.14	$2,492	$ 314	$ 2,806	$ 379	$ -	$2,427	$ -
4	482,614	$ 12,793	$ 1,762	$ 1,762	$ 3,523	$9,270	60.14	$2,318	$ 292	$ 2,609	$ 352	$ -	$2,257	$ -
5	448,831	$ 11,898	$ 1,638	$ 1,638	$ 3,276	$8,621	60.14	$2,155	$ 271	$ 2,427	$ 328	$ -	$2,099	$ -
6	417,413	$ 11,065	$ 1,524	$ 1,524	$ 3,047	$8,018	60.14	$2,004	$ 252	$ 2,257	$ 305	$ -	$1,952	$ -
7	388,194	$ 10,290	$ 1,417	$ 1,417	$ 2,834	$7,456	60.14	$1,864	$ 235	$ 2,099	$ 283	$ -	$1,815	$ -
8	361,021	$ 9,570	$ 1,318	$ 1,318	$ 2,635	$6,935	60.14	$1,734	$ 218	$ 1,952	$ 264	$ -	$1,688	$ -
9	335,749	$ 8,900	$ 1,225	$ 1,225	$ 2,451	$6,449	60.14	$1,612	$ 203	$ 1,815	$ 245	$ -	$1,570	$ -
10	312,247	$ 8,277	$ 1,140	$ 1,140	$ 2,279	$5,998	60.14	$1,499	$ 189	$ 1,688	$ 228	$ -	$1,460	$ -
11	290,389	$ 7,698	$ 1,060	$ 1,060	$ 2,120	$5,578	60.14	$1,394	$ 176	$ 1,570	$ 212	$ -	$1,358	$ -
12	270,062	$ 7,159	$ 986	$ 986	$ 1,971	$5,187	60.14	$1,297	$ 163	$ 1,460	$ 197	$ -	$1,263	$ -
13	251,158	$ 6,658	$ 917	$ 917	$ 1,833	$4,824	60.14	$1,206	$ 152	$ 1,358	$ 183	$ -	$1,175	$ -
14	233,577	$ 6,192	$ 853	$ 853	$ 1,705	$4,487	60.14	$1,122	$ 141	$ 1,263	$ 171	$ -	$1,092	$ -
15	217,226	$ 5,758	$ 793	$ 793	$ 1,586	$4,173	60.14	$1,043	$ 131	$ 1,174	$ 159	$ -	$1,016	$ -
16	202,021	$ 5,355	$ 737	$ 737	$ 1,475	$3,880	60.14	$970	$ 122	$ 1,092	$ 147	$ -	$945	$ -
17	187,879	$ 4,980	$ 686	$ 686	$ 1,372	$3,609	60.14	$902	$ 114	$ 1,016	$ 137	$ -	$879	$ -
18	174,728	$ 4,632	$ 638	$ 638	$ 1,276	$3,356	60.14	$839	$ 106	$ 945	$ 128	$ -	$817	$ -
19	162,497	$ 4,307	$ 593	$ 593	$ 1,186	$3,121	60.14	$780	$ 98	$ 879	$ 119	$ -	$760	$ -
20	151,122	$ 4,006	$ 552	$ 552	$ 1,103	$2,903	60.14	$726	$ 91	$ 817	$ 110	$ -	$707	$ -

HB 110 Scenario - Incremental oil to maintain production

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	-	$ -	$ 2,143	$ -	$ 2,143	($2,143)	$ -	($321)	$ -	$ -	$ 429	$ 536	$0	$ 964
2	42,000	$ 1,113	$ 2,296	$ 291	$ 2,587	($1,474)	$ (109.89)	($221)	$ -	$ -	$ 459	$ 369	$0	$ 828
3	81,060	$ 2,149	$ 2,439	$ 562	$ 3,001	($852)	$ (32.92)	($128)	$ -	$ -	$ 488	$ 213	$0	$ 701
4	117,386	$ 3,112	$ 2,571	$ 814	$ 3,385	($274)	$ (7.30)	($41)	$ -	$ -	$ 514	$ 68	$0	$ 583
5	151,169	$ 4,007	$ 2,695	$ 1,048	$ 3,743	$264	$ 5.47	$40	$ -	$ 40	$ 539	$ -	$0	$ 499
6	182,587	$ 4,840	$ 2,809	$ 1,266	$ 4,076	$764	$ 13.11	$115	$ -	$ 115	$ 562	$ -	$0	$ 447
7	211,806	$ 5,615	$ 2,916	$ 1,469	$ 4,385	$1,230	$ 18.18	$184	$ -	$ 184	$ 583	$ -	$0	$ 399
8	238,979	$ 6,335	$ 872	$ 1,657	$ 2,530	$3,805	$ 49.86	$571	$ 66	$ 637	$ 174	$ -	$462	$ -
9	264,251	$ 7,005	$ 965	$ 1,833	$ 2,797	$4,208	$ 49.86	$631	$ 73	$ 704	$ 193	$ -	$511	$ -
10	287,753	$ 7,628	$ 1,050	$ 1,996	$ 3,046	$4,582	$ 49.86	$687	$ 79	$ 767	$ 210	$ -	$557	$ -
11	309,611	$ 8,207	$ 1,130	$ 2,147	$ 3,277	$4,930	$ 49.86	$739	$ 85	$ 825	$ 226	$ -	$599	$ -
12	329,938	$ 8,746	$ 1,204	$ 2,288	$ 3,492	$5,254	$ 49.86	$788	$ 91	$ 879	$ 241	$ -	$638	$ -
13	348,842	$ 9,247	$ 1,273	$ 2,419	$ 3,692	$5,555	$ 49.86	$833	$ 96	$ 929	$ 255	$ -	$675	$ -
14	366,423	$ 9,713	$ 1,337	$ 2,541	$ 3,879	$5,835	$ 49.86	$875	$ 101	$ 976	$ 267	$ -	$709	$ -
15	382,774	$ 10,147	$ 1,397	$ 2,655	$ 4,052	$6,095	$ 49.86	$914	$ 106	$ 1,020	$ 279	$ -	$740	$ -
16	397,979	$ 10,550	$ 1,453	$ 2,760	$ 4,213	$6,337	$ 49.86	$951	$ 110	$ 1,060	$ 291	$ -	$770	$ -
17	412,121	$ 10,925	$ 1,504	$ 2,858	$ 4,362	$6,562	$ 49.86	$984	$ 114	$ 1,098	$ 301	$ -	$797	$ -
18	425,272	$ 11,273	$ 1,552	$ 2,949	$ 4,502	$6,772	$ 49.86	$1,016	$ 117	$ 1,133	$ 310	$ -	$823	$ -
19	437,503	$ 11,597	$ 1,597	$ 3,034	$ 4,631	$6,966	$ 49.86	$1,045	$ 121	$ 1,166	$ 319	$ -	$846	$ -
20	448,878	$ 11,899	$ 1,638	$ 3,113	$ 4,751	$7,148	$ 49.86	$1,072	$ 124	$ 1,196	$ 328	$ -	$868	$ -

Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $90 ANS Scenario

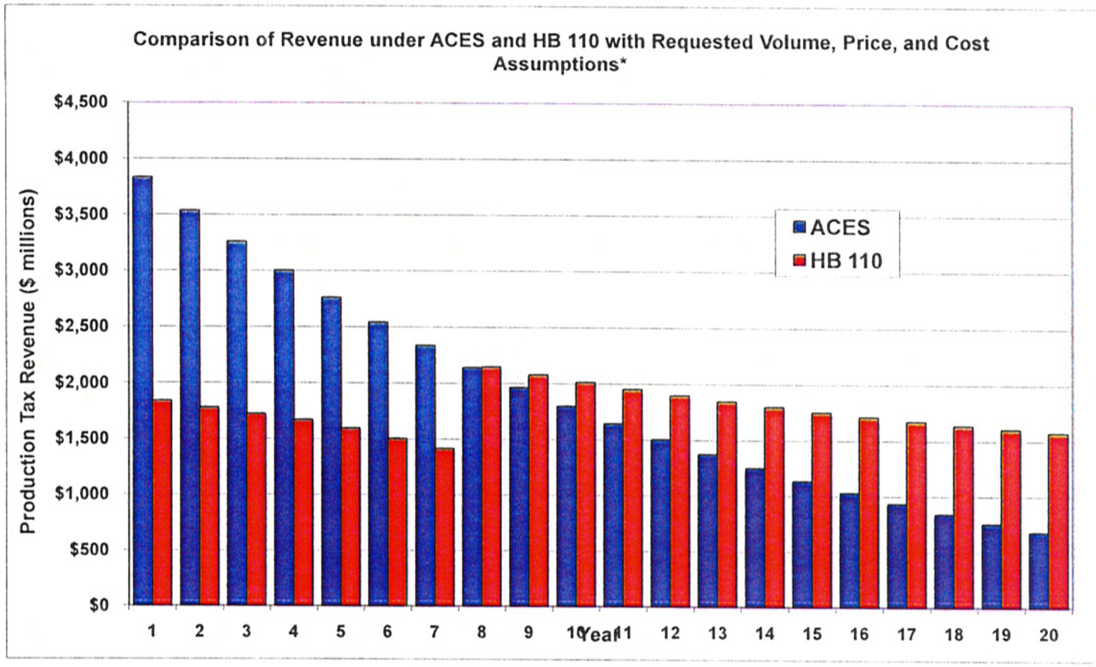
Prepared 02/23/11 by Department of Revenue for Rep Seaton

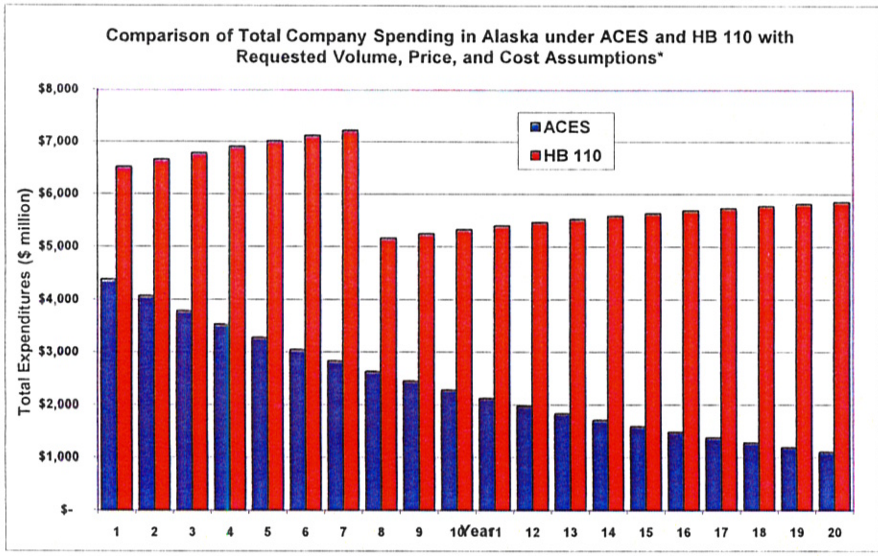
This analysis does not represent a Department of Revenue forecast or expectation.

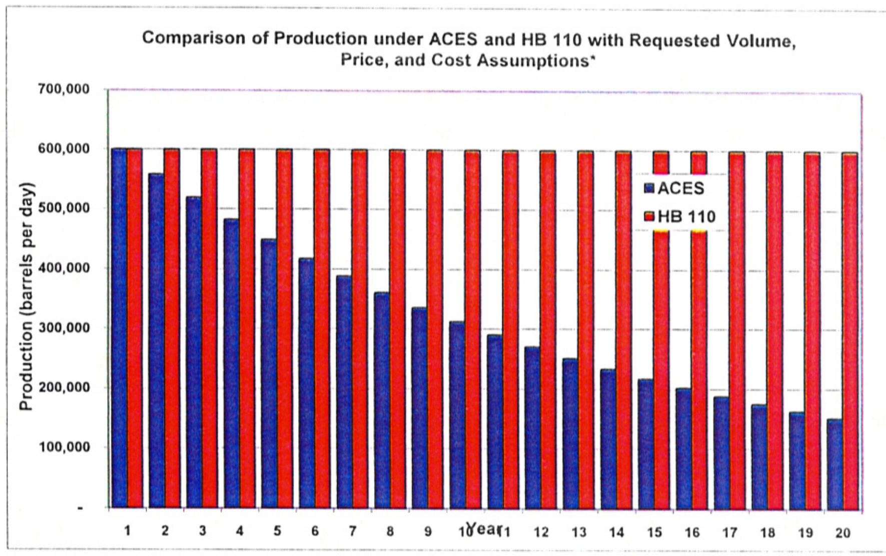
These hypothetical assumptions were specifically requested by the requestor and the Department of Revenue does not in any way support the assumptions.
This analysis does not include assumptions relating to lease expenditure exemptions, or proposed credits

COMPARISON OF SCENARIOS

	ACES		HB 110	
Year	Tax Liability	Credits for carry forward or refund	Tax Liability	Credits for carry forward or refund
1	$3,833	$0	$1,842	$0
2	$3,536	$0	$1,782	$0
3	$3,260	$0	$1,726	$0
4	$3,003	$0	$1,674	$0
5	$2,765	$0	$1,600	$0
6	$2,543	$0	$1,505	$0
7	$2,337	$0	$1,417	$0
8	$2,145	$0	$2,151	$0
9	$1,967	$0	$2,081	$0
10	$1,802	$0	$2,017	$0
11	$1,649	$0	$1,957	$0
12	$1,506	$0	$1,901	$0
13	$1,374	$0	$1,849	$0
14	$1,251	$0	$1,801	$0
15	$1,137	$0	$1,756	$0
16	$1,031	$0	$1,715	$0
17	$933	$0	$1,676	$0
18	$842	$0	$1,640	$0
19	$758	$0	$1,606	$0
20	$680	$0	$1,575	$0
Sum	$38,350	$0	$35,271	$0







Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $50 ANS Scenario

Prepared 02/23/11 by Department of Revenue for Rep Seaton

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These hypothetical assumptions were specifically requested by the requestor and the Department of Revenue does not in any way support the assumptions.

This analysis does not include assumptions relating to lease expenditure exemptions, or proposed credits

KEY INPUTS				
Initial Production (bpd)	600,000	Incremental facilities capital ($ mm)	$	15,000
Decline rate - existing	7%	Years to spread facilities spend	$	7
Oil Price	$50	Incremental Opex / bbl	$	19
Existing Opex / bbl	$ 10	Incremental Capex / bbl	$	10
Existing Capex / bbl	$ 10	Transit costs	$	7

All amounts in $ millions except for oil production and amounts labeled as per barrel amounts

ACES Scenario - Existing oil with decline rate

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 8,240	$ 2,190	$ 2,190	$ 4,380	$3,860	20.14	$965	$0	$965	$ 438	$ -	$527	$ -
2	558,000	$ 7,616	$ 2,037	$ 2,037	$ 4,073	$3,543	19.88	$886	$0	$886	$ 407	$ -	$478	$ -
3	518,940	$ 7,036	$ 1,894	$ 1,894	$ 3,788	$3,248	19.60	$812	$0	$812	$ 379	$ -	$433	$ -
4	482,614	$ 6,497	$ 1,762	$ 1,762	$ 3,523	$2,974	19.29	$743	$0	$743	$ 352	$ -	$391	$ -
5	448,831	$ 5,995	$ 1,638	$ 1,638	$ 3,276	$2,718	18.96	$680	$0	$680	$ 328	$ -	$352	$ -
6	417,413	$ 5,528	$ 1,524	$ 1,524	$ 3,047	$2,481	18.61	$620	$0	$620	$ 305	$ -	$316	$ -
7	388,194	$ 5,094	$ 1,417	$ 1,417	$ 2,834	$2,261	18.23	$565	$0	$565	$ 283	$ -	$282	$ -
8	361,021	$ 4,691	$ 1,318	$ 1,318	$ 2,635	$2,055	17.83	$514	$0	$514	$ 264	$ -	$250	$ -
9	335,749	$ 4,316	$ 1,225	$ 1,225	$ 2,451	$1,865	17.39	$466	$0	$466	$ 245	$ -	$221	$ -
10	312,247	$ 3,966	$ 1,140	$ 1,140	$ 2,279	$1,687	16.92	$422	$0	$422	$ 228	$ -	$194	$ -
11	290,389	$ 3,642	$ 1,060	$ 1,060	$ 2,120	$1,522	16.41	$381	$0	$381	$ 212	$ -	$169	$ -
12	270,062	$ 3,340	$ 986	$ 986	$ 1,971	$1,369	15.87	$342	$0	$342	$ 197	$ -	$145	$ -
13	251,158	$ 3,059	$ 917	$ 917	$ 1,833	$1,226	15.28	$306	$0	$306	$ 183	$ -	$123	$ -
14	233,577	$ 2,798	$ 853	$ 853	$ 1,705	$1,093	14.65	$273	$0	$273	$ 171	$ -	$103	$ -
15	217,226	$ 2,555	$ 793	$ 793	$ 1,586	$970	13.98	$242	$0	$242	$ 159	$ -	$84	$ -
16	202,021	$ 2,330	$ 737	$ 737	$ 1,475	$855	13.25	$214	$0	$214	$ 147	$ -	$66	$ -
17	187,879	$ 2,119	$ 686	$ 686	$ 1,372	$748	12.47	$187	$0	$187	$ 137	$ -	$50	$ -
18	174,728	$ 1,924	$ 638	$ 638	$ 1,276	$649	11.62	$162	$0	$162	$ 128	$ -	$35	$ -
19	162,497	$ 1,743	$ 593	$ 593	$ 1,186	$556	10.72	$139	$0	$139	$ 119	$ -	$20	$ -
20	151,122	$ 1,574	$ 552	$ 552	$ 1,103	$470	9.75	$118	$0	$118	$ 110	$ -	$7	$ -

HB 110 Scenario - Summary Existing + Incremental Production

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 8,240	$ 4,333	$ 2,190	$ 6,523	$1,717	$ 8.96	$ 965	$ 867	$ 536	$ -	$ 437
2	600,000	$ 8,240	$ 4,333	$ 2,328	$ 6,661	$1,579	$ 8.24	$ 897	$ 867	$ 503	$ -	$ 1,369
3	600,000	$ 8,240	$ 4,333	$ 2,456	$ 6,789	$1,451	$ 7.57	$ 835	$ 867	$ 472	$ -	$ 1,338
4	600,000	$ 8,240	$ 4,333	$ 2,576	$ 6,908	$1,331	$ 6.95	$ 776	$ 867	$ 443	$ -	$ 1,310
5	600,000	$ 8,240	$ 4,333	$ 2,687	$ 7,019	$1,220	$ 6.37	$ 722	$ 867	$ 417	$ -	$ 1,283
6	600,000	$ 8,240	$ 4,333	$ 2,790	$ 7,123	$1,117	$ 5.83	$ 671	$ 867	$ 392	$ -	$ 1,259
7	600,000	$ 8,240	$ 4,333	$ 2,886	$ 7,219	$1,021	$ 5.33	$ 624	$ 867	$ 369	$ -	$ 1,236
8	600,000	$ 8,240	$ 2,190	$ 2,975	$ 5,165	$3,075	$ 16.05	$ 693	$ 438	$ -	$ 255	$ -
9	600,000	$ 8,240	$ 2,190	$ 3,058	$ 5,248	$2,992	$ 15.61	$ 665	$ 438	$ -	$ 227	$ -
10	600,000	$ 8,240	$ 2,190	$ 3,135	$ 5,325	$2,915	$ 15.21	$ 638	$ 438	$ -	$ 200	$ -
11	600,000	$ 8,240	$ 2,190	$ 3,207	$ 5,397	$2,843	$ 14.84	$ 613	$ 438	$ -	$ 175	$ -
12	600,000	$ 8,240	$ 2,190	$ 3,274	$ 5,464	$2,776	$ 14.49	$ 590	$ 438	$ -	$ 152	$ -
13	600,000	$ 8,240	$ 2,190	$ 3,336	$ 5,526	$2,714	$ 14.16	$ 569	$ 438	$ -	$ 131	$ -
14	600,000	$ 8,240	$ 2,190	$ 3,394	$ 5,584	$2,656	$ 13.86	$ 549	$ 438	$ -	$ 111	$ -
15	600,000	$ 8,240	$ 2,190	$ 3,447	$ 5,637	$2,602	$ 13.58	$ 530	$ 438	$ -	$ 92	$ -
16	600,000	$ 8,240	$ 2,190	$ 3,497	$ 5,687	$2,553	$ 13.32	$ 513	$ 438	$ -	$ 75	$ -
17	600,000	$ 8,240	$ 2,190	$ 3,544	$ 5,734	$2,506	$ 13.08	$ 497	$ 438	$ -	$ 59	$ -
18	600,000	$ 8,240	$ 2,190	$ 3,587	$ 5,777	$2,463	$ 12.85	$ 482	$ 438	$ -	$ 44	$ -
19	600,000	$ 8,240	$ 2,190	$ 3,627	$ 5,817	$2,423	$ 12.64	$ 468	$ 438	$ -	$ 30	$ -
20	600,000	$ 8,240	$ 2,190	$ 3,665	$ 5,855	$2,385	$ 12.45	$ 455	$ 438	$ -	$ 17	$ -

Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $50 ANS Scenario

Prepared 02/23/11 by Department of Revenue for Rep Seaton

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These hypothetical assumptions were specifically requested by the requestor and the Department of Revenue does not in any way support the assumptions.

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HB 110 Scenario - Existing oil with decline rate

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	600,000	$ 8,240	$ 2,190	$ 2,190	$ 4,380	$3,860	20.14	$965	$ -	$ 965	$ 438	$ -	$527	$ -
2	558,000	$ 7,663	$ 2,037	$ 2,037	$ 4,073	$3,590	20.14	$897	$ -	$ 897	$ 407	$ -	$490	$ -
3	518,940	$ 7,127	$ 1,894	$ 1,894	$ 3,788	$3,338	20.14	$835	$ -	$ 835	$ 379	$ -	$456	$ -
4	482,614	$ 6,628	$ 1,762	$ 1,762	$ 3,523	$3,105	20.14	$776	$ -	$ 776	$ 352	$ -	$424	$ -
5	448,831	$ 6,164	$ 1,638	$ 1,638	$ 3,276	$2,887	20.14	$722	$ -	$ 722	$ 328	$ -	$394	$ -
6	417,413	$ 5,732	$ 1,524	$ 1,524	$ 3,047	$2,685	20.14	$671	$ -	$ 671	$ 305	$ -	$367	$ -
7	388,194	$ 5,331	$ 1,417	$ 1,417	$ 2,834	$2,497	20.14	$624	$ -	$ 624	$ 283	$ -	$341	$ -
8	361,021	$ 4,958	$ 1,318	$ 1,318	$ 2,635	$2,322	20.14	$581	$ -	$ 581	$ 264	$ -	$317	$ -
9	335,749	$ 4,611	$ 1,225	$ 1,225	$ 2,451	$2,160	20.14	$540	$ -	$ 540	$ 245	$ -	$295	$ -
10	312,247	$ 4,288	$ 1,140	$ 1,140	$ 2,279	$2,009	20.14	$502	$ -	$ 502	$ 228	$ -	$274	$ -
11	290,389	$ 3,988	$ 1,060	$ 1,060	$ 2,120	$1,868	20.14	$467	$ -	$ 467	$ 212	$ -	$255	$ -
12	270,062	$ 3,709	$ 986	$ 986	$ 1,971	$1,737	20.14	$434	$ -	$ 434	$ 197	$ -	$237	$ -
13	251,158	$ 3,449	$ 917	$ 917	$ 1,833	$1,616	20.14	$404	$ -	$ 404	$ 183	$ -	$221	$ -
14	233,577	$ 3,208	$ 853	$ 853	$ 1,705	$1,503	20.14	$376	$ -	$ 376	$ 171	$ -	$205	$ -
15	217,226	$ 2,983	$ 793	$ 793	$ 1,586	$1,397	20.14	$349	$ -	$ 349	$ 159	$ -	$191	$ -
16	202,021	$ 2,774	$ 737	$ 737	$ 1,475	$1,300	20.14	$325	$ -	$ 325	$ 147	$ -	$177	$ -
17	187,879	$ 2,580	$ 686	$ 686	$ 1,372	$1,209	20.14	$302	$ -	$ 302	$ 137	$ -	$165	$ -
18	174,728	$ 2,400	$ 638	$ 638	$ 1,276	$1,124	20.14	$281	$ -	$ 281	$ 128	$ -	$153	$ -
19	162,497	$ 2,232	$ 593	$ 593	$ 1,186	$1,045	20.14	$261	$ -	$ 261	$ 119	$ -	$143	$ -
20	151,122	$ 2,075	$ 552	$ 552	$ 1,103	$972	20.14	$243	$ -	$ 243	$ 110	$ -	$133	$ -

HB 110 Scenario - Incremental oil to maintain production

Year	Production (bpd)	Annual Taxable GVPP	Capital Expenditures	Operating Expenditures	Total Costs	PTV	PTV / barrel	Base Tax	Progressive Tax	Total Tax before Credits	Capital Credits	NOL Tax Credits	Total Tax after Credits	Credits for carry forward or refund
1	-	$ -	$ 2,143	$ -	$ 2,143	($2,143)	$ -	($321)	$ -	$ -	$ 429	$ 536	$0	$ 964
2	42,000	$ 577	$ 2,296	$ 291	$ 2,587	($2,011)	$ (149.89)	($302)	$ -	$ -	$ 459	$ 503	$0	$ 962
3	81,060	$ 1,113	$ 2,439	$ 562	$ 3,001	($1,888)	$ (72.92)	($283)	$ -	$ -	$ 488	$ 472	$0	$ 960
4	117,386	$ 1,612	$ 2,571	$ 814	$ 3,385	($1,773)	$ (47.30)	($266)	$ -	$ -	$ 514	$ 443	$0	$ 958
5	151,169	$ 2,076	$ 2,695	$ 1,048	$ 3,743	($1,667)	$ (34.53)	($250)	$ -	$ -	$ 539	$ 417	$0	$ 956
6	182,587	$ 2,507	$ 2,809	$ 1,266	$ 4,076	($1,568)	$ (26.89)	($235)	$ -	$ -	$ 562	$ 392	$0	$ 954
7	211,806	$ 2,909	$ 2,916	$ 1,469	$ 4,385	($1,476)	$ (21.82)	($221)	$ -	$ -	$ 583	$ 369	$0	$ 952
8	238,979	$ 3,282	$ 872	$ 1,657	$ 2,530	$752	$ 9.86	$113	$ -	$ 113	$ 174	$ -	$0	$ 62
9	264,251	$ 3,629	$ 965	$ 1,833	$ 2,797	$832	$ 9.86	$125	$ -	$ 125	$ 193	$ -	$0	$ 68
10	287,753	$ 3,952	$ 1,050	$ 1,996	$ 3,046	$906	$ 9.86	$136	$ -	$ 136	$ 210	$ -	$0	$ 74
11	309,611	$ 4,252	$ 1,130	$ 2,147	$ 3,277	$975	$ 9.86	$146	$ -	$ 146	$ 226	$ -	$0	$ 80
12	329,938	$ 4,531	$ 1,204	$ 2,288	$ 3,492	$1,039	$ 9.86	$156	$ -	$ 156	$ 241	$ -	$0	$ 85
13	348,842	$ 4,791	$ 1,273	$ 2,419	$ 3,692	$1,098	$ 9.86	$165	$ -	$ 165	$ 255	$ -	$0	$ 90
14	366,423	$ 5,032	$ 1,337	$ 2,541	$ 3,879	$1,154	$ 9.86	$173	$ -	$ 173	$ 267	$ -	$0	$ 94
15	382,774	$ 5,257	$ 1,397	$ 2,655	$ 4,052	$1,205	$ 9.86	$181	$ -	$ 181	$ 279	$ -	$0	$ 99
16	397,979	$ 5,466	$ 1,453	$ 2,760	$ 4,213	$1,253	$ 9.86	$188	$ -	$ 188	$ 291	$ -	$0	$ 103
17	412,121	$ 5,660	$ 1,504	$ 2,858	$ 4,362	$1,297	$ 9.86	$195	$ -	$ 195	$ 301	$ -	$0	$ 106
18	425,272	$ 5,840	$ 1,552	$ 2,949	$ 4,502	$1,339	$ 9.86	$201	$ -	$ 201	$ 310	$ -	$0	$ 110
19	437,503	$ 6,008	$ 1,597	$ 3,034	$ 4,631	$1,377	$ 9.86	$207	$ -	$ 207	$ 319	$ -	$0	$ 113
20	448,878	$ 6,164	$ 1,638	$ 3,113	$ 4,751	$1,413	$ 9.86	$212	$ -	$ 212	$ 328	$ -	$0	$ 116

Comparison of Revenue under ACES and HB 110 with Requested Volume, Price, and Cost Assumptions - $50 ANS Scenario

Prepared 02/23/11 by Department of Revenue for Rep Seaton

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COMPARISON OF SCENARIOS

	ACES		HB 110	
Year	Tax Liability	Credits for carry forward or refund	Tax Liability	Credits for carry forward or refund
1	$527	$0	$0	$437
2	$478	$0	$0	$1,369
3	$433	$0	$0	$1,338
4	$391	$0	$0	$1,310
5	$352	$0	$0	$1,283
6	$316	$0	$0	$1,259
7	$282	$0	$0	$1,236
8	$250	$0	$255	$0
9	$221	$0	$227	$0
10	$194	$0	$200	$0
11	$169	$0	$175	$0
12	$145	$0	$152	$0
13	$123	$0	$131	$0
14	$103	$0	$111	$0
15	$84	$0	$92	$0
16	$66	$0	$75	$0
17	$50	$0	$59	$0
18	$35	$0	$44	$0
19	$20	$0	$30	$0
20	$7	$0	$17	$0
Sum	$4,246	$0	$1,568	$8,232