

SCOMM

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PRESENTATION ON ALASKA GAS PIPELINE PROJECT

**to Alaska State House and Senate Finance Committees
April 5, 2006**

Analysis of PPT

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Econ One Research, Inc.

- An economic research and consulting firm with offices in California (Los Angeles and Sacramento) and Texas (Houston and Austin)
- We provide consulting services in various industries, including petroleum and natural gas, regulated utilities, electricity, telecommunications, and computer software
- We have worked for:
 - A number of state governments on energy-related matters, including the States of Alaska, California, Hawaii, Louisiana, New Mexico, New York, and Texas
 - Federal government agencies, including the Department of Justice, the Federal Trade Commission, the Department of the Interior, and the President's Council of Economic Advisors
 - A number of foreign countries and international agencies, including the World Bank, Mexico, Nigeria, Turkey, and Tanzania on matters related to economic development and privatization of state-owned utilities
 - A number of companies in the petroleum and natural gas industries, including BP, Occidental Petroleum, ANR Pipeline, Koch Gateway Pipeline, Sempra Energy, KN Energy Corp., Lyondell-CITGO Refining, Total Petrochemicals U.S.A., Panhandle Eastern Corp., and ONEOK, Inc.

Barry Pulliam

- Senior Economist with Econ One Research, Inc.
- Masters Degree in Economics from the Claremont Graduate School, with 17 years of experience consulting in the petroleum and natural gas industries
- Has consulted with or served as an economic expert for the State of Alaska on a number of occasions, including:
 - Several severance tax matters involving the valuation of crude oil
 - Operation of the TAPS Quality Bank in proceedings before the FERC and Alaska PUC
 - Merger and antitrust investigations
 - Recent arbitration between State and ExxonMobil involving crude oil royalties
- Consulted with the States of California, New Mexico, Texas, and Louisiana on economic issues related to the petroleum industry
- Consulted with federal government agencies, including the Department of the Interior and the Federal Trade Commission
- Co-author of two recent studies prepared for the Alaska Department of Natural Resources related to natural gas markets and royalty valuation issues

Dr. Anthony Finizza

- Economist working in conjunction with Econ One Research, Inc.
- Ph.D. in Economics and Finance from the University of Chicago with over 30 years of experience working in the petroleum industry
- Chief Economist for ARCO from 1975 to 1998
- At ARCO, Dr. Finizza was in charge of petroleum price forecasting for the company's Long Range Planning Process and conducted scenario-planning exercises with senior management responsible for investment decisions
- Consulted with the California Energy Commission, the State of Hawaii, and the International Hydrogen Infrastructure Group (a consortium of private companies and the U.S. Department of Energy) on energy-related matters
- Currently teaches forecasting and modeling at the University of California, Irvine
- Published articles in *Business Economics*, *The Journal of Corporate Renewal*, and *The International Journal of Forecasting*
- Senior Fellow with the U.S. Association for Energy Economics
- Former President of the International Association for Energy Economics

Oil Price Issues

Conclusions/Observations Regarding Oil Price Forecasts

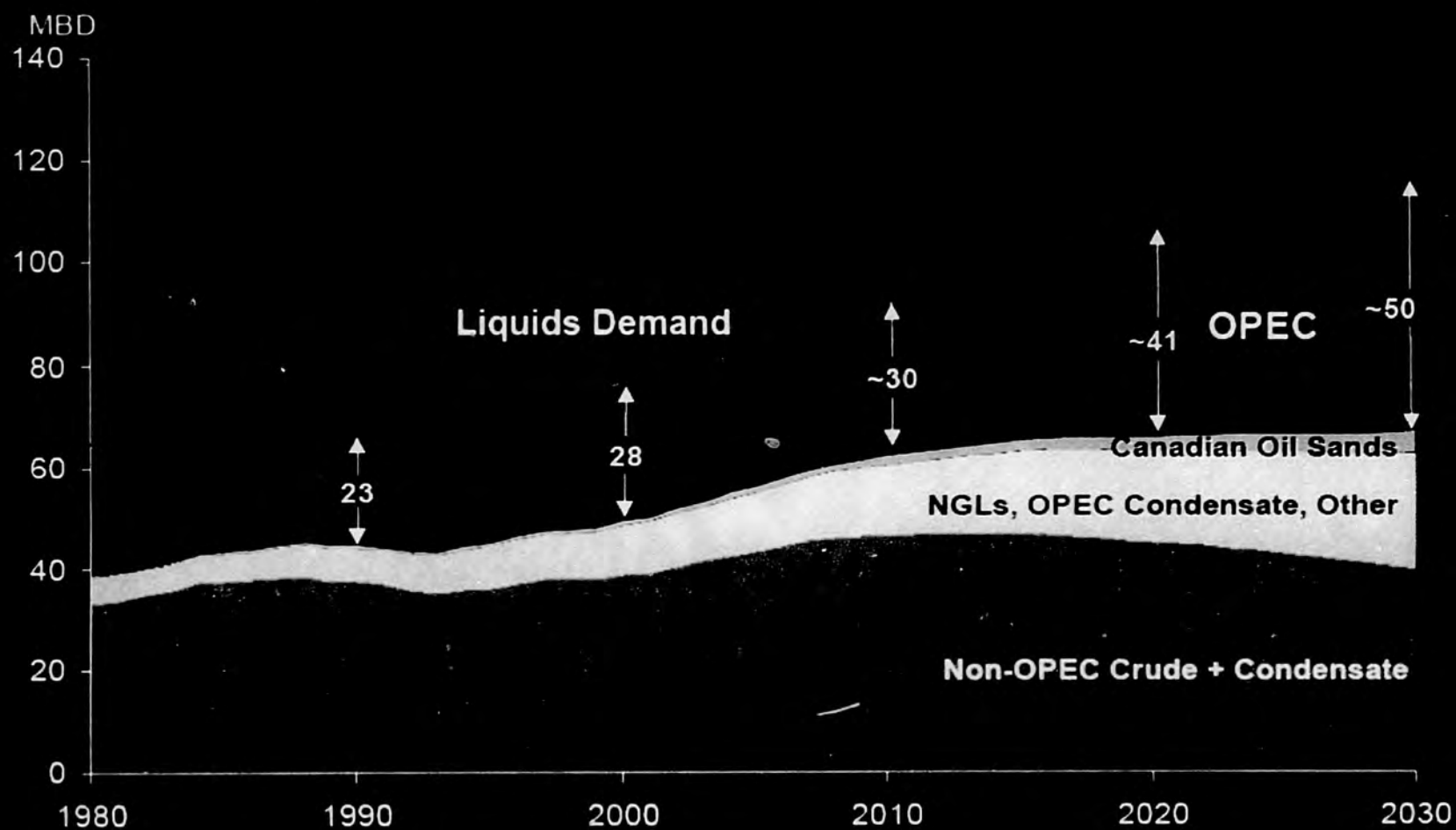
- **Producers are using \$40 as a planning base case with \$30 as a stress price case. Majors may be using a slightly lower price range than independents, but are moving their views up.**
 - This range may actually be lower than their best estimate, but is consistent with their “prudent” planning approach
 - This range is consistent with recent observed oil asset purchases
- **This range is consistent with publicly available forecasts although the recent EIA AEO 2006 is above this range. (~\$54)**
- **What really matters is what forecasts are the “risk takers” using?**
- **Forecasters have been humbled (and will continue to be humbled) by their forecasts**

Oil Price Outlook

- **Factors Suggesting Continued Higher Prices (short-term)**
 - Strong oil demand, especially in China and rest of Asia
 - Growing Gap Between Global Demand and Global Non-OPEC Supply
 - Non-OPEC oil supply cannot keep up with growing world demand permitting increase in OPEC's market power
- **Factors Opposing Higher Oil Prices (long-term)**
 - Conventional oil faces threat from alternative sources of liquids when prices are high
 - Tar Sands: economic at ~\$20-30 oil
 - Coal Liquids: economic above \$30/bbl
 - Shale Oil: economic above \$45-50/bbl
 - Penetration of Alternative Transportation Vehicles
 - Oil's key position in the transportation market will be eroded by Hybrid vehicles, Grid-Connected Hybrid vehicles, Fuel Cell Vehicles
 - A \$10/bbl difference in oil prices is a \$73 Billion increase in total consumer costs per year

ExxonMobil Outlook

World Liquids Production Outlook



Source: ExxonMobil, *The Outlook for Energy*, December 2004

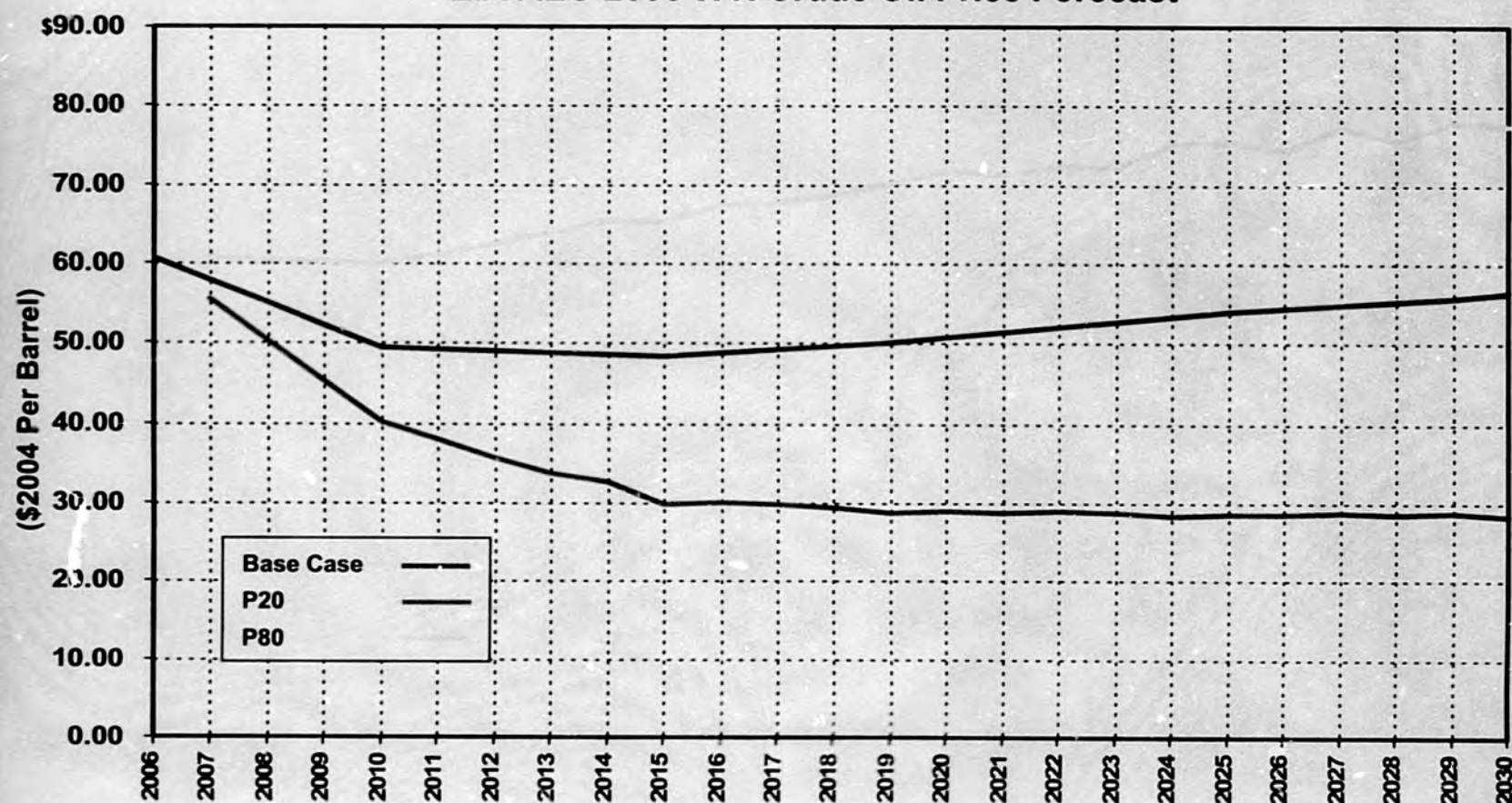


Oil Price Forecasts

- **EIA's Annual Energy Outlook (AEO) – January 2006**
 - Forecast of oil prices (through 2030, converted to WTI by Econ One)
 - Include Alternative scenarios, probabilistic forecasts developed by Econ One
- **International Energy Agency (Paris) – 2005**
- **Reuters Poll of 18 Oil Analysts for WTI in 2010 (March 2006)**
- **NYMEX Futures market**
 - WTI oil contract traded since early 1980s

Oil Price Outlook – EIA Annual Energy Outlook 2006

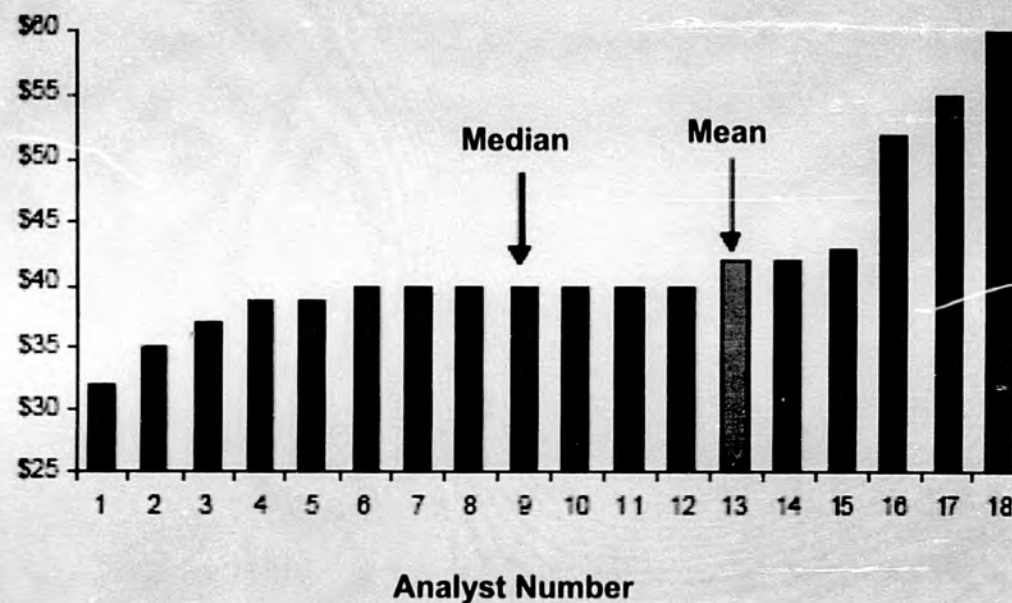
EIA AEO 2006 WTI Crude Oil Price Forecast



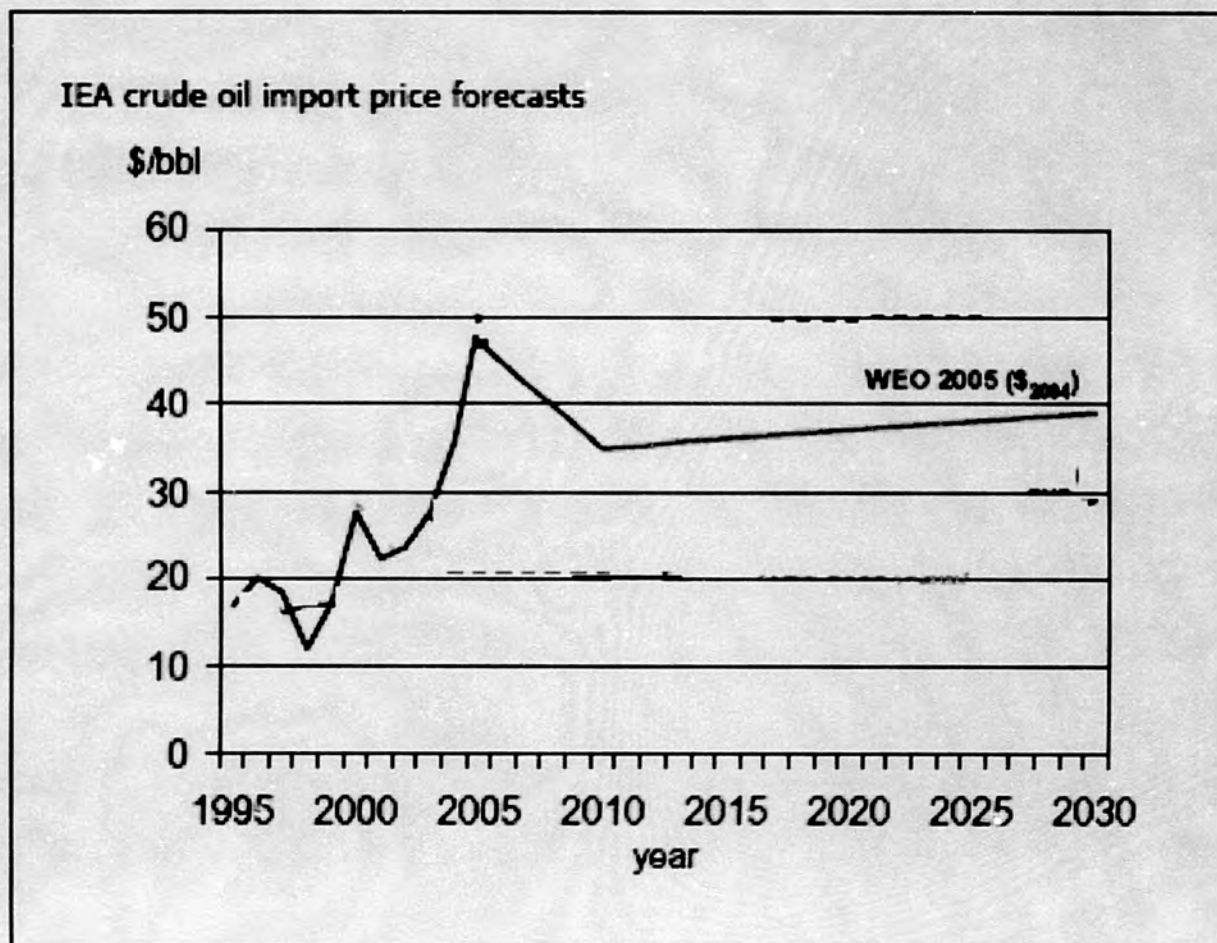
Source: AEO 2006 for Base Case; Econ One for Probabilistic Variance.

Alternative Oil Price Forecasts – Reuters Poll (March 10, 2006)

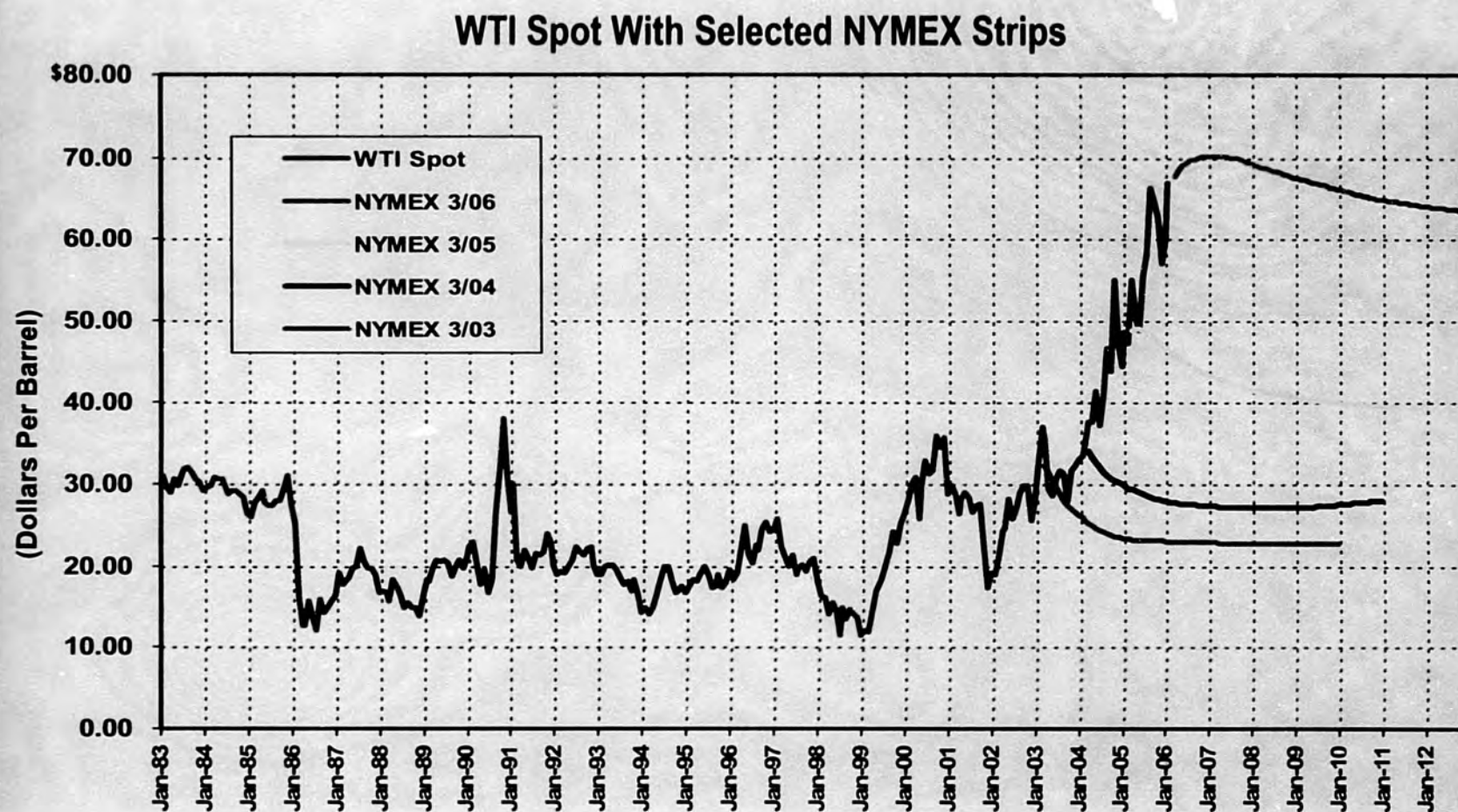
Price Forecast for WTI in 2010
Reuters Poll of 18 Oil Analysts



IEA (2005) Oil Price Forecasts



WTI Prices: History and Market Forecast



Source: NYMEX.

Producer View of Future Oil Prices

- Producers have been “burned” by forecasts of high oil prices in the past
- Producers will test their projects against a price path that is below their “Most Likely” view
 - They use the “official price view” as a speed limit to signal caution
 - By “high-grading,” they will have a suite of projects resilient to price risk
 - Their price view lags the current market price by as much as 5-7 years as prices rise, and by 2 years as prices fall.
 - Current view might be: \$35-40/barrel
 - Producers will also “stress” test their projects at \$30/barrel
- The consequences of error are not symmetrical
 - If a producer underestimates the future path of prices, they will not undertake high risk projects and their returns will skyrocket (the current situation relative to a few years ago)
 - If a producer overestimates the future path of prices, they will be scorned by Wall Street and investors (their position in the late 1990s)
 - They will “miss” opportunities, but these misses will not be fully “penalized” by the market

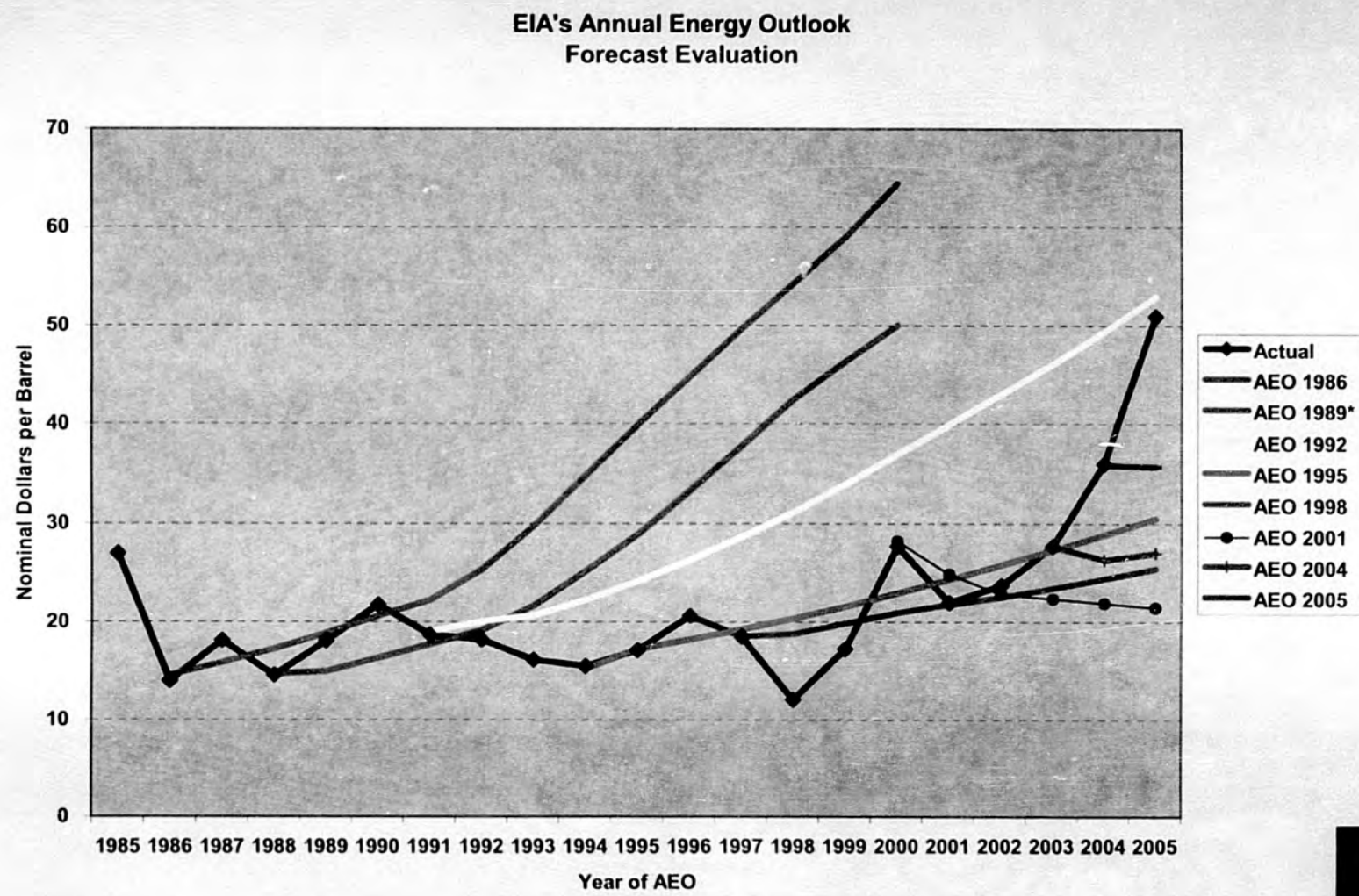
Implied Oil Company Price Views

- **Marubeni acquisition (2/23/06) of Pioneer GOM assets: ~ \$40**
- **Norsk Hydro acquisition (9/19/05) of Spinnaker Exploration: ~\$35**
- **Statoil acquisition (4/28/05) of EnCana's Deepwater GOM: ~ \$30**

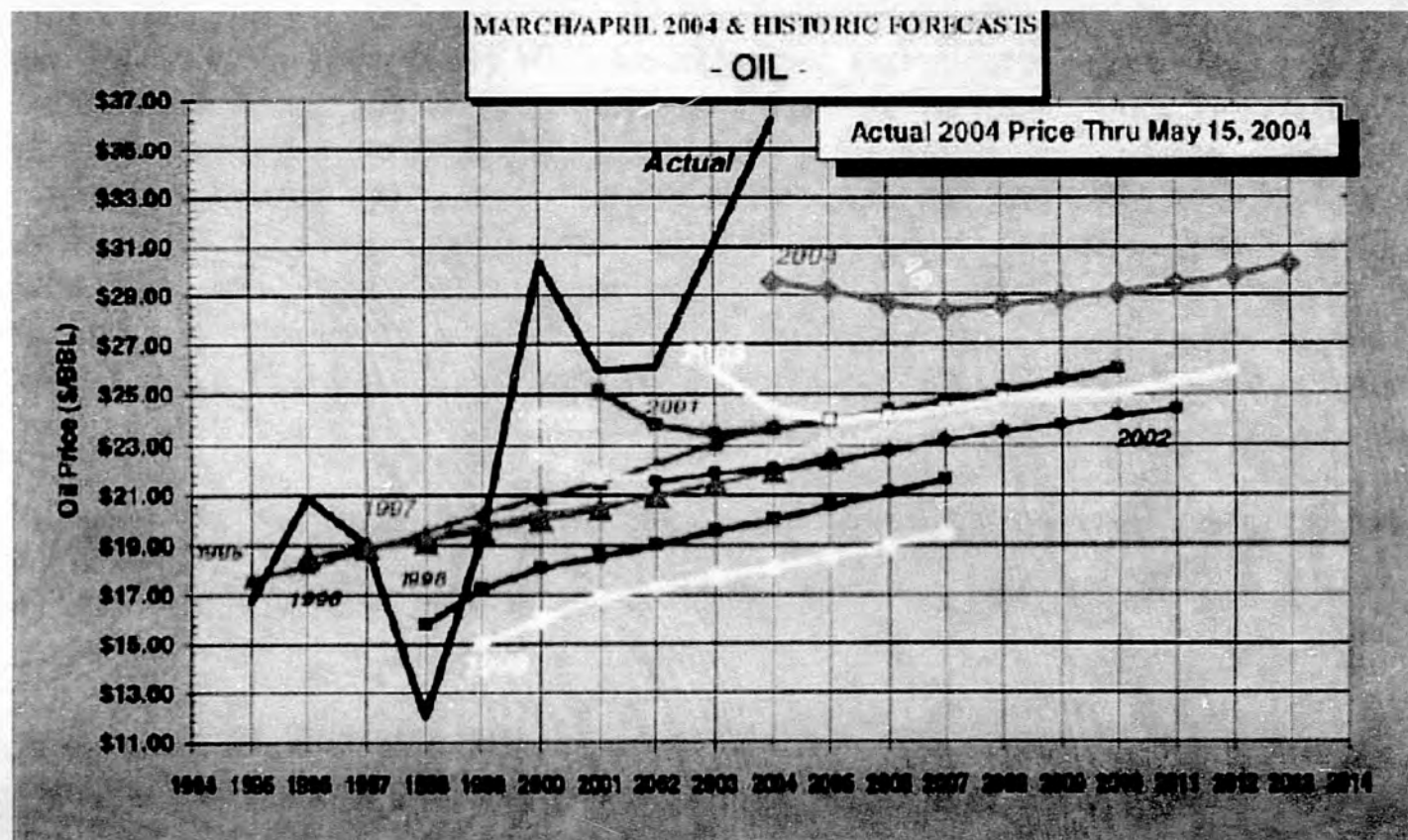
Some Examples of Humbling Oil Price Forecasting

- **Energy Information Administration (US DOE)**
- **Polls of “experts” – Society of Petroleum Evaluation Engineers**

EIA's Annual Price Outlooks

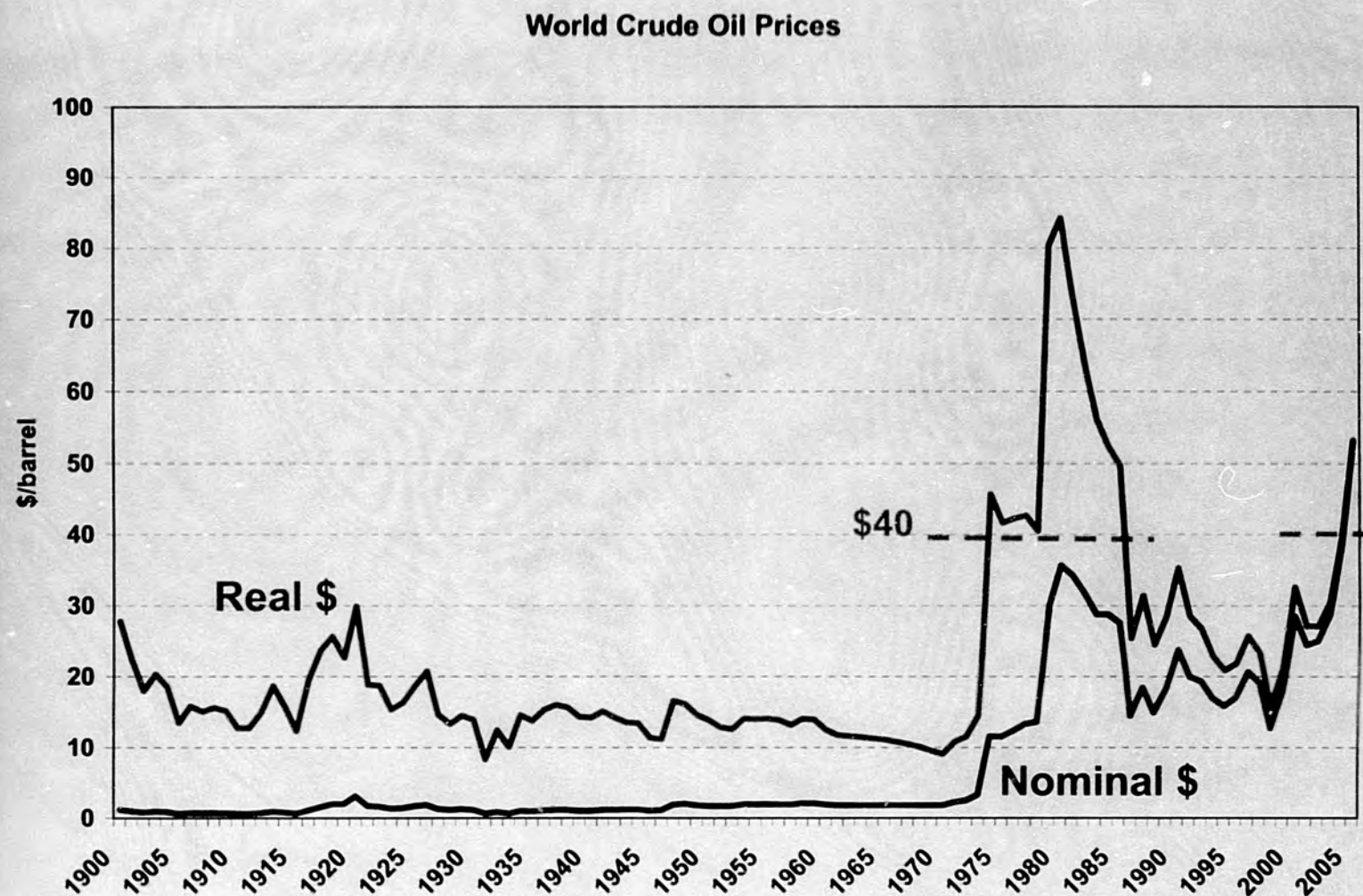


SPEE Annual Delphi Poll



Source: Society of Petroleum Evaluation Engineers (SPEE)

Historical Crude Oil Prices

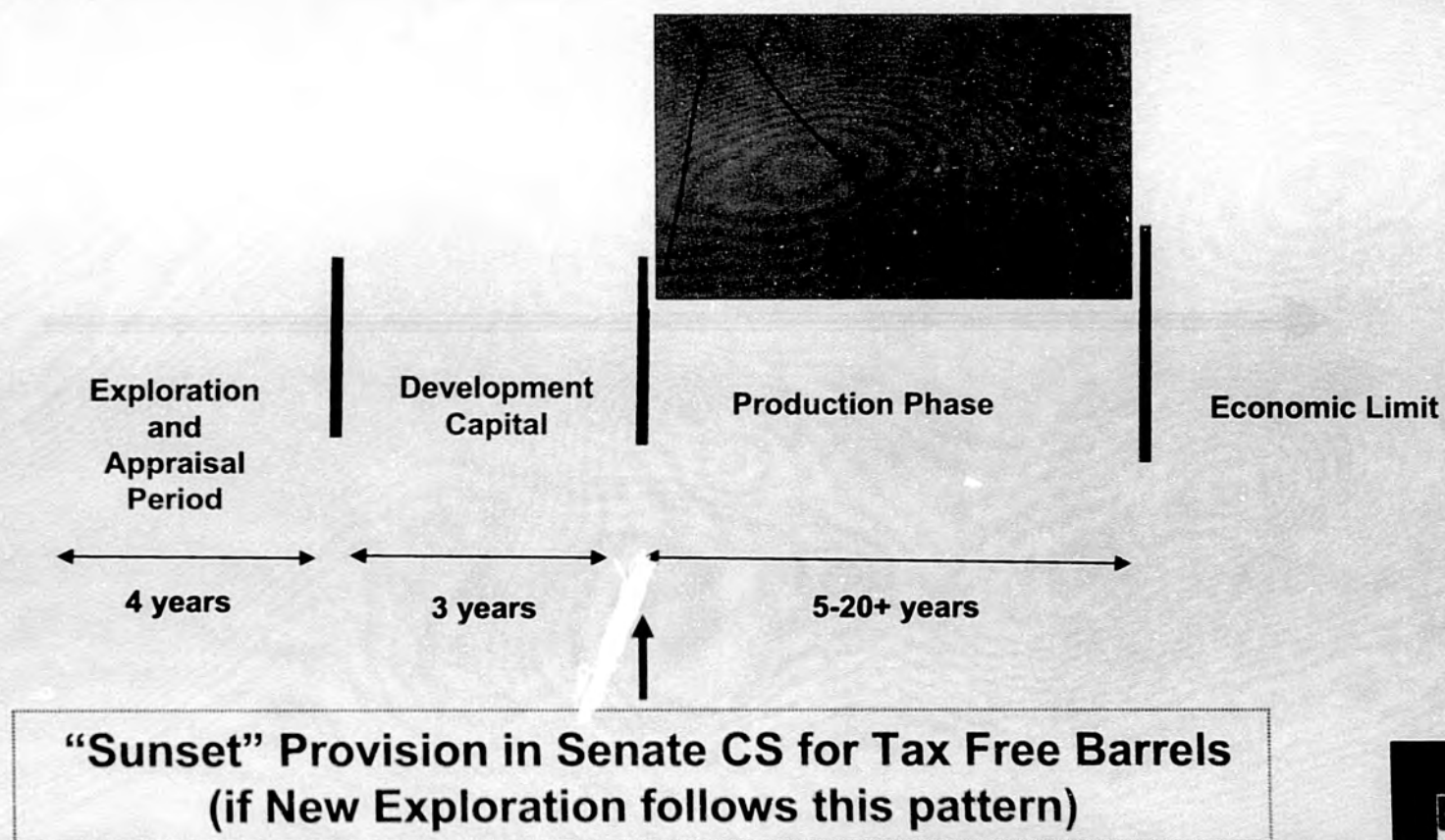


Economics of New Fields

Conclusions/Observations Regarding Exploration Impacts

- **Without ANWR opening, expectation of large oil discoveries are unlikely, due to the Field Size Distribution of remaining economic reserves**
- **At low prices, 25/20 helps explorer more than 20/20**
- **Incentives are required at low prices (say, \$73 M, although alternative approaches could work as well, e.g. "production tax holiday")**
 - **"Sunset" provision in tax free barrel allowance in Senate CS not likely to provide incentive due to long-lived exploration-production cycle**
- **At low prices, 20/20 and 25/20 preferred over SQ, in order to incent exploration**
- **Exploration is still a risky business. Probabilistic results using "Industry View" of oil prices yields smaller chance of a "losing IRR" under PPT than under SQ. Higher chance of "loss" for State under PPT.**
- **Under either a 20/20 or 25/20 program, remaining reserves are economic, except for low prices (<\$30?)**

Stylized Lifecycle of New Field



Comparison of Reserves – Central North Slope vs. ANWR

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Undiscovered Technically Recoverable Oil Reserves

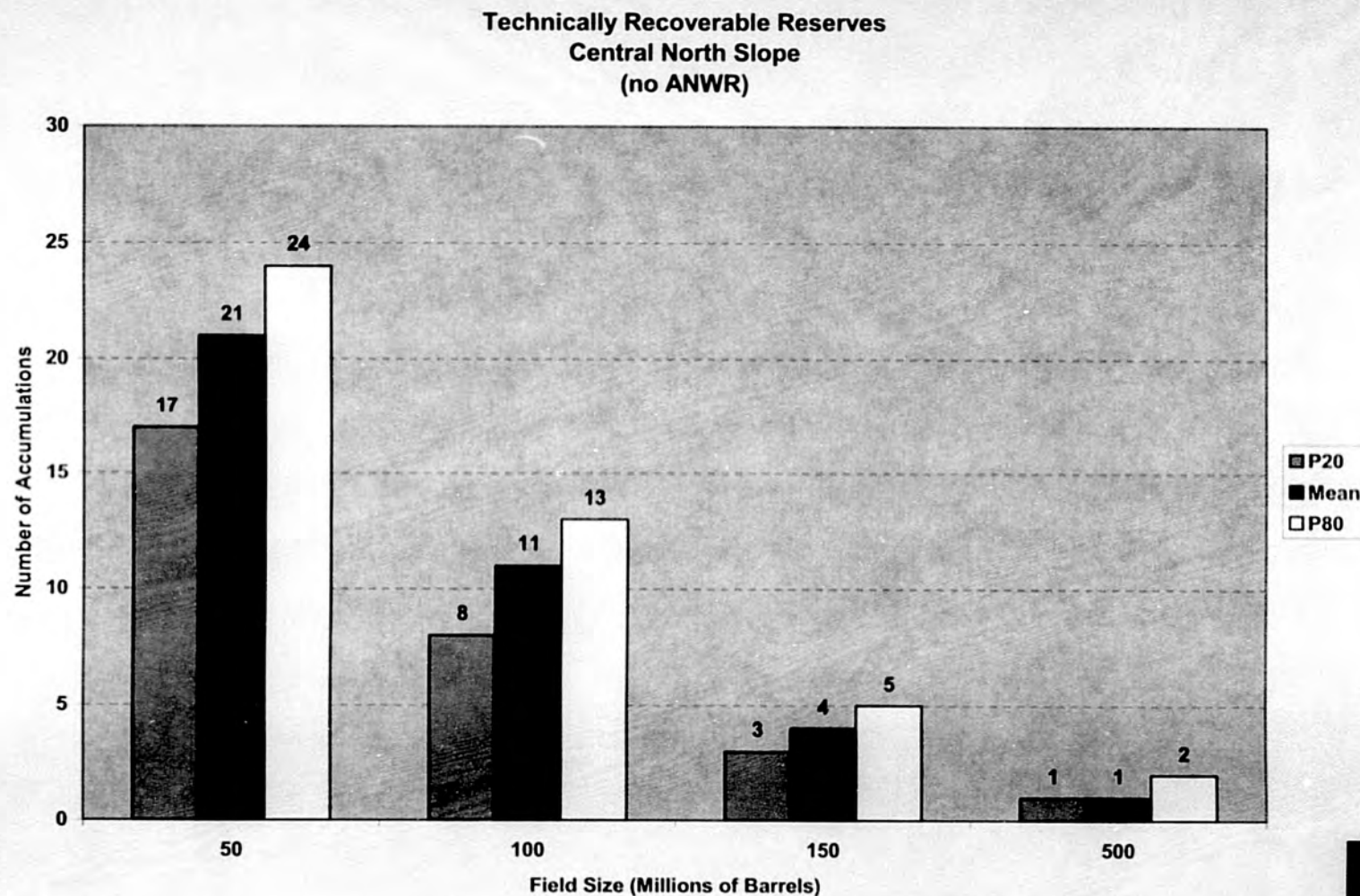
	Central North Slope	ANWR
Mean Estimate of Reserves (Billions of barrels)	4.0	10.4
Amount in Fields Over 1 B Barrels	0%	22%
Amount in Fields Over 500 M Barrels	2%	43%
Amount in Fields Smaller than 64 M Barrels	51%	1%

Note: Not all these reserves are economic

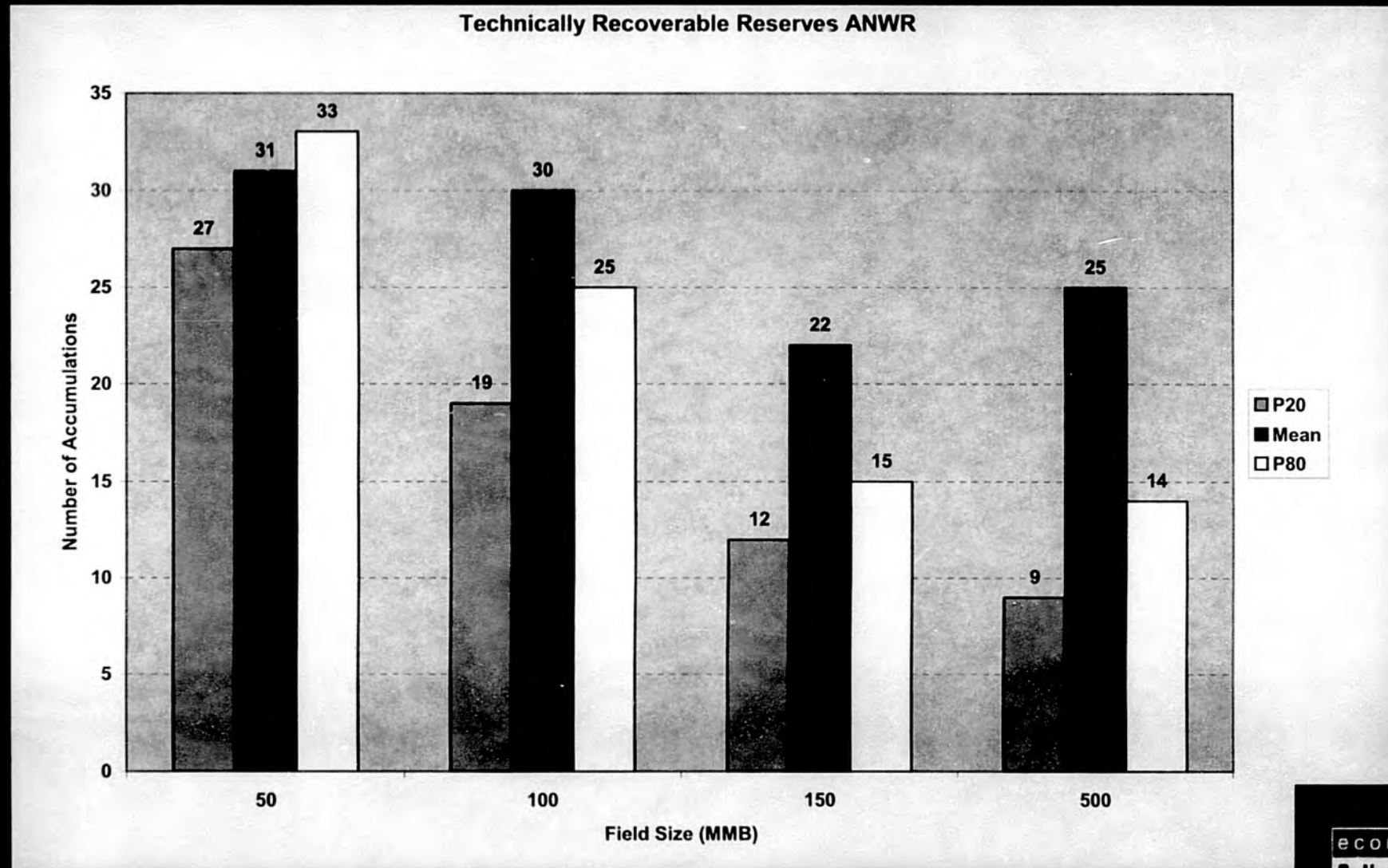
Source: USGS

Size Distribution of Undiscovered Fields in Central North Slope

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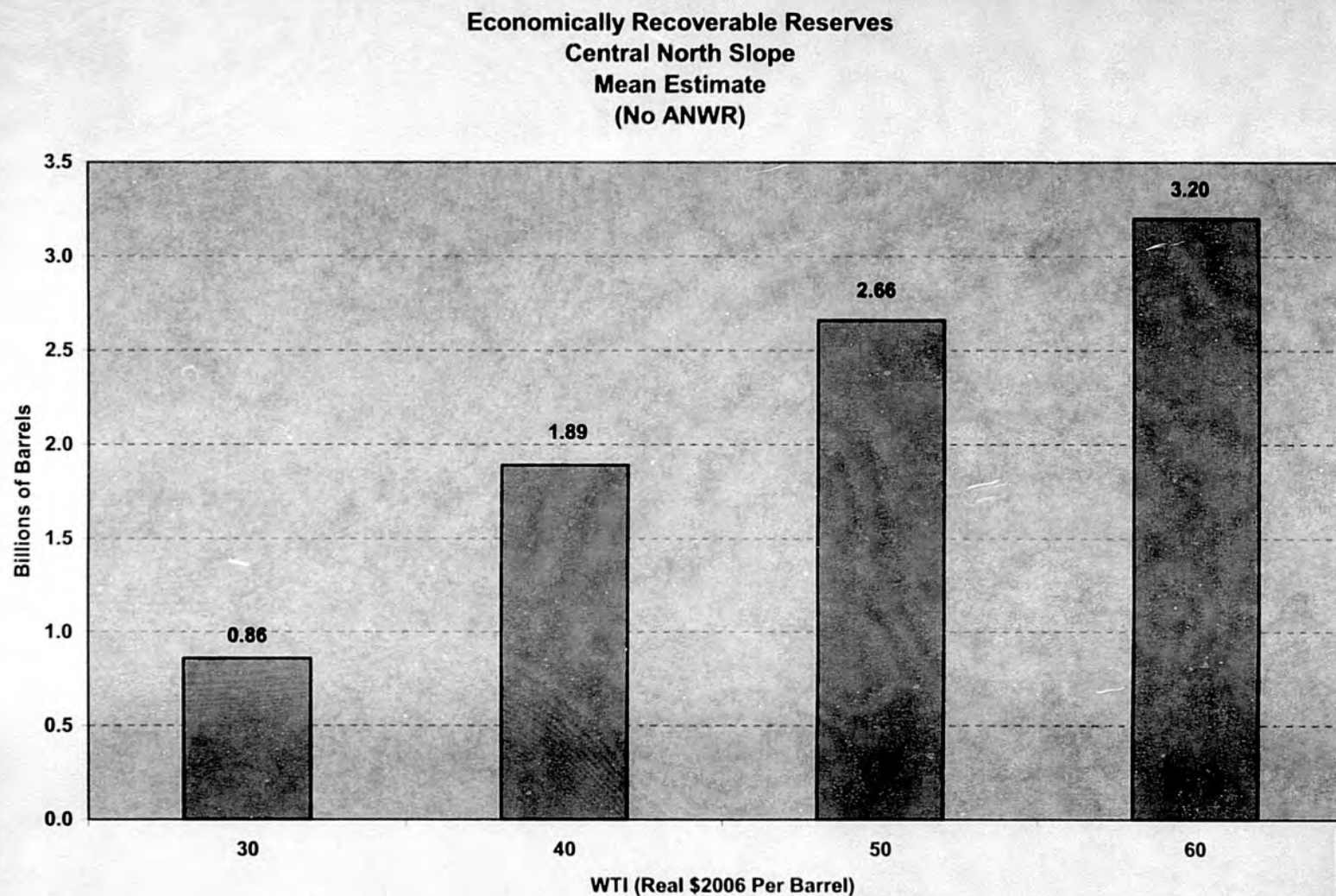
Size Distribution of Undiscovered Fields – ANWR



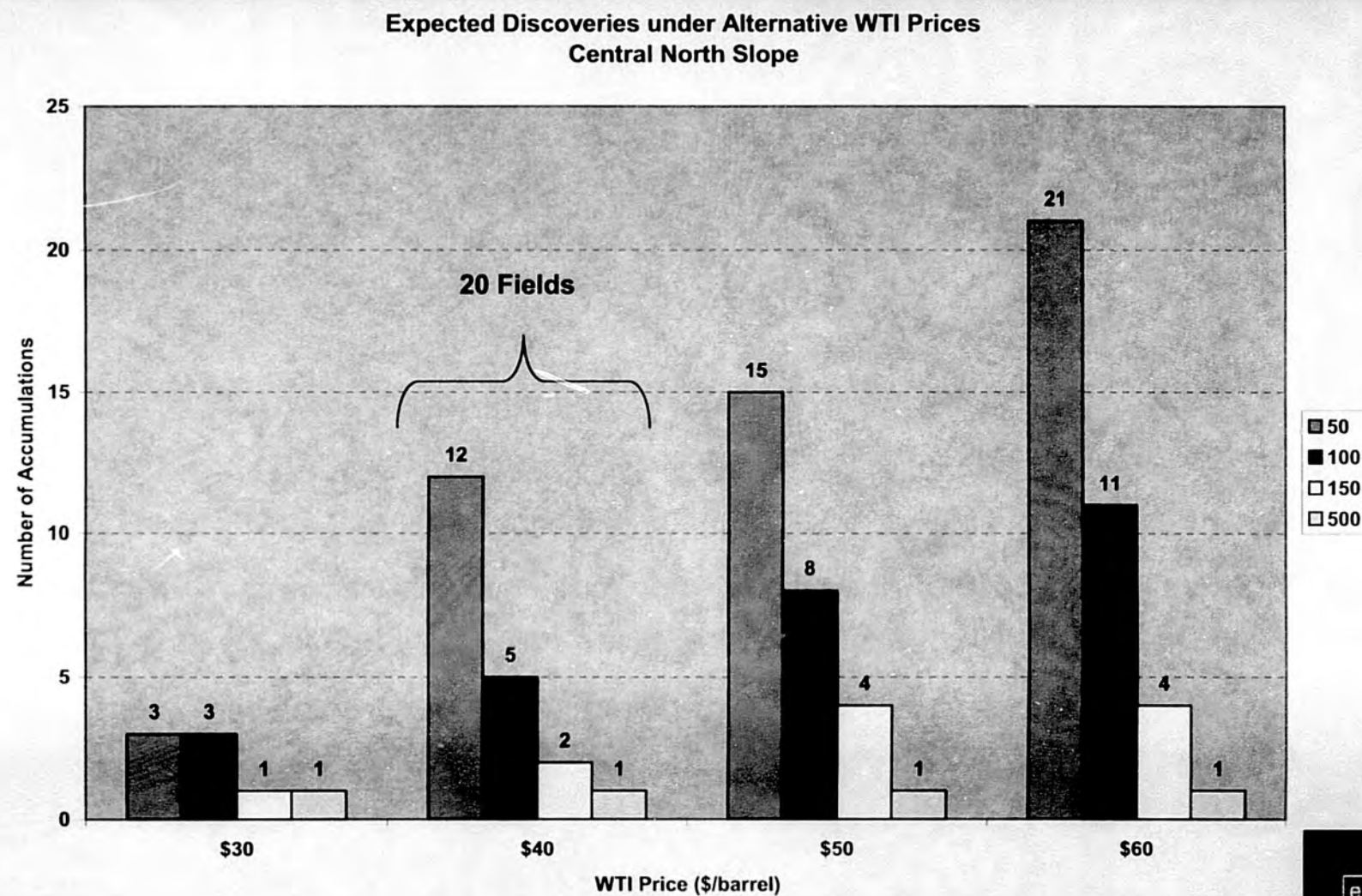
10 Billion Barrels of Technically Recoverable Oil Reserves in ANWR

Economic Oil Reserves in Central North Slope Alaska At Alternative Prices

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Expected Discoveries Under Alternative Prices

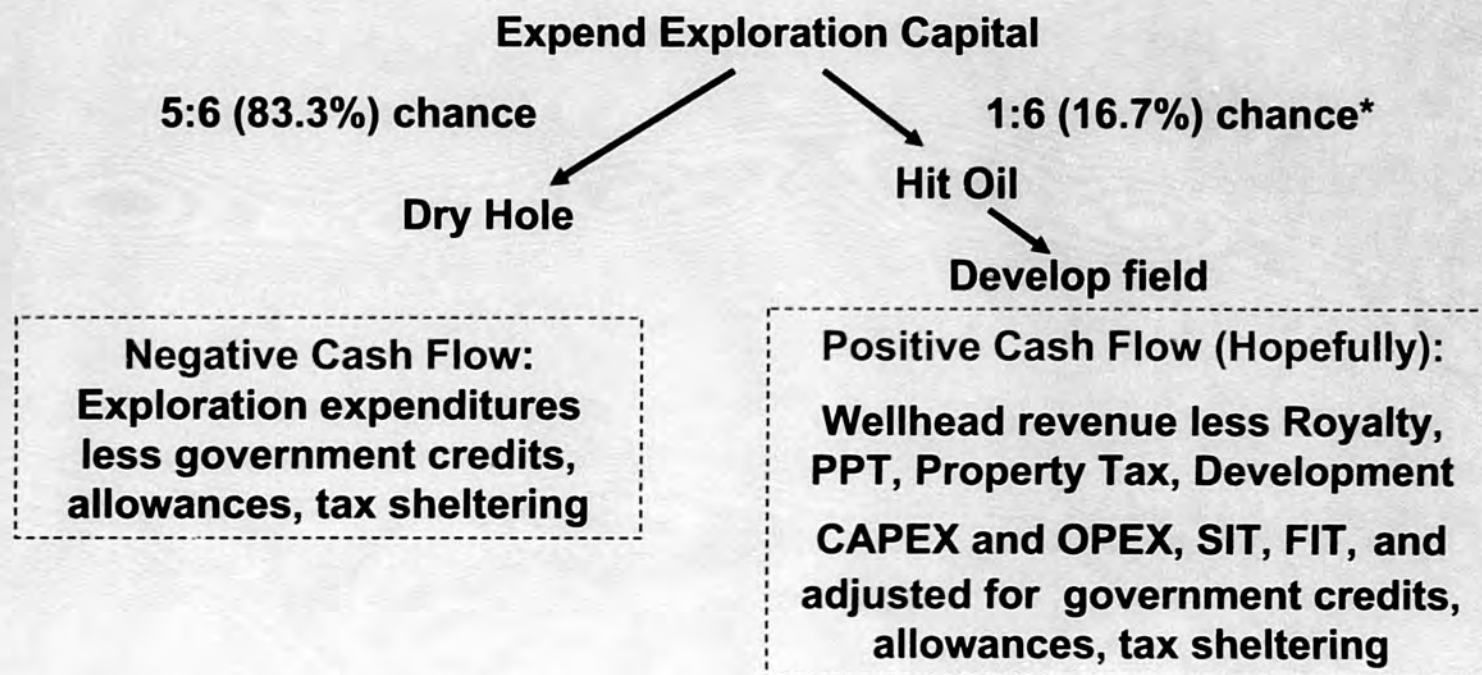


Likely Distribution of New Field Discoveries

Size of Field	Percent
50 MMB	60%
100 MMB	25%
150 MMB	10%
500 MMB	5%

How An Explorer Will Look At The Exploration Proposition

- Calculate the Net Present Value of all outcomes, weighted by the expectation of the outcome
- $EMV = NPV \text{ (a successful development project)} \times (\text{Chance of hitting oil}) \text{ less } NPV \text{ (cash flow from undertaking exploration)}$



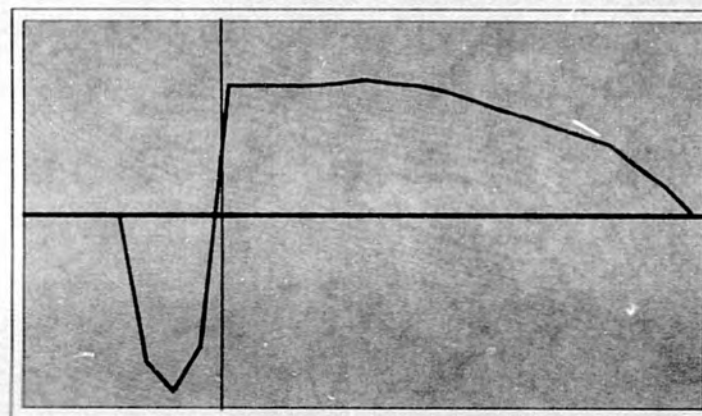
*The experience in Alaska from 1994-2003 is 17.9% according to Wood Mac GOGRR 2004

Schematic of Cash Flows For This Example

**Cash Flow From
Exploration**
100% of Time



**Cash Flow From
Development
and Production**
16.7% of Time



Avoiding Gambler's Ruin

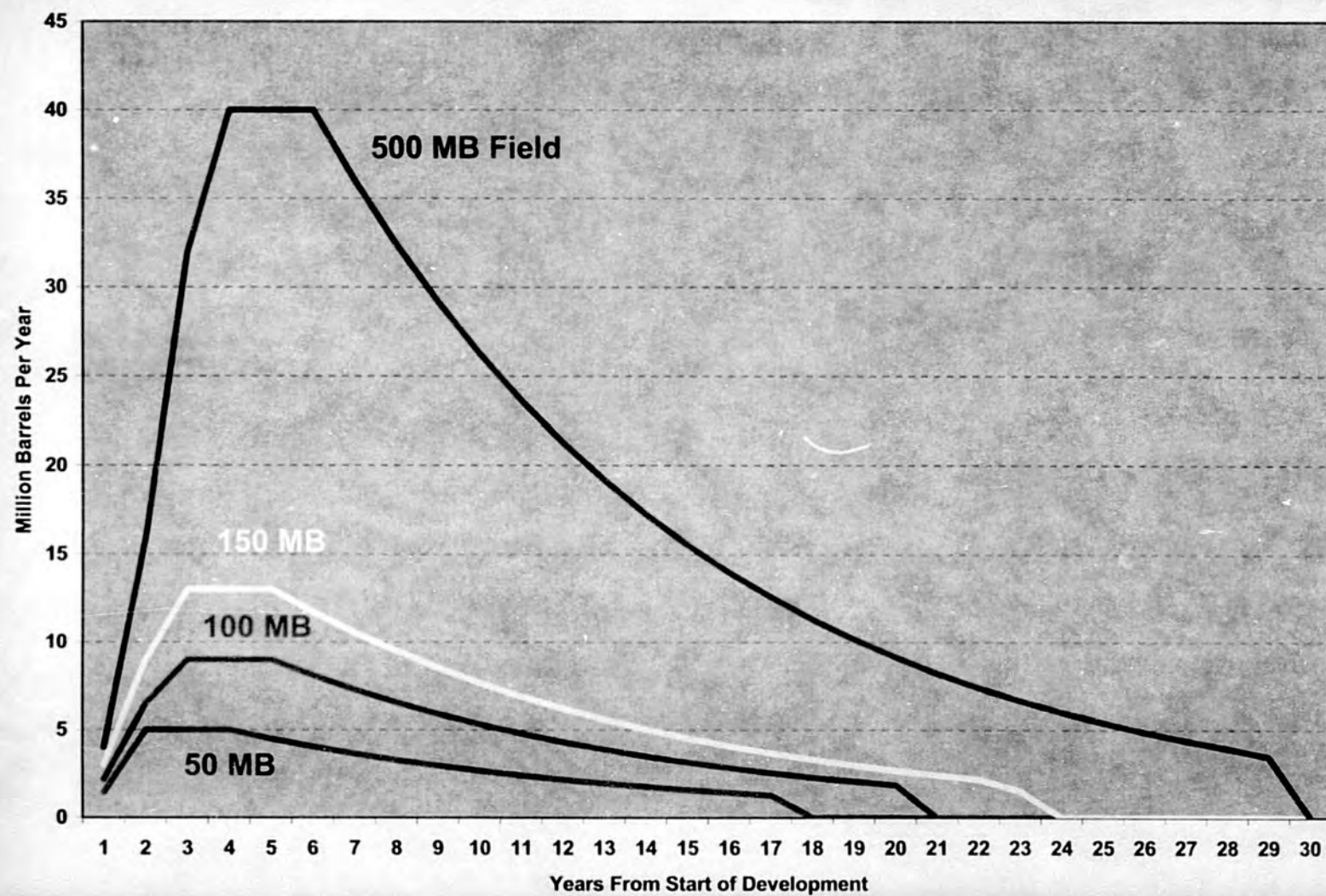
- Say the chance of drilling a successful well is 1-in-6, or .167
- An explorer will want to mitigate the risk of failure by drilling more wells. (Possibly shared.)
- The chance of failure with one well is .833 ($=1-.167$). The chance of failure with a 6 well program is .334 ($=.833^6$)
- An explorer can drill six wells with an expected number of successful wells = 1.0

No. of Successes	Chance	Expected Value
0	.3341	0
1	.4019	.4019
2	.2015	.4030
3	.0538	.1614
4	.0081	.0324
5	.0007	.0033
6	.0001	.0078
Total		1.000

Illustration of A Failed Exploration Program

		SQ ELF	20/20	25/20
a	Revenue	0	0	0
b	CAPEX	120	120	120
c	Production Tax	0	-24	-30
d	Tax Credit	0	24	24
a-b-c+d	Producer Cash Flow (pre SIT/FIT)	-120	-50	-54
c-d	State Revenue (pre SIT/FIT)	0	-48	-54

Oil Production Profiles



Economics of an 6-Well Exploration Program

50 MM Field (High Cost, Low Productivity)

Without \$60 M Allowance

	Explorer NCF NPV10		
Price (Real \$2006)	20/20	25/20	SQ
\$ 30	-37.4	-36.1	-79.8
\$ 40	44.5	40.7	22.6
\$ 50	126.3	117.4	124.9
	Total State Revenues (\$M) NPV10		
\$ 30	-0.4	-2.5	68.8
\$ 40	64.5	70.7	100.3
\$ 50	129.4	143.9	131.7

Economics of an 6-Well Exploration Program 50 MM Field (High Cost, Low Productivity)

With \$60 M Allowance

	Explorer NCF NPV10		
Price (Real \$2006)	20/20	25/20	SQ
\$ 30	-13.8	-6.6	-79.8
\$ 40	72.6	75.9	22.6
\$ 50	154.7	152.9	124.9
	Total State Revenues (\$M) NPV10		
\$ 30	-38.9	-50.7	68.8
\$ 40	18.5	13.2	100.3
\$ 50	83.0	86.0	131.7

Economics of an 6-Well Exploration Program

Without \$60 M Allowance

	Explorer NCF NPV10		
Price (Real \$2006)	20/20	25/20	SQ
\$ 30			-35.5
\$ 40			147.4
\$ 50			330.4
	Explorer IRR		
\$ 30			8.6
\$ 40			15.3
\$ 50			21.0
	Total State Revenues (\$M) NPV10		
\$ 30			137.7
\$ 40			198.4
\$ 50			259.0

Economics of an 6-Well Exploration Program

Without \$60 M Allowance

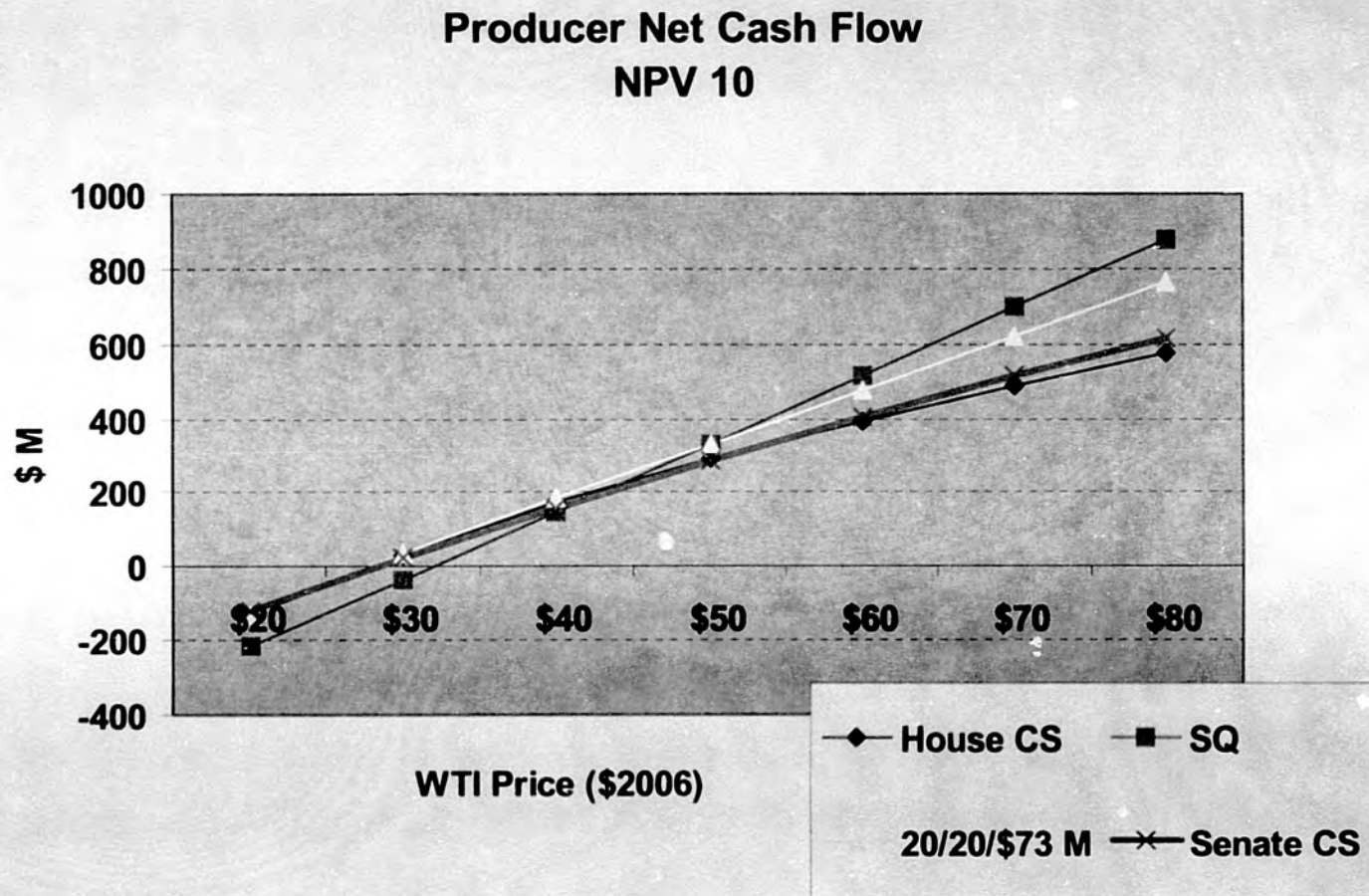
	Explorer NCF NPV10		
Price (Real \$2006)	20/20	25/20	SQ
\$ 30	5.1	3.3	-35.5
\$ 40	149.7	138.9	147.4
\$ 50	294.3	274.5	330.4
	Explorer IRR		
\$ 30	10.3	10.2	8.6
\$ 40	17.1	16.9	15.3
\$ 50	22.7	21.0	21.0
	Total State Revenues (\$M) NPV10		
\$ 30	51.2	54.0	137.7
\$ 40	165.7	183.4	198.4
\$ 50	280.3	312.7	259.0

Economics of an 6-Well Exploration Program

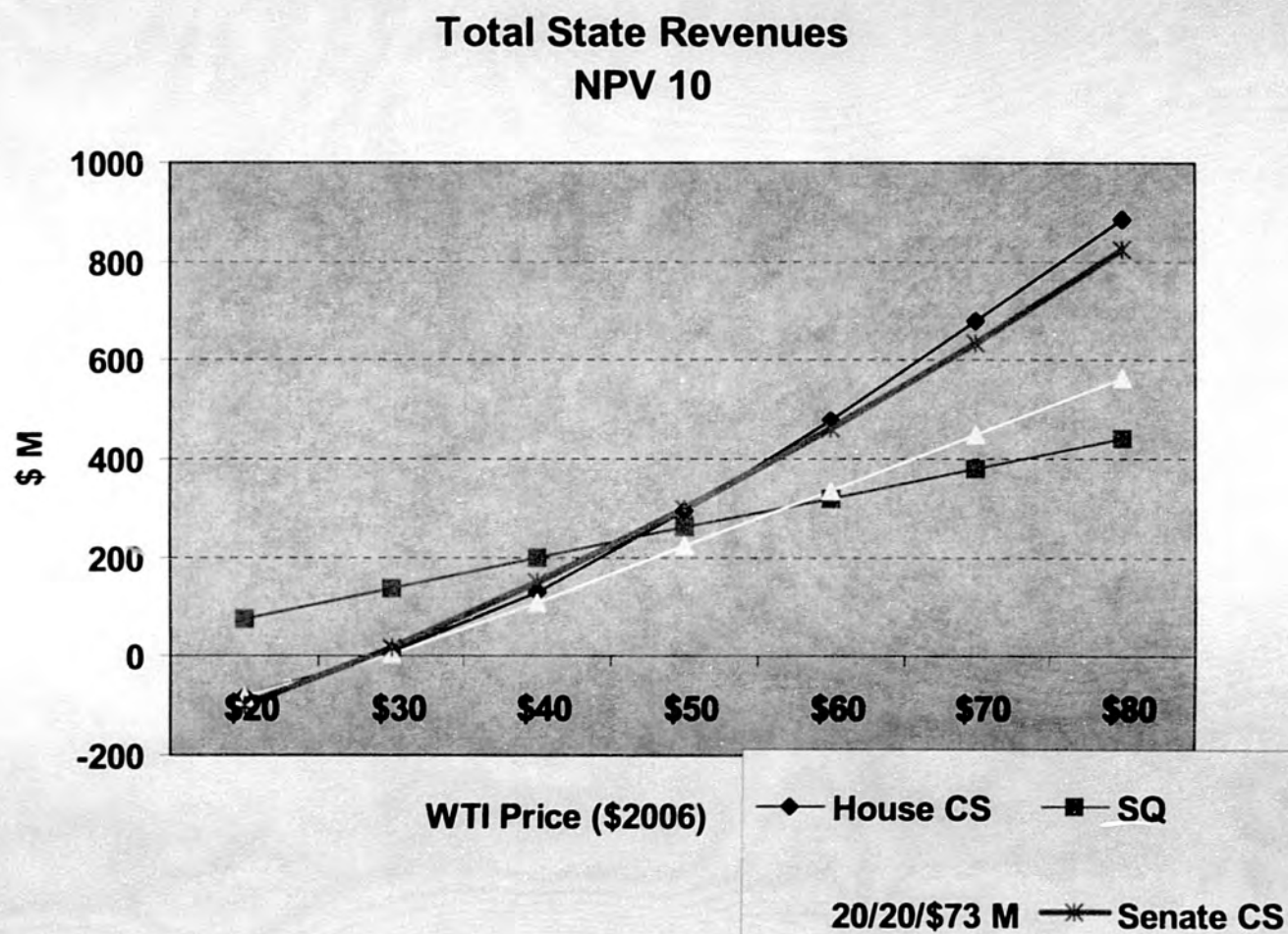
With \$60 M Allowance

	Explorer NCF NPV10		
Price (Real \$2006)	20/20	25/20	SQ
\$ 30	30.4	34.9	-35.5
\$ 40	178.8	175.3	147.4
\$ 50	323.8	311.1	330.4
	Explorer IRR		
\$ 30	11.5	11.8	8.6
\$ 40	18.2	18.3	15.3
\$ 50	23.7	23.7	21.0
	Total State Revenues (\$M) NPV10		
\$ 30	9.9	2.5	137.7
\$ 40	118.2	124.0	198.4
\$ 50	232.2	252.5	259.0

Comparison of Tax Proposals

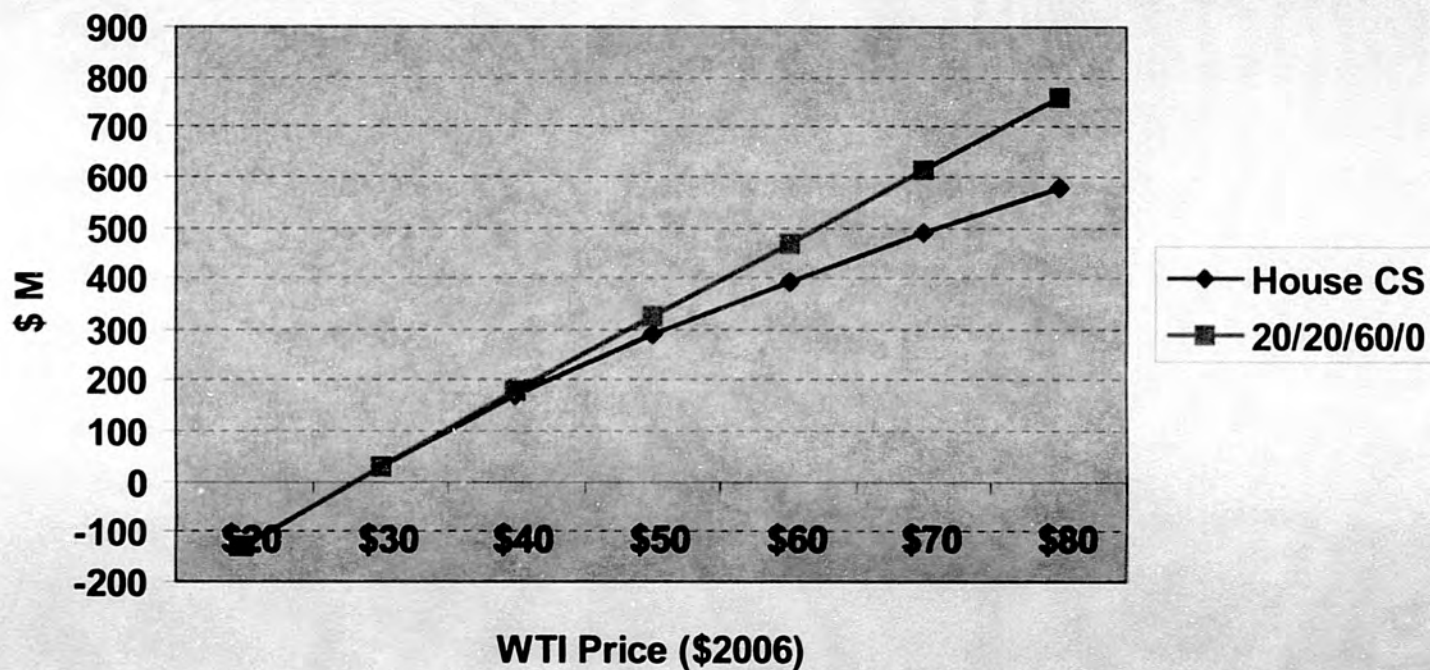


Comparison of Tax Proposals



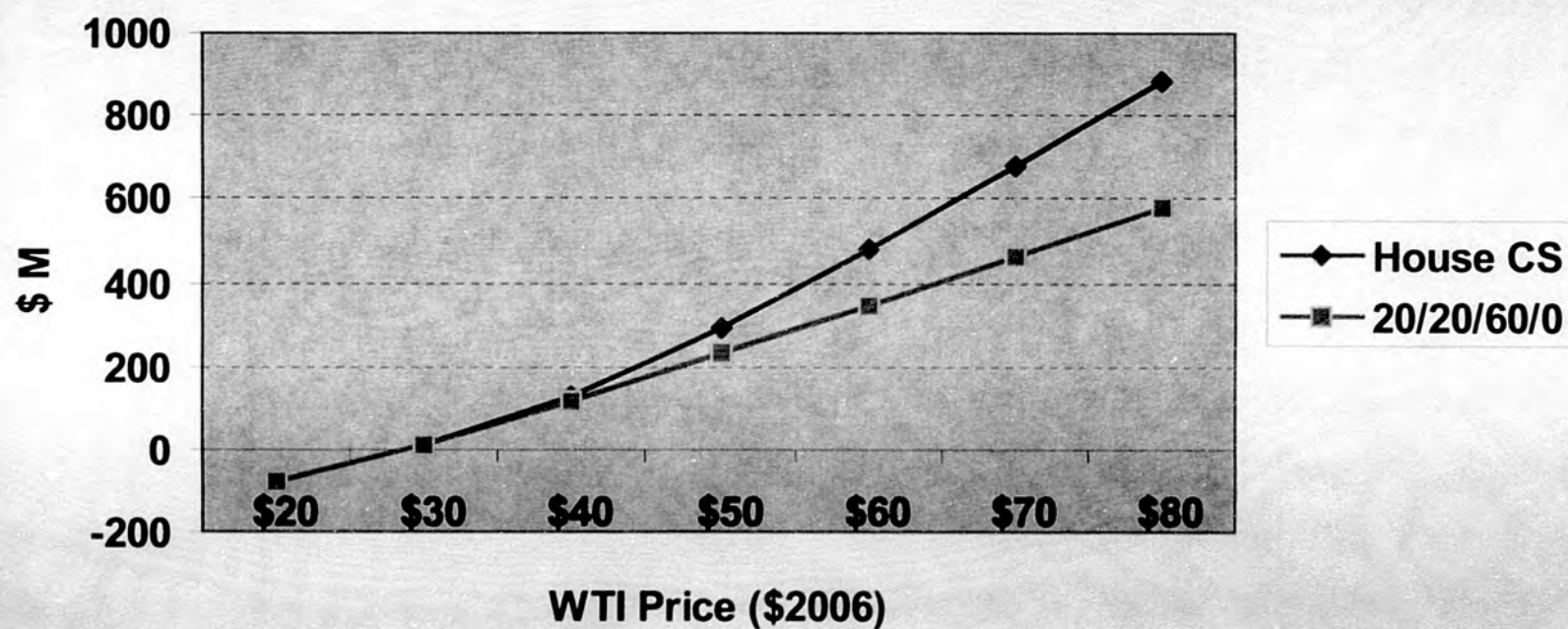
Impact of Progressivity

Producer Net Cash Flow
NPV 10

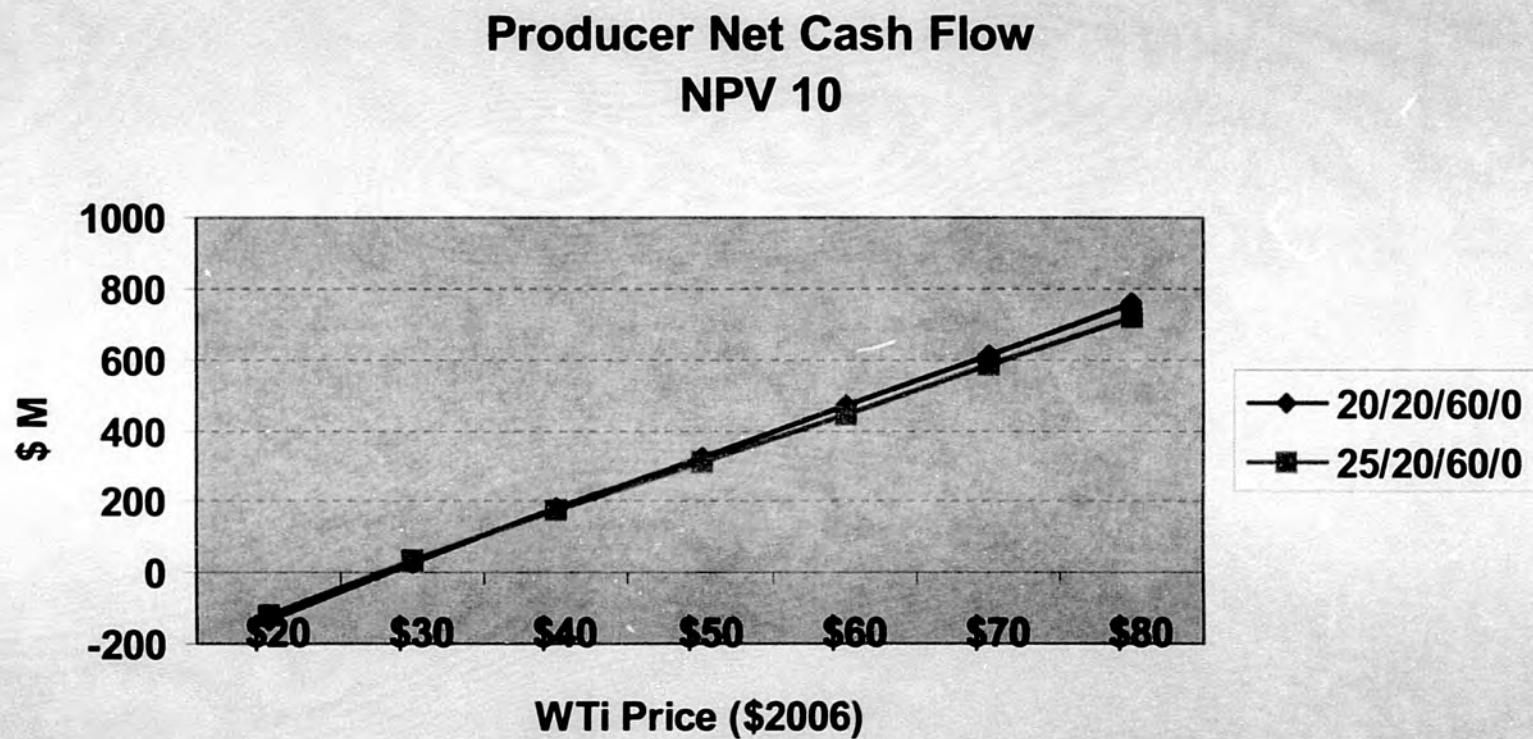


Impact of Progressivity

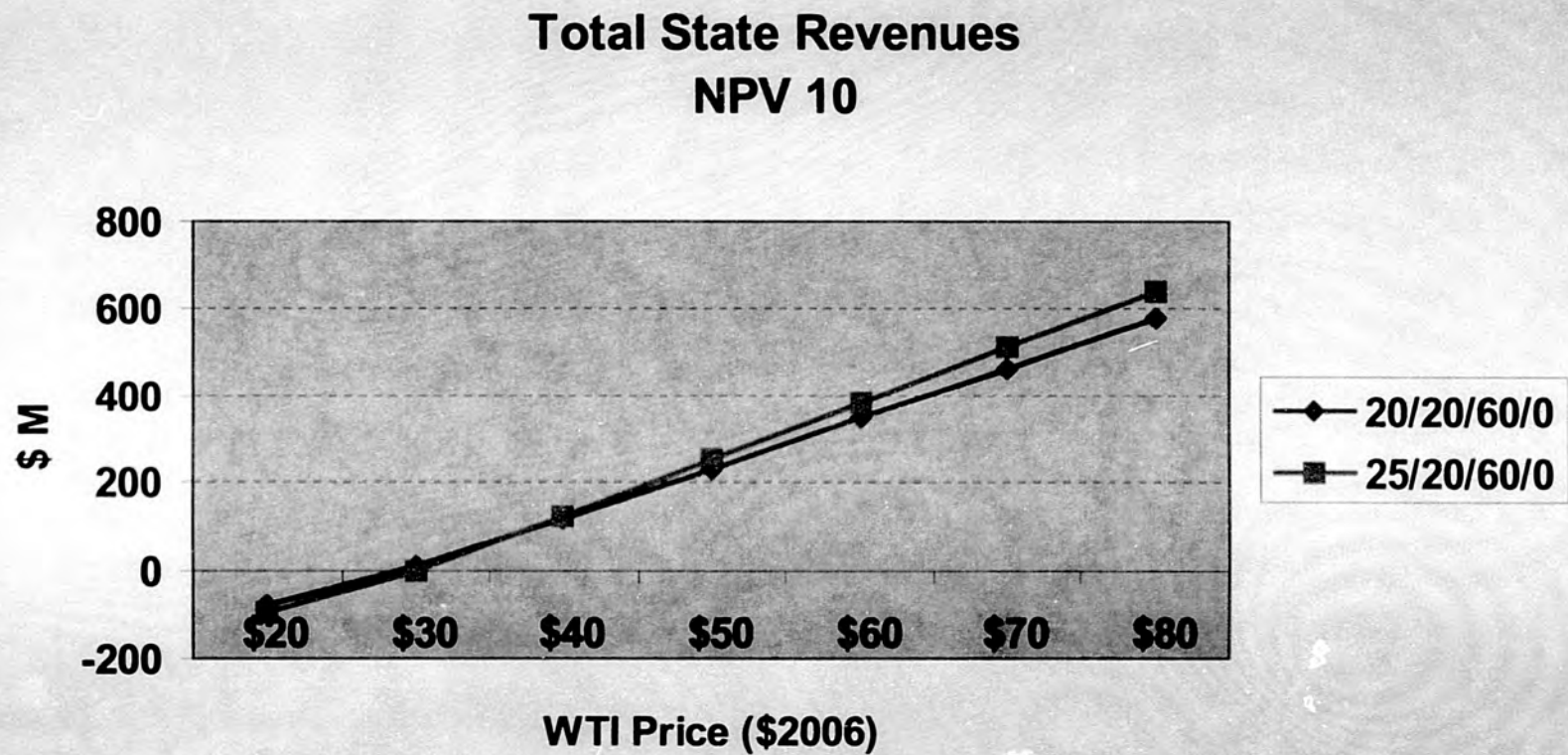
Total State Revenue NPV10



Impact of 25/20 versus 20/20



Impact of 25/20 versus 20/20

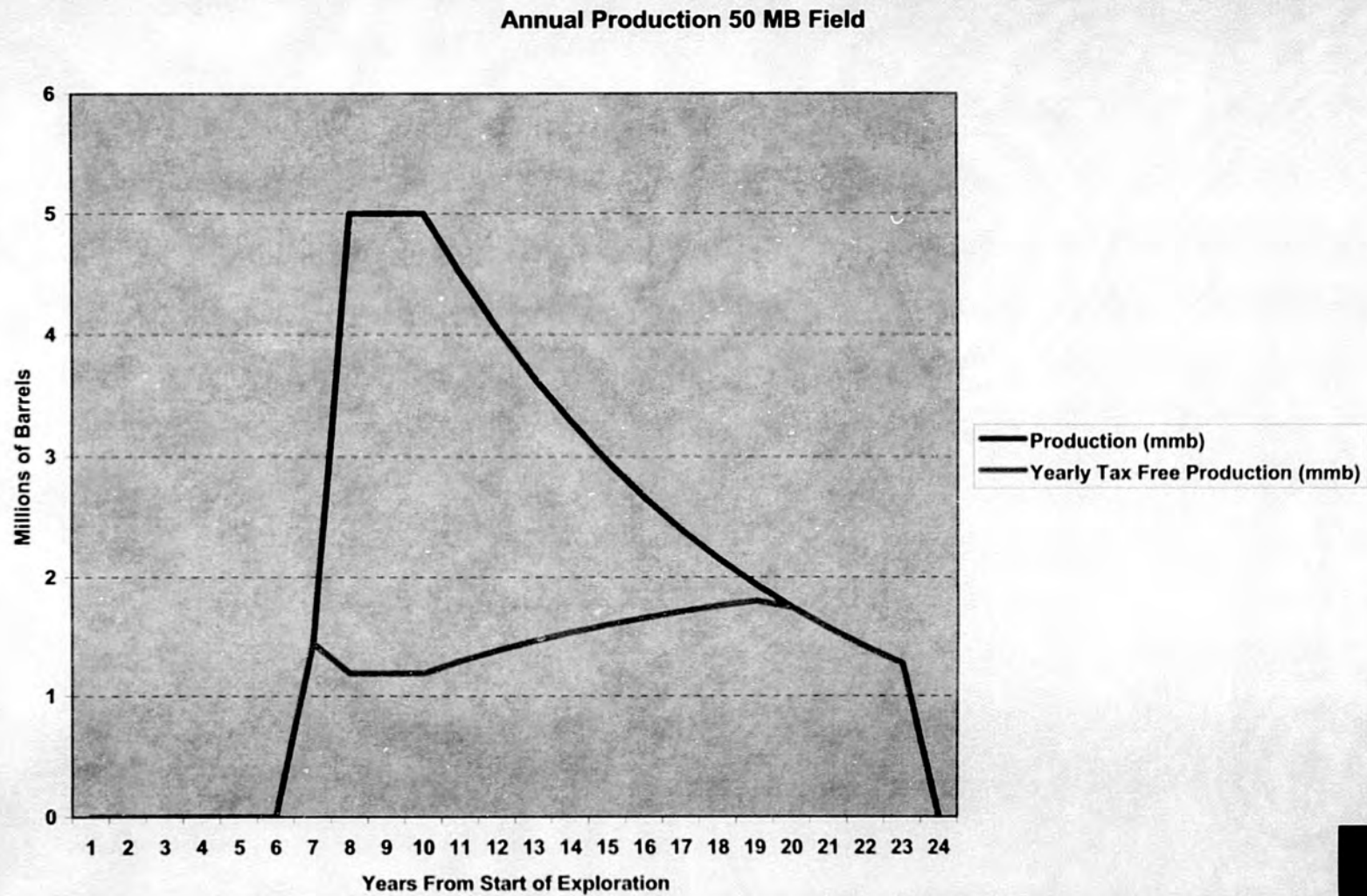


Exploration Forgiveness - An Alternative to Tax Free Allowance

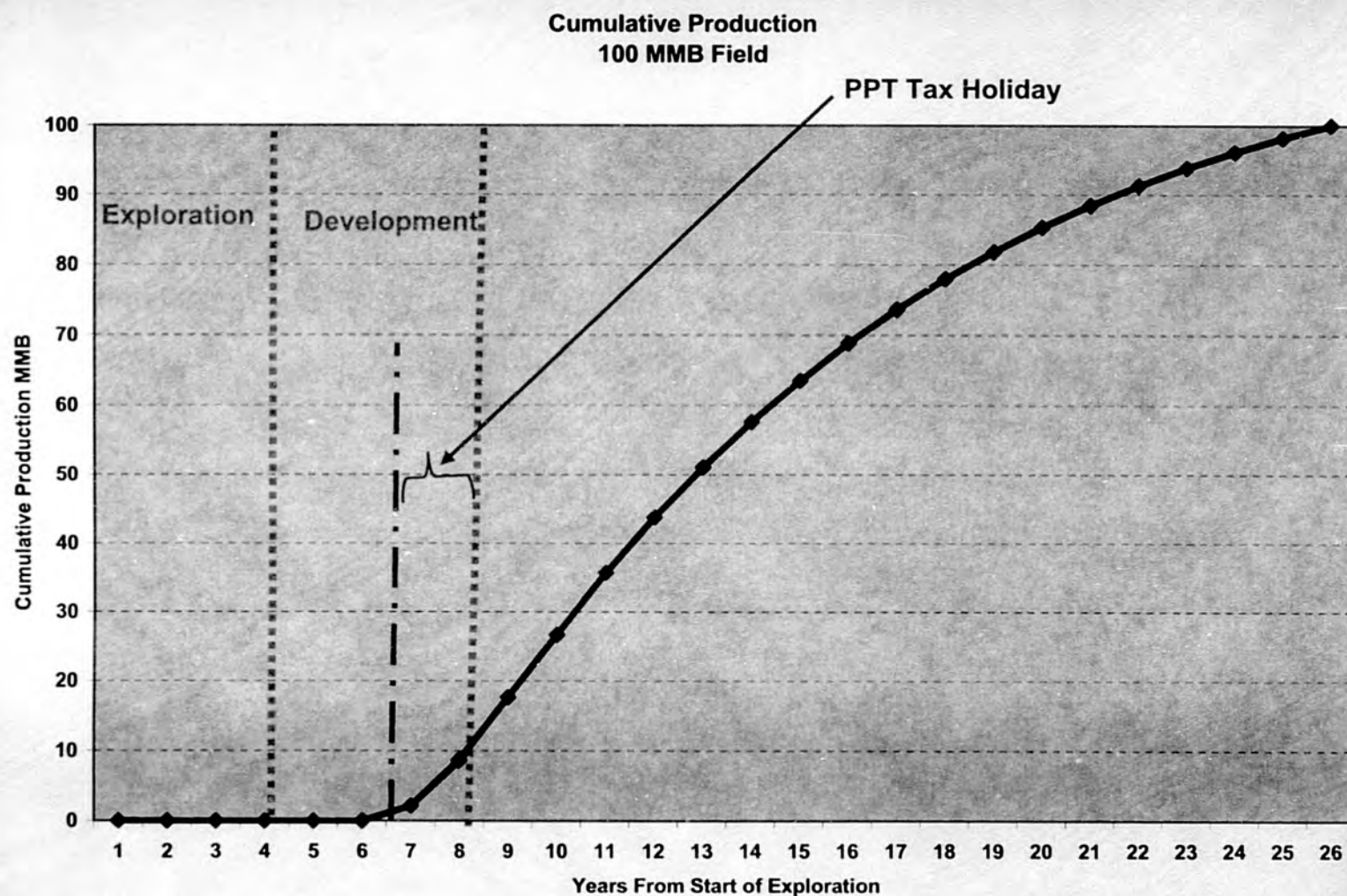
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- For each new field give a “Tax Holiday” from the PPT for the first 10 million barrels of production
- This provides an incentive for new exploration
 - Improves producers cash flow in the early stages of the production process
 - Producers cannot seek royalty relief if they opt for the “Tax Holiday”
- Also provides incentive to put the field on early
- This tax holiday is NOT applied to existing fields
- The fiscal impact on the State of Alaska will be felt after the field is producing, e.g. seven years after exploration starts

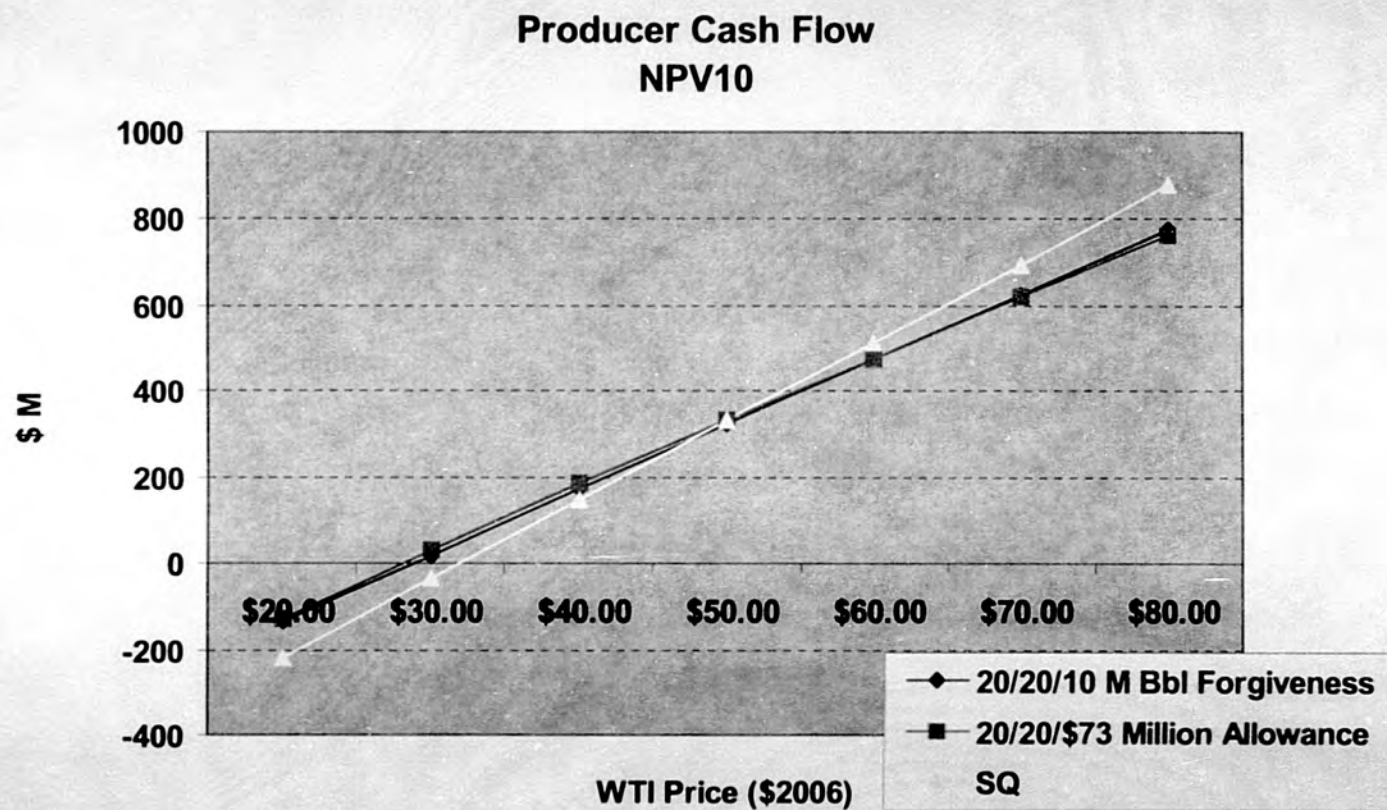
Tax Free Production – 50 MB Field



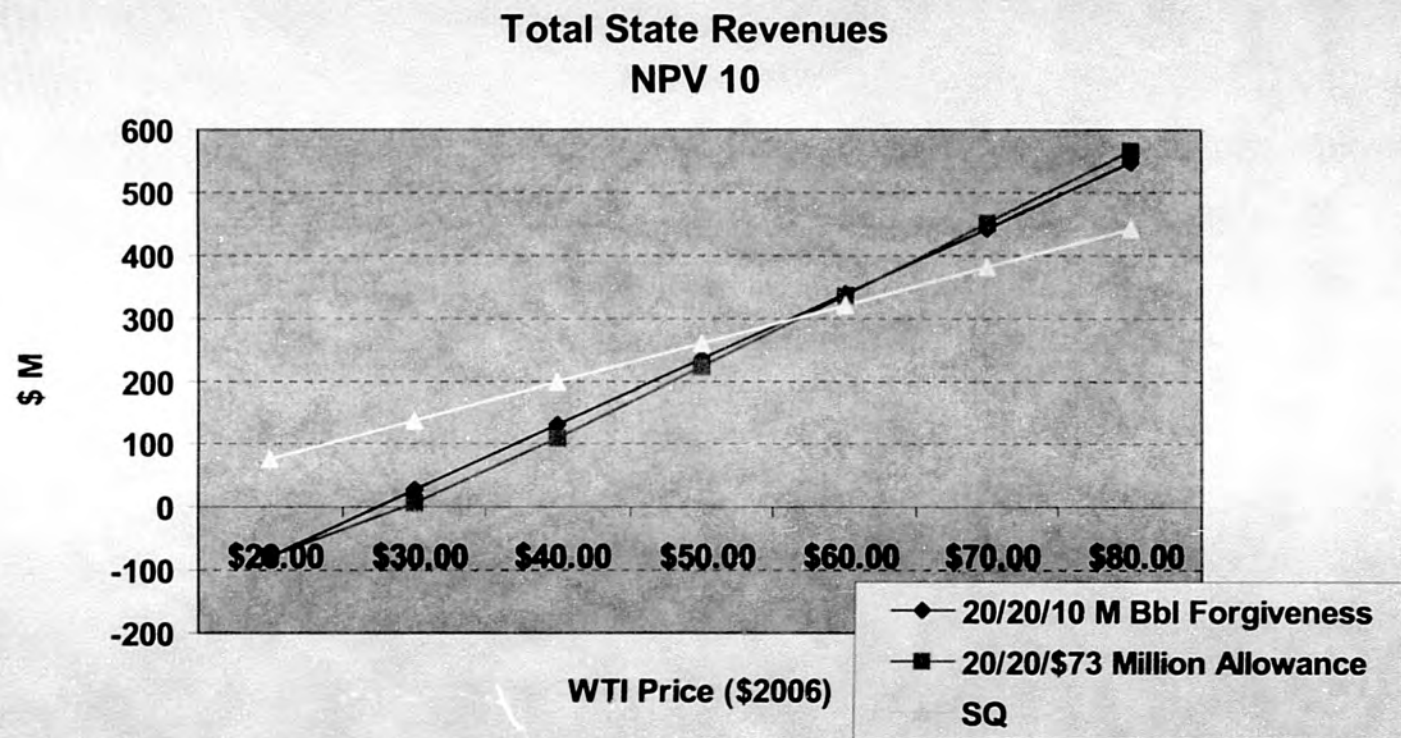
Typical Cumulative Production Profile – 100 MMB Field



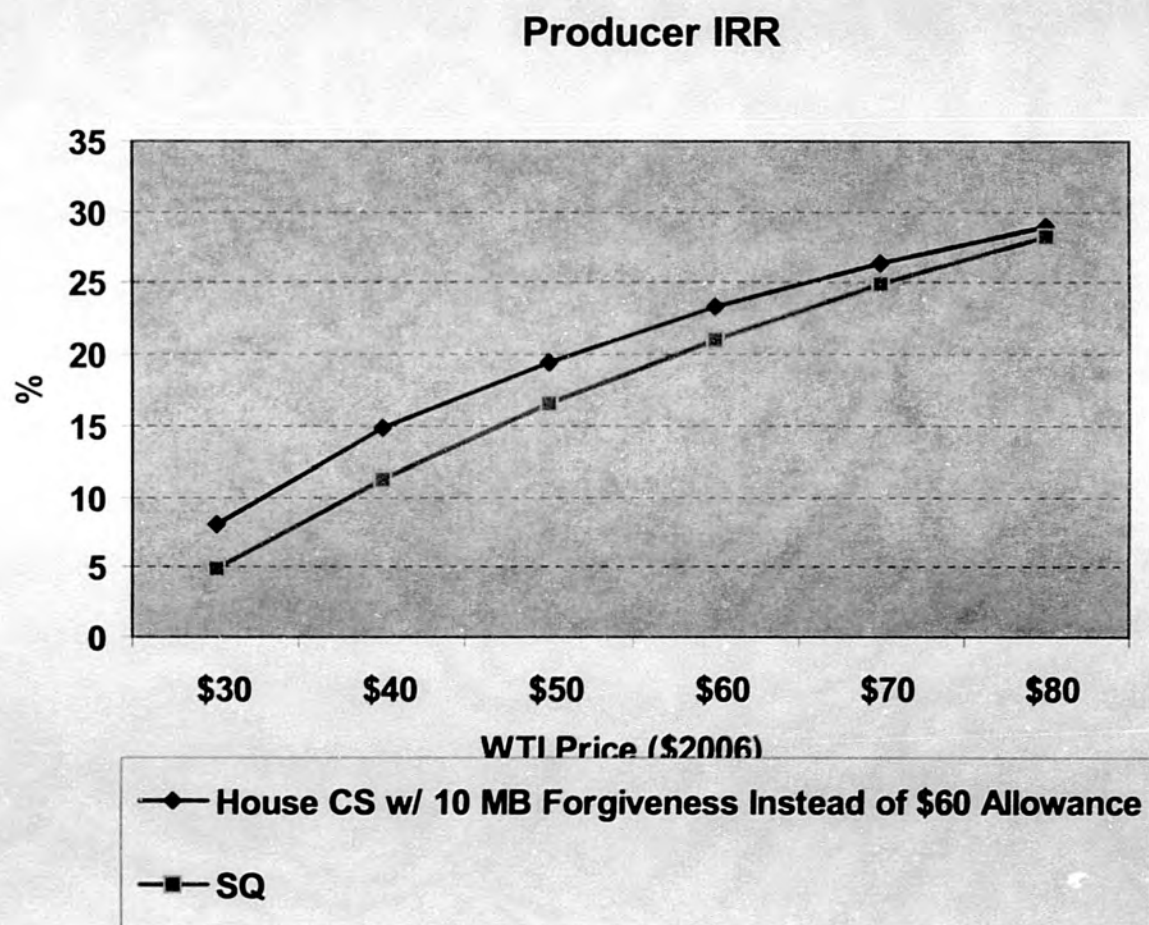
Impact on Producer Economics



Impact on State Revenues (NPV 10)



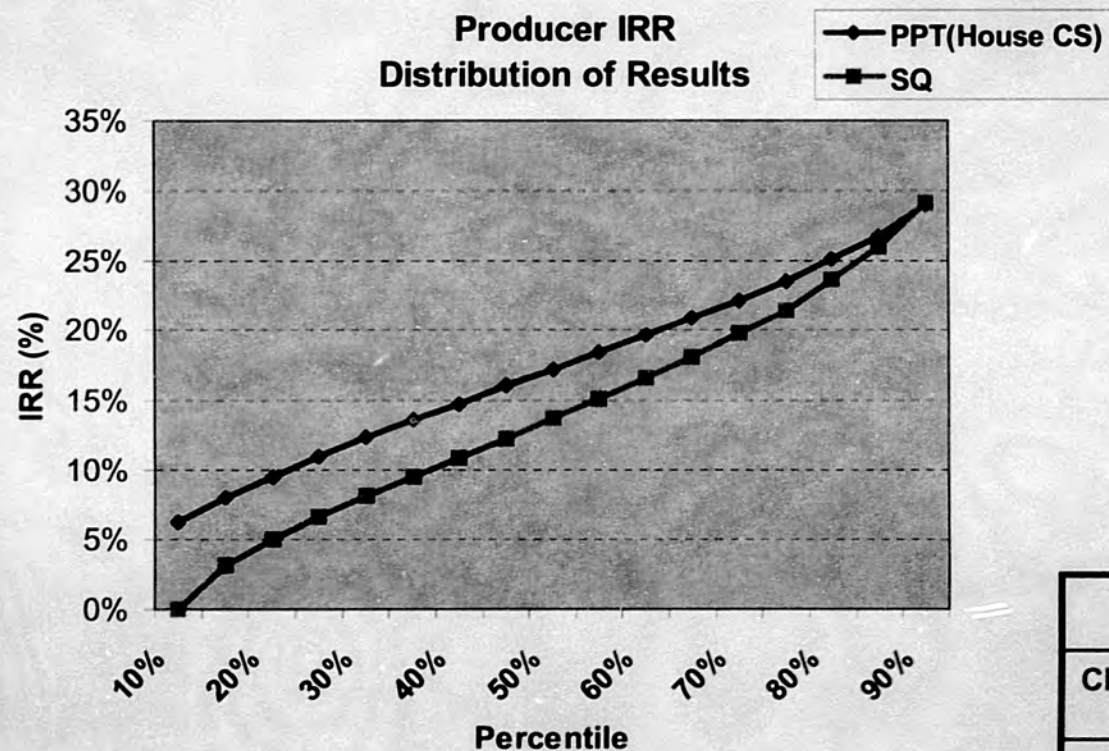
Impact on Small Field Economics – 50 MB Field



Probabilistic Results

- **Producers may look at results on a probabilistic basis**
- **Suppose their view of future WTi prices is:**
 - **Mean (Most Likely) of \$40**
 - **P20 of \$25, P80 of \$55 (i.e. $\$40 \pm \$15$)**

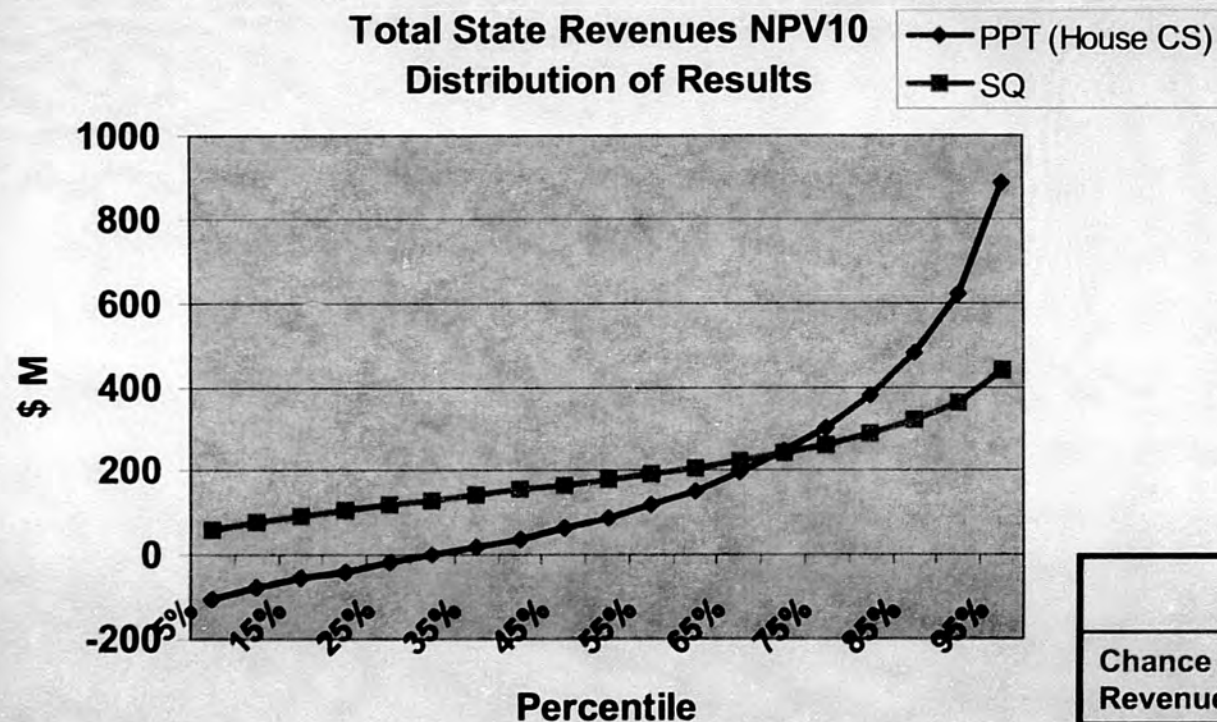
Distribution of Results – Producer IRR



IRR	PPT	SQ
Median (P50)	17.2%	13.7%
P20	9.5%	5.0%

	PPT	SQ
Chance IRR < 12%	30%	45%
Chance IRR < 15%	40%	55%

Distribution of Results – Total State Revenues NPV10



Total State Revenues NPV10 (\$M)	PPT	SQ
Median (P50)	89	180
P20	-38	107

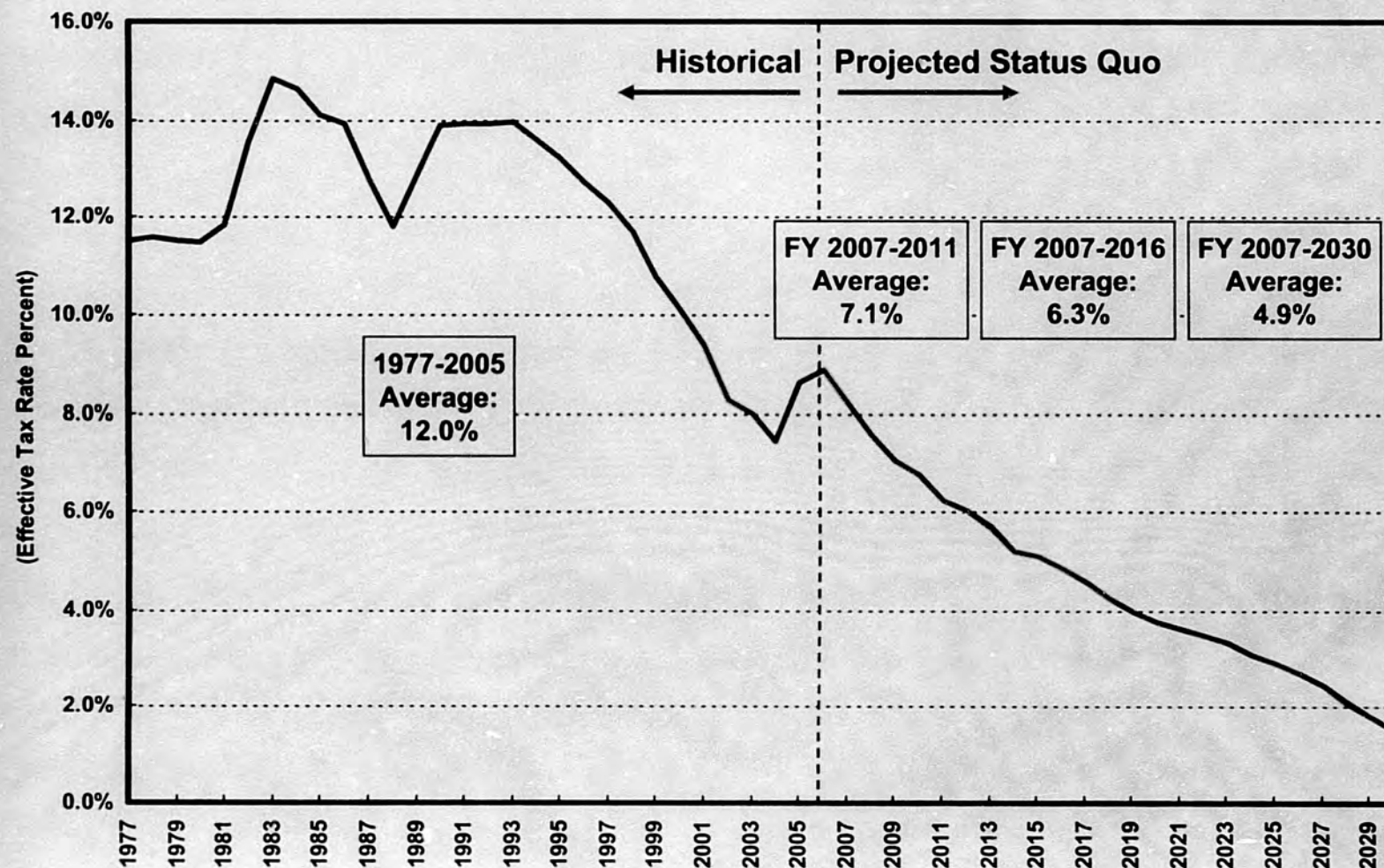
	PPT	SQ
Chance Total State Revenues <0	30%	1%

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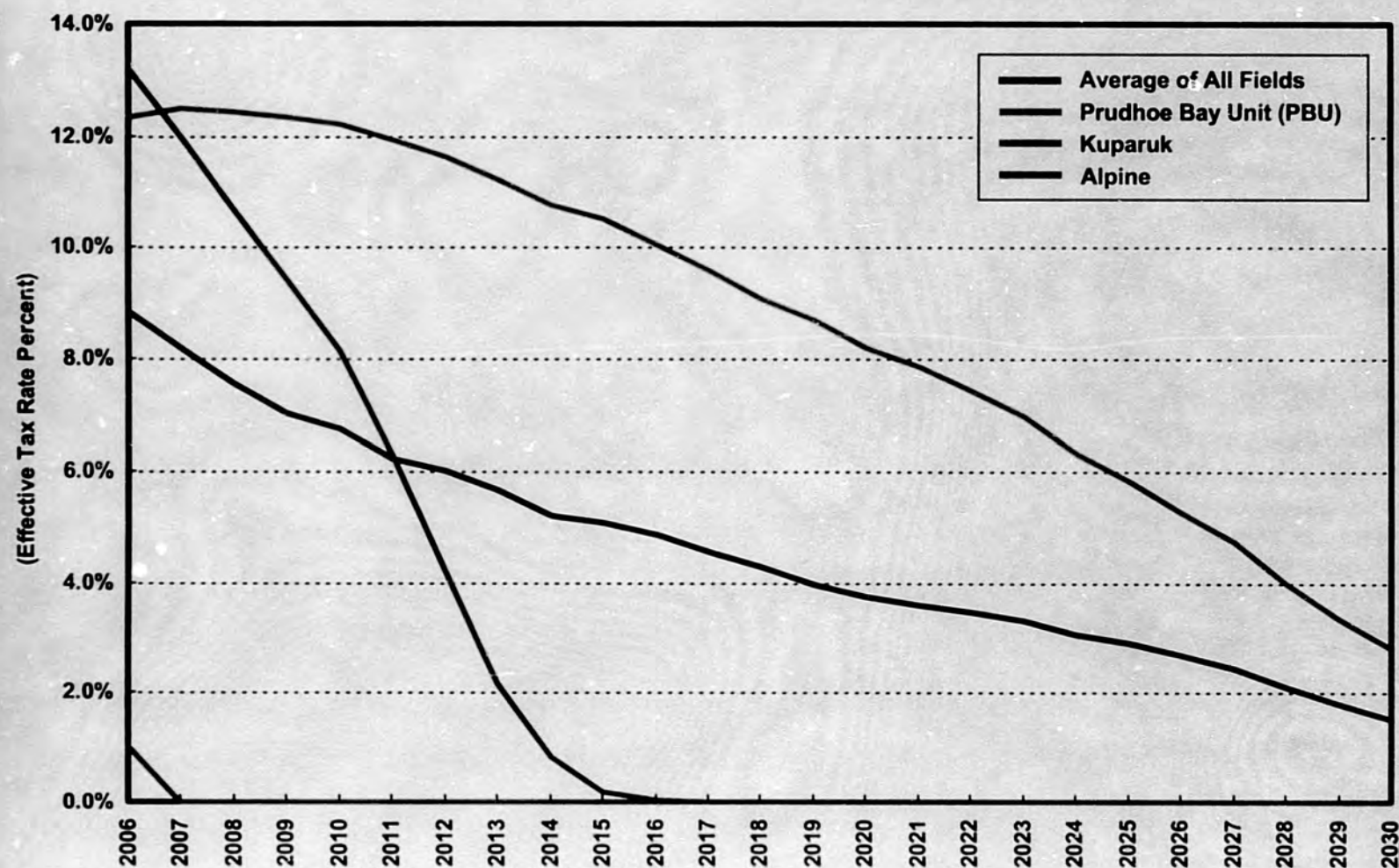
Existing Fields

Effective Severance Tax Rates Over Time



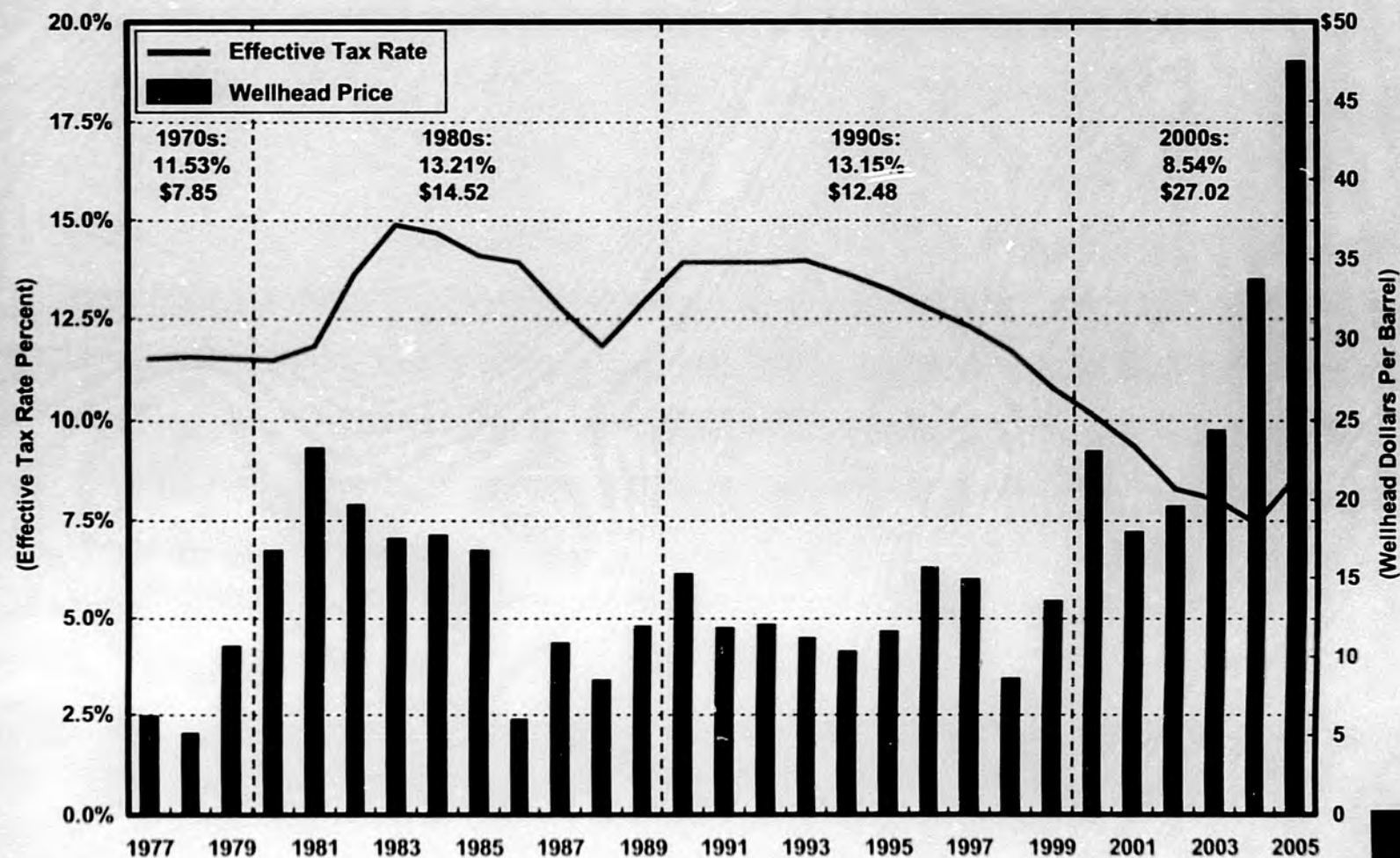
Source: Historical: Alaska Department of Revenue.

Projected Effective Severance Tax Rates* by Field



* Volumes per DOR Fall 2005 Forecast with Oooguruk projection.

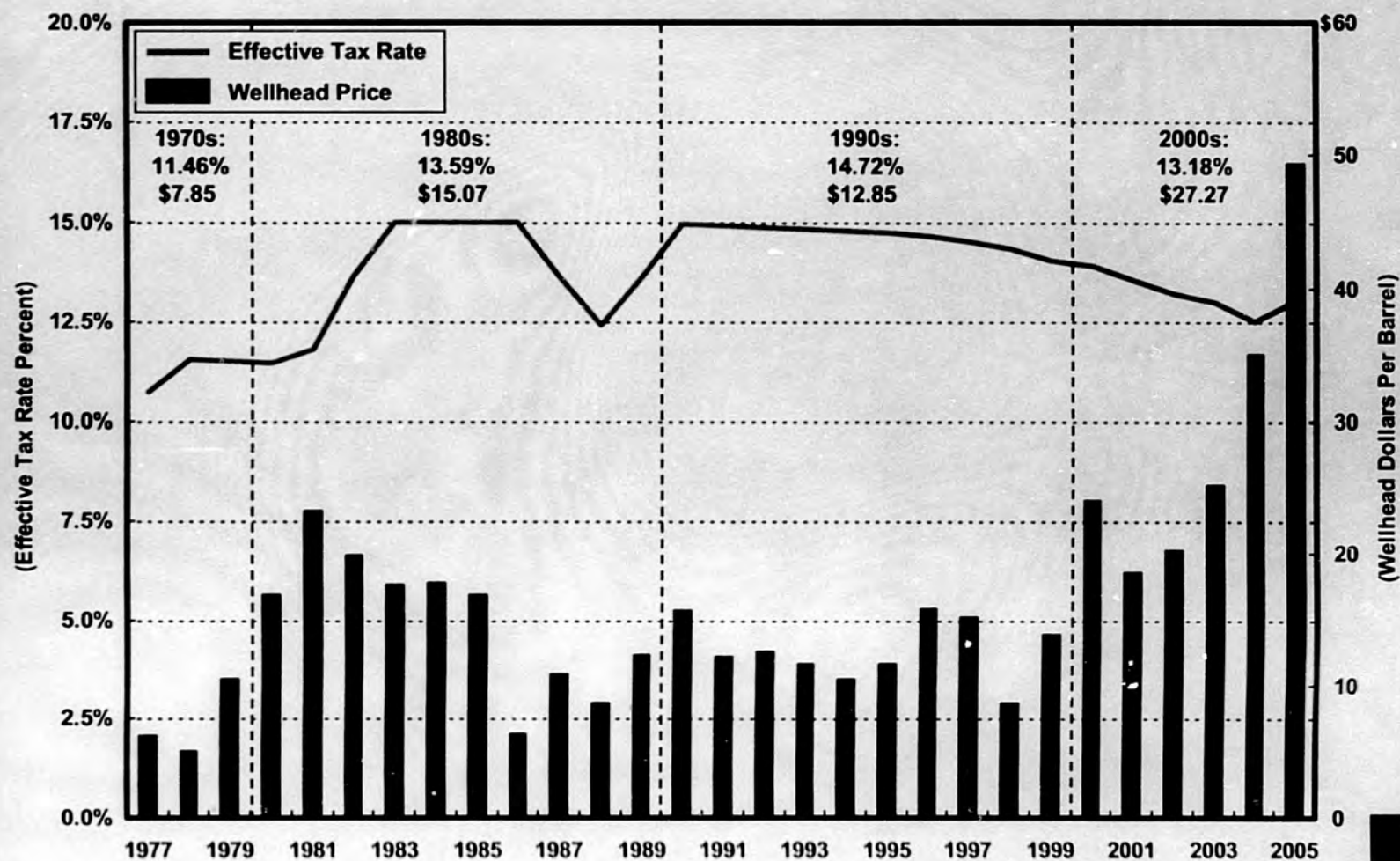
Effective Tax Rates and Wellhead Prices Over Time (All North Slope Fields)



Source: Alaska Department of Revenue.

Effective Tax Rates and Wellhead Prices Over Time (Prudhoe Bay Field)

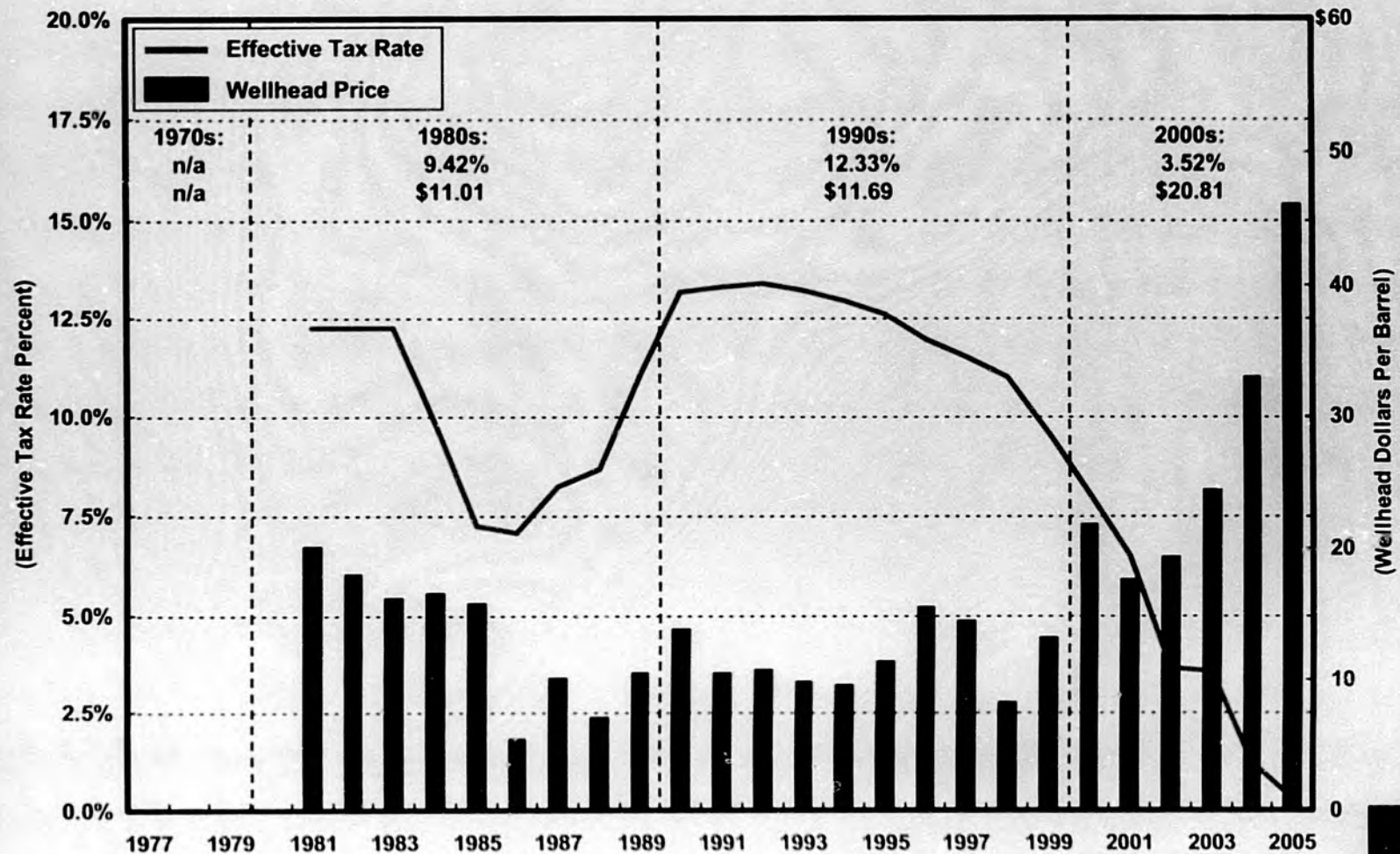
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Source: Alaska Department of Revenue.

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ONE

Effective Tax Rates and Wellhead Prices Over Time (Kuparuk Field)

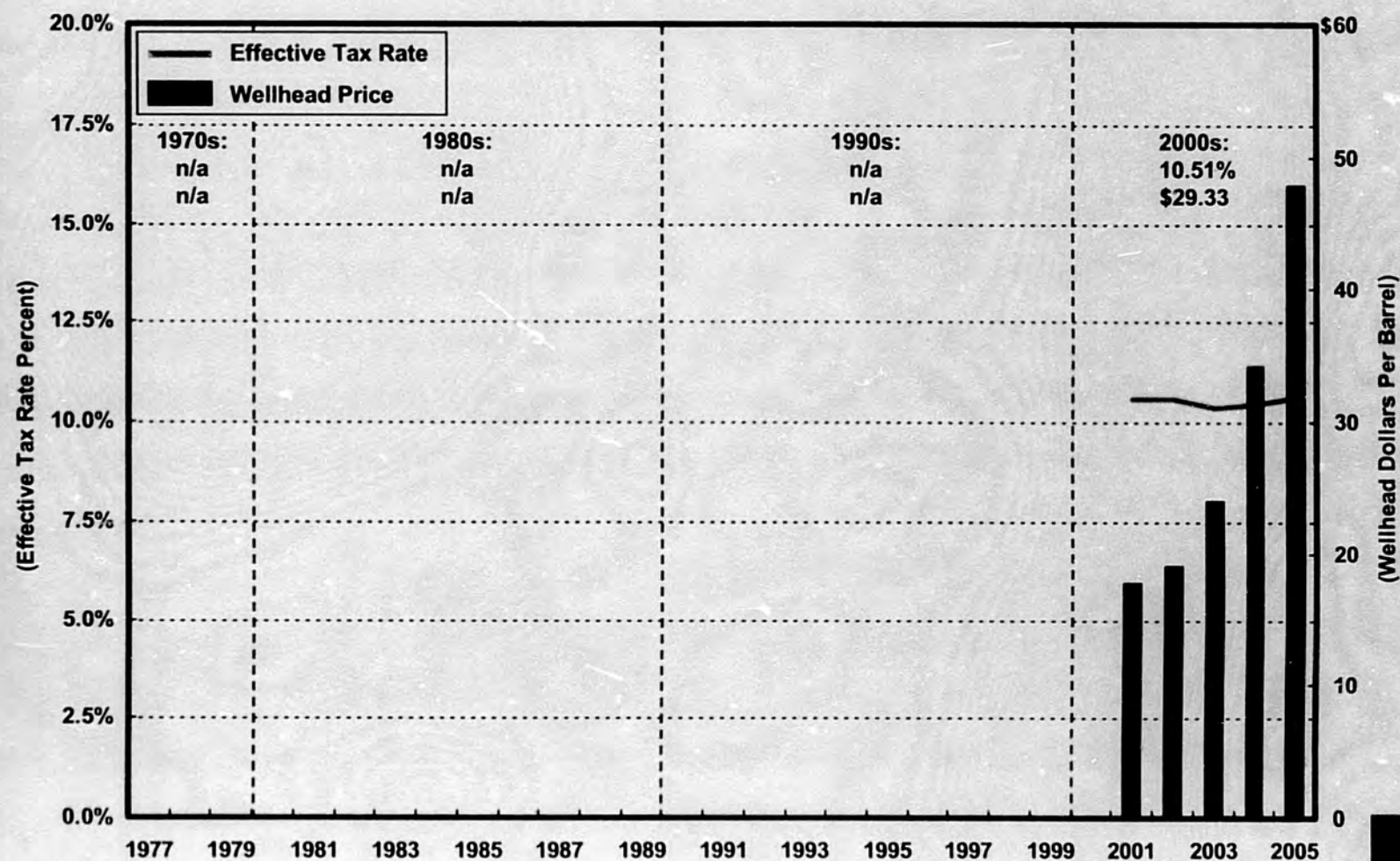


Source: Alaska Department of Revenue.



Effective Tax Rates and Wellhead Prices Over Time (Alpine Field)

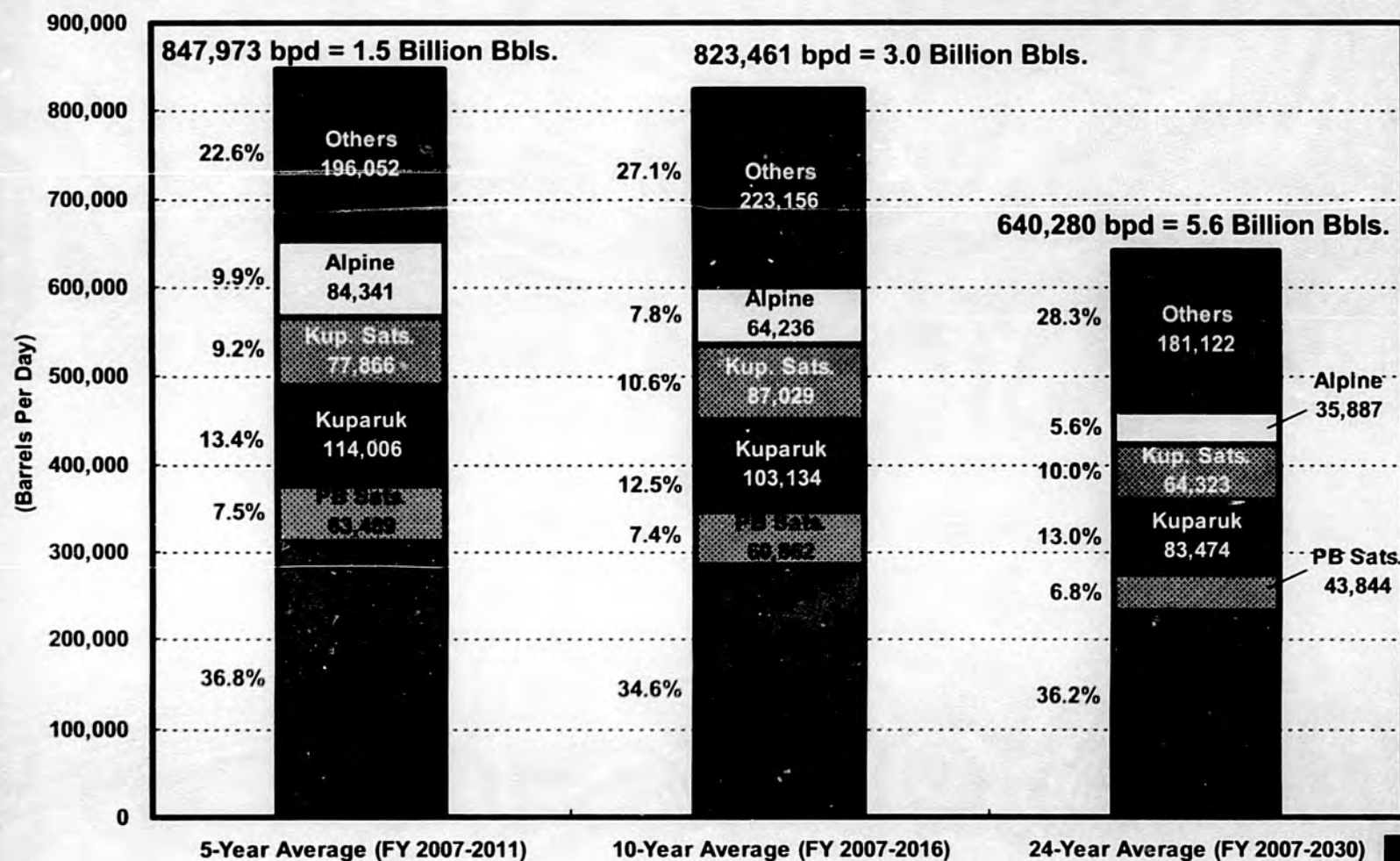
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Source: Alaska Department of Revenue.

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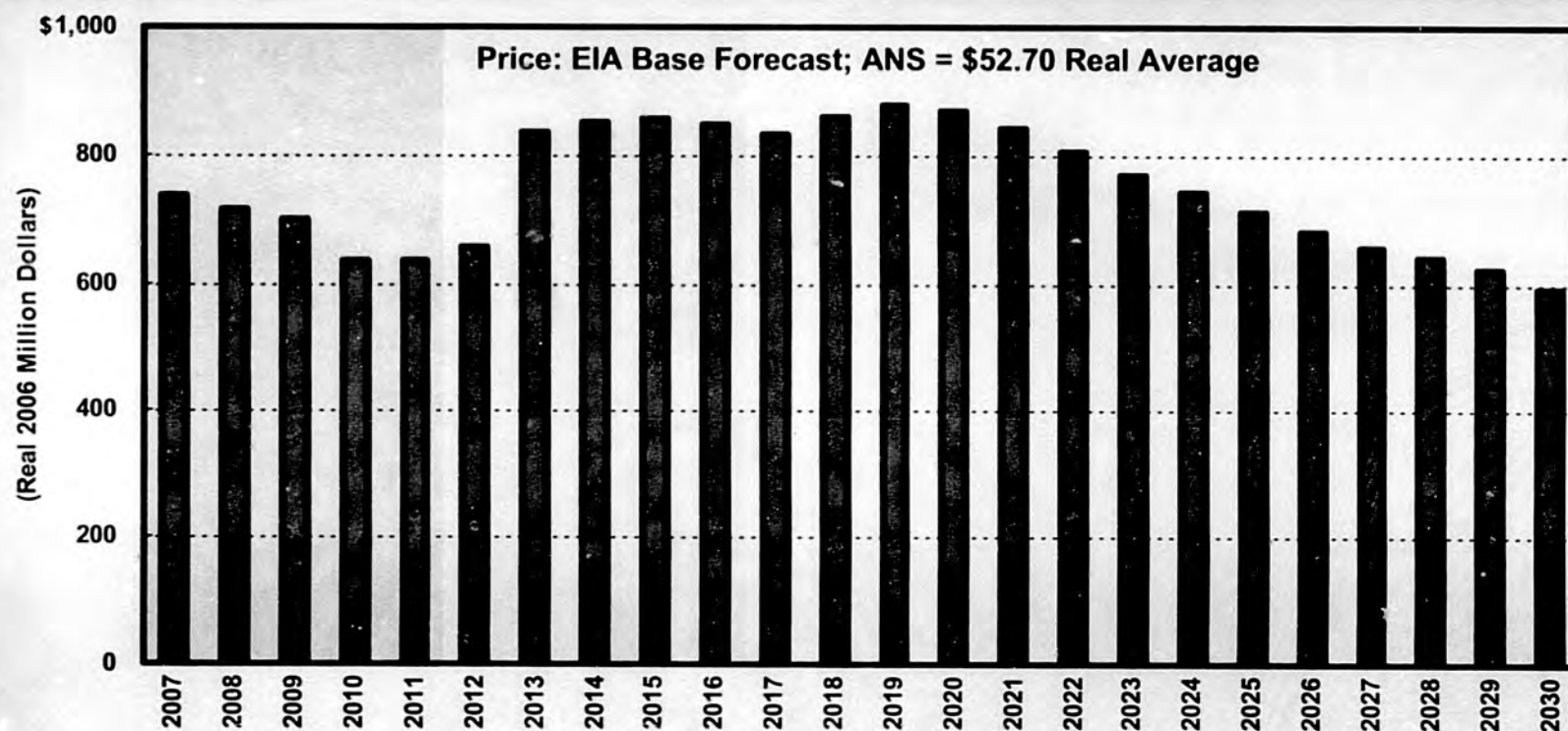
Projected North Slope Crude Oil* Production (FY 2007-2030)



* Includes NGLs.

Source: Alaska Department of Revenue.

Change in Projected Taxes Under a 20/20 Tax DOR Forecast Production (FY 2007-2030)*



	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from SQ (\$Million)	\$3,417	\$7,471	\$17,971
Annual Average Difference from SQ (\$Million)	\$683	\$747	\$749
PPT Effective Tax Rate (Percent)	12.2%	12.4%	12.6%
SQ Effective Tax Rate (Percent)	7.1%	6.3%	4.9%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under a 20/20 Tax DOR Forecast Production (FY 2007-2030)*

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$30.40	\$28.50	\$26.80
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$3,417	\$2,459	\$4,637	\$1,673	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$683	\$492	\$927	\$335	\$0	-	-
PPT Effective Tax Rate (Percent)	12.2%	11.4%	13.2%	10.7%	7.2%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.2%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$7,471	\$3,614	\$11,688	\$4,156	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$747	\$361	\$1,169	\$416	-	\$0	-
PPT Effective Tax Rate (Percent)	12.4%	10.3%	13.8%	10.8%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$17,971	\$4,824	\$30,262	\$9,796	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$749	\$201	\$1,261	\$408	-	-	\$0
PPT Effective Tax Rate (Percent)	12.6%	8.7%	14.5%	10.6%	-	-	5.0%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	5.0%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under a 20/20 Tax with Costs Increased by 20% DOR Forecast Production (FY 2007-2030)*

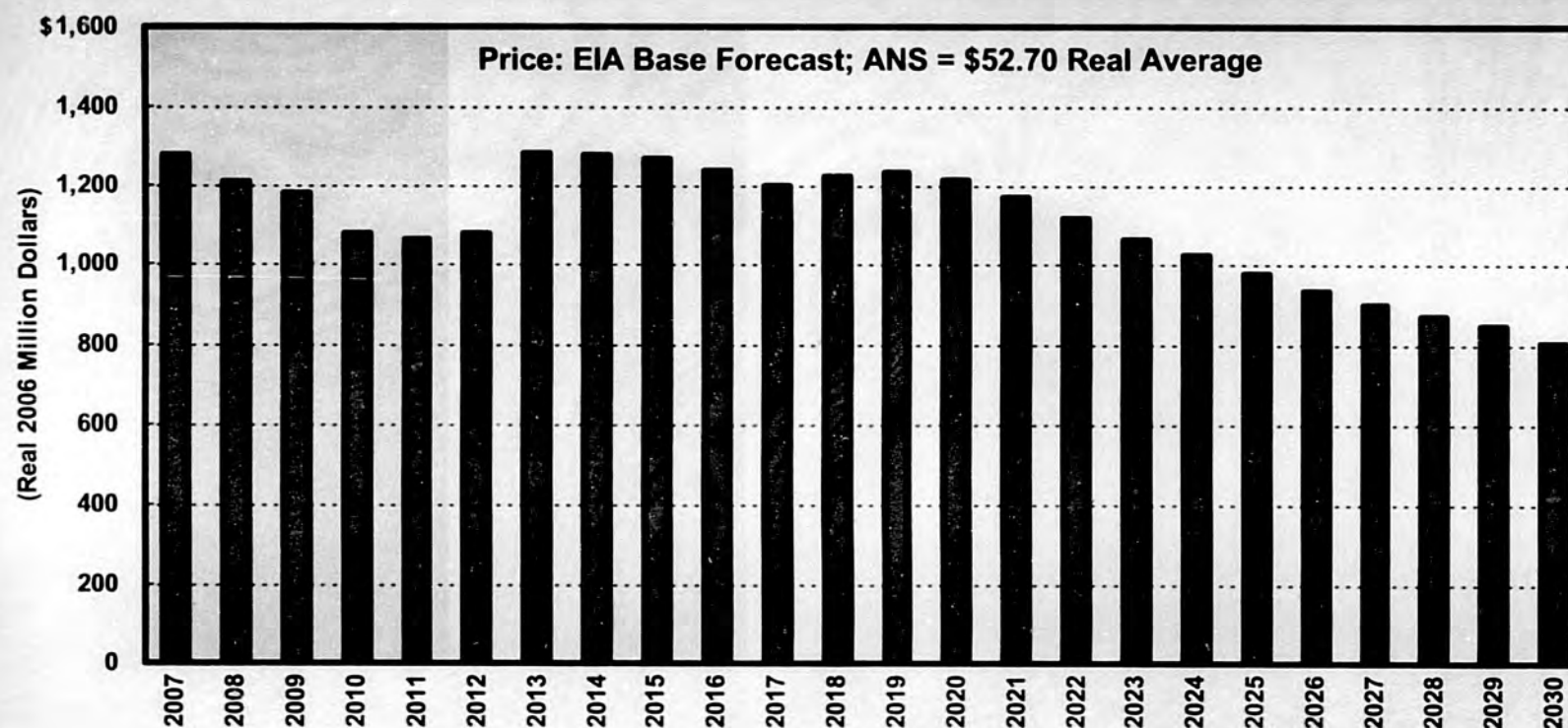
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	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$34.80	\$32.60	\$30.50
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$2,659	\$1,701	\$3,878	\$915	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$532	\$340	\$776	\$183	\$0	-	-
PPT Effective Tax Rate (Percent)	11.1%	10.1%	12.2%	9.1%	7.1%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.1%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$6,002	\$2,145	\$10,219	\$2,687	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$600	\$214	\$1,022	\$269	-	\$0	-
PPT Effective Tax Rate (Percent)	11.2%	8.8%	12.9%	9.2%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$15,221	\$2,129	\$27,511	\$7,046	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$634	\$89	\$1,146	\$294	-	-	\$0
PPT Effective Tax Rate (Percent)	11.5%	6.8%	13.6%	9.0%	-	-	4.9%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	4.9%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection.



Change in Projected Taxes Under a 25/20 Tax DOR Forecast Production (FY 2007-2030)*



	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from SQ (\$Million)	\$5,816	\$11,968	\$26,555
Annual Average Difference from SQ (\$Million)	\$1,163	\$1,197	\$1,106
PPT Effective Tax Rate (Percent)	15.8%	16.0%	16.4%
SQ Effective Tax Rate (Percent)	7.1%	6.3%	4.9%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under a 25/20 Tax DOR Forecast Production (FY 2007-2030)*

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$26.40	\$25.10	\$24.10
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$5,816	\$4,480	\$7,492	\$3,283	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,163	\$896	\$1,498	\$657	\$0	-	-
PPT Effective Tax Rate (Percent)	15.8%	14.8%	16.9%	14.1%	7.2%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.2%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$11,968	\$6,740	\$17,656	\$7,317	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,197	\$674	\$1,766	\$732	-	\$0	-
PPT Effective Tax Rate (Percent)	16.0%	13.6%	17.7%	14.2%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$26,555	\$9,286	\$42,717	\$15,610	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$1,106	\$387	\$1,780	\$650	-	-	\$0
PPT Effective Tax Rate (Percent)	16.4%	11.7%	18.5%	14.0%	-	-	5.0%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	5.0%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

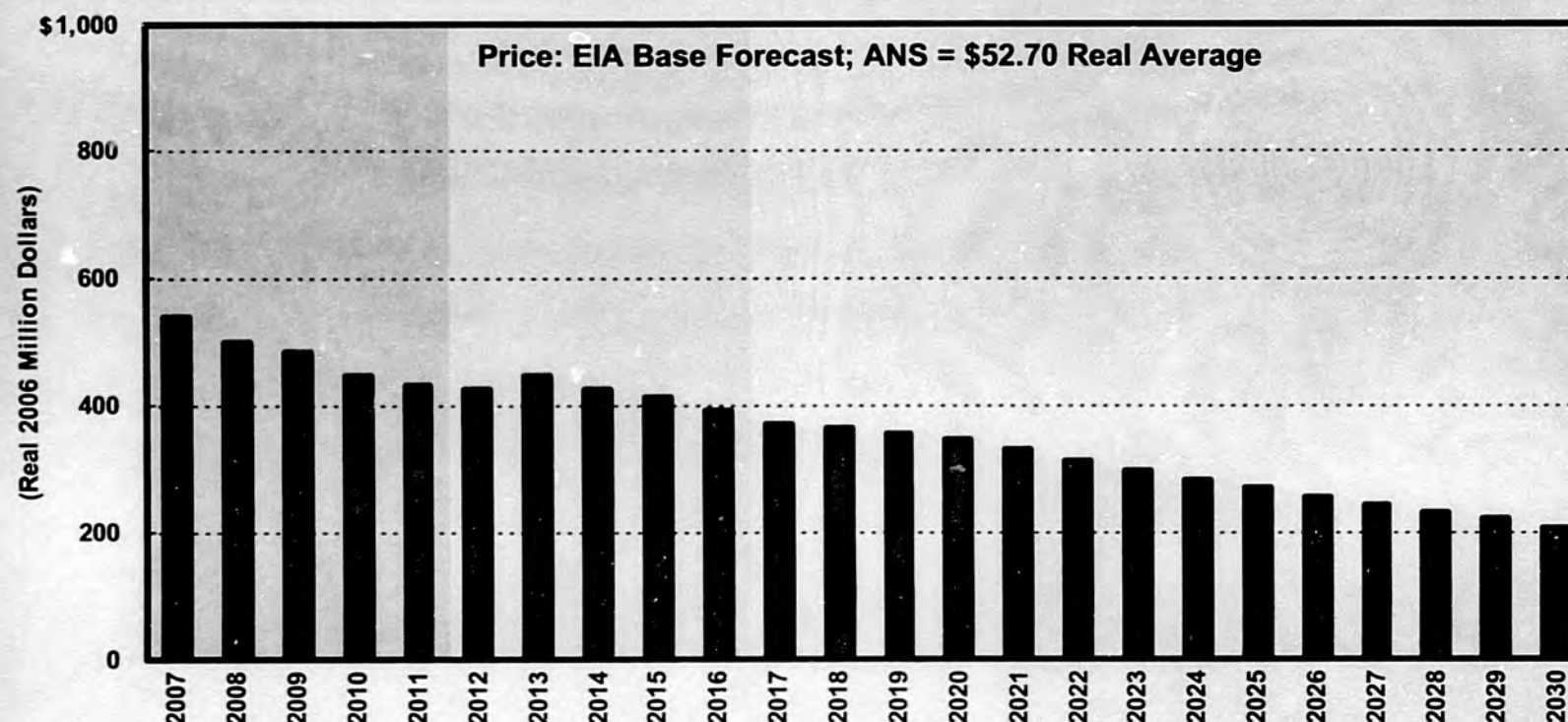
Change in Projected Taxes Under a 25/20 Tax with Costs Increased by 20% DOR Forecast Production (FY 2007-2030)*

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	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$30.10	\$28.60	\$27.30
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$4,938	\$3,602	\$6,614	\$2,405	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$988	\$720	\$1,323	\$481	\$0	-	-
PPT Effective Tax Rate (Percent)	14.5%	13.3%	15.8%	12.2%	7.2%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.2%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$10,268	\$5,040	\$15,956	\$5,617	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,027	\$504	\$1,505	\$562	-	\$0	-
PPT Effective Tax Rate (Percent)	14.6%	11.8%	16.6%	12.4%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$23,371	\$6,110	\$39,533	\$12,426	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$974	\$255	\$1,647	\$518	-	-	\$0
PPT Effective Tax Rate (Percent)	15.0%	9.5%	17.5%	12.1%	-	-	4.9%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	4.9%

* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Difference in Projected Taxes Between a 25/20 and a 20/20 Tax DOR Forecast Production (FY 2007-2030)*



	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from 20/20 PPT Tax (\$Million)	\$2,398	\$4,497	\$8,584
Annual Average Difference from 20/20 PPT Tax (\$Million)	\$480	\$450	\$358
25/20 PPT Effective Tax Rate (Percent)	15.8%	16.0%	16.4%
20/20 PPT Effective Tax Rate (Percent)	12.2%	12.4%	12.6%

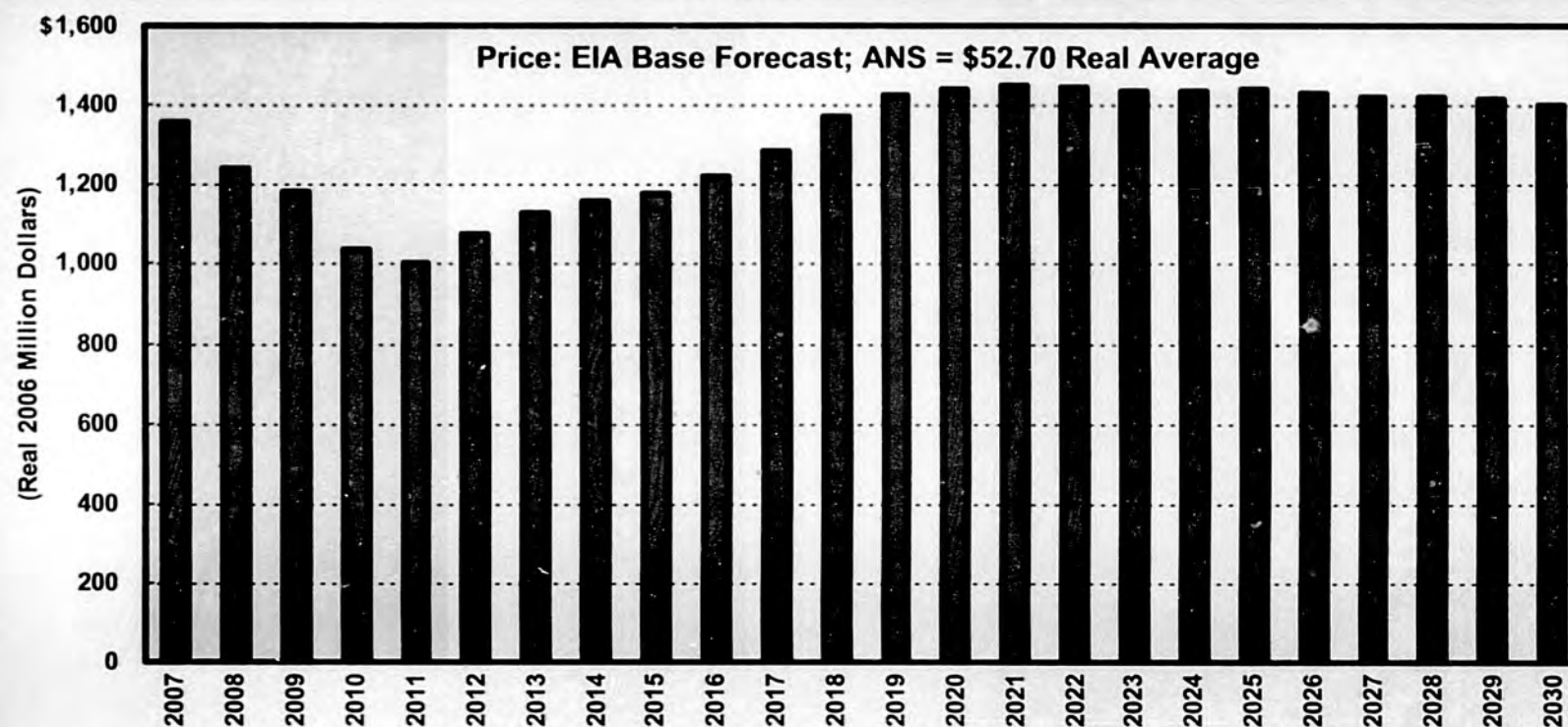
* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Difference in Projected Taxes Between a 25/20 and a 20/20 Tax DOR Forecast Production (FY 2007-2030)*

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	-	-	-
FY 2007-2011							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$2,398	\$2,021	\$2,855	\$1,610	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$480	\$404	\$571	\$322	-	-	-
25/20 PPT Effective Tax Rate (Percent)	15.8%	14.8%	16.9%	14.1%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.2%	11.4%	13.2%	10.7%	-	-	-
FY 2007-2016							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$4,497	\$3,126	\$5,969	\$3,162	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$450	\$313	\$597	\$316	-	-	-
25/20 PPT Effective Tax Rate (Percent)	16.0%	13.6%	17.7%	14.2%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.4%	10.3%	13.8%	10.8%	-	-	-
FY 2007-2030							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$8,584	\$4,462	\$12,455	\$5,814	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$358	\$186	\$519	\$242	-	-	-
25/20 PPT Effective Tax Rate (Percent)	16.4%	11.7%	18.5%	14.0%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.6%	8.7%	14.5%	10.6%	-	-	-

Change in Projected Taxes Under the House Resources CS DOR Forecast Production (FY 2007-2030)*

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	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from SQ (\$Million)	\$5,823	\$11,578	\$31,386
Annual Average Difference from SQ (\$Million)	\$1,165	\$1,158	\$1,308
PPT Effective Tax Rate (Percent)	15.8%	15.7%	18.4%
SQ Effective Tax Rate (Percent)	7.1%	6.3%	4.9%

* Calculated from April 2006; \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection.

Change in Projected Taxes Under the House Resources CS DOR Forecast Production (FY 2007-2030)*

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$30.30	\$28.30	\$25.40
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$5,823	\$3,794	\$8,602	\$1,703	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,165	\$759	\$1,720	\$341	\$0	-	-
House Resources CS Effective Tax Rate (Percent)	15.8%	13.7%	18.4%	10.7%	7.2%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.2%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$11,578	\$4,993	\$21,512	\$4,310	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,158	\$499	\$2,151	\$431	-	\$0	-
House Resources CS Effective Tax Rate (Percent)	15.7%	11.8%	20.3%	10.9%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$31,386	\$7,186	\$75,604	\$13,246	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$1,308	\$299	\$3,150	\$552	-	-	\$0
House Resources CS Effective Tax Rate (Percent)	18.4%	10.3%	29.2%	12.6%	-	-	5.0%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	5.0%

* Calculated from April 2006; \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection.

Change in Projected Taxes Under the House Resources CS Costs Increased by 20% DOR Forecast Production (FY 2007-2030)*

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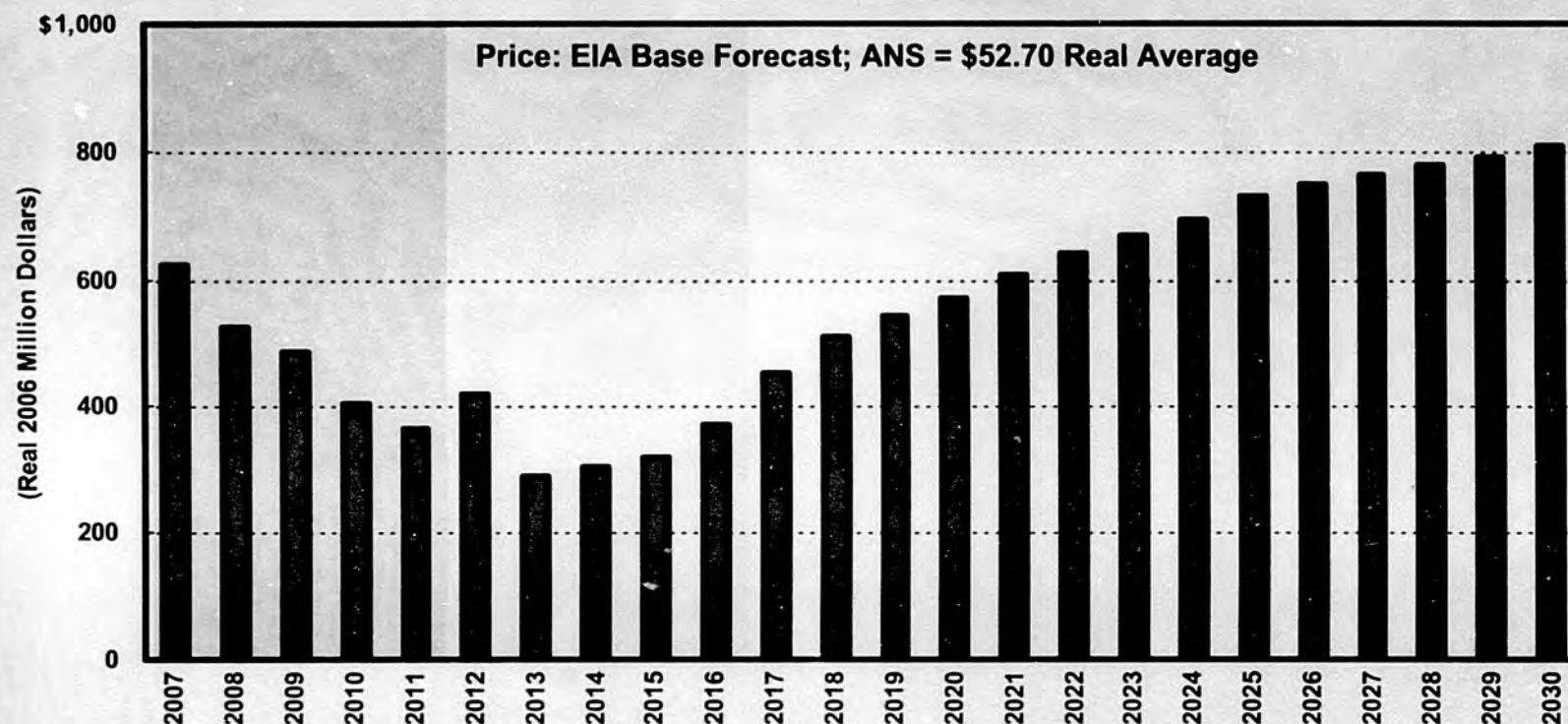
	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$34.60	\$32.30	\$29.00
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$5,064	\$3,035	\$7,843	\$944	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,013	\$607	\$1,569	\$189	\$0	-	-
House Resources CS Effective Tax Rate (Percent)	14.7%	12.4%	17.4%	9.1%	7.1%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.1%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$10,109	\$3,524	\$20,043	\$2,841	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,011	\$352	\$2,004	\$284	-	\$0	-
House Resources CS Effective Tax Rate (Percent)	14.5%	10.2%	19.3%	9.3%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$28,635	\$4,435	\$72,854	\$1,496	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$1,193	\$185	\$3,036	\$437	-	-	\$0
House Resources CS Effective Tax Rate (Percent)	17.3%	8.4%	28.3%	11.0%	-	-	4.9%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	4.9%

* Calculated from April 2006; \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection.



Difference in Projected Taxes Between the House Resources CS¹ and a 20/20² Tax DOR Forecast Production (FY 2007-2030)

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	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from 20/20 PPT Tax (\$Million)	\$2,405	\$4,107	\$13,415
Annual Average Difference from 20/20 PPT Tax (\$Million)	\$481	\$411	\$559
House Resources CS Effective Tax Rate (Percent)	15.8%	15.7%	18.4%
20/20 PPT Effective Tax Rate (Percent)	12.2%	12.4%	12.6%

¹ Calculated from April 2006; \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Difference in Projected Taxes Between the House Resources CS¹ and a 20/20² Tax DOR Forecast Production (FY 2007-2030)

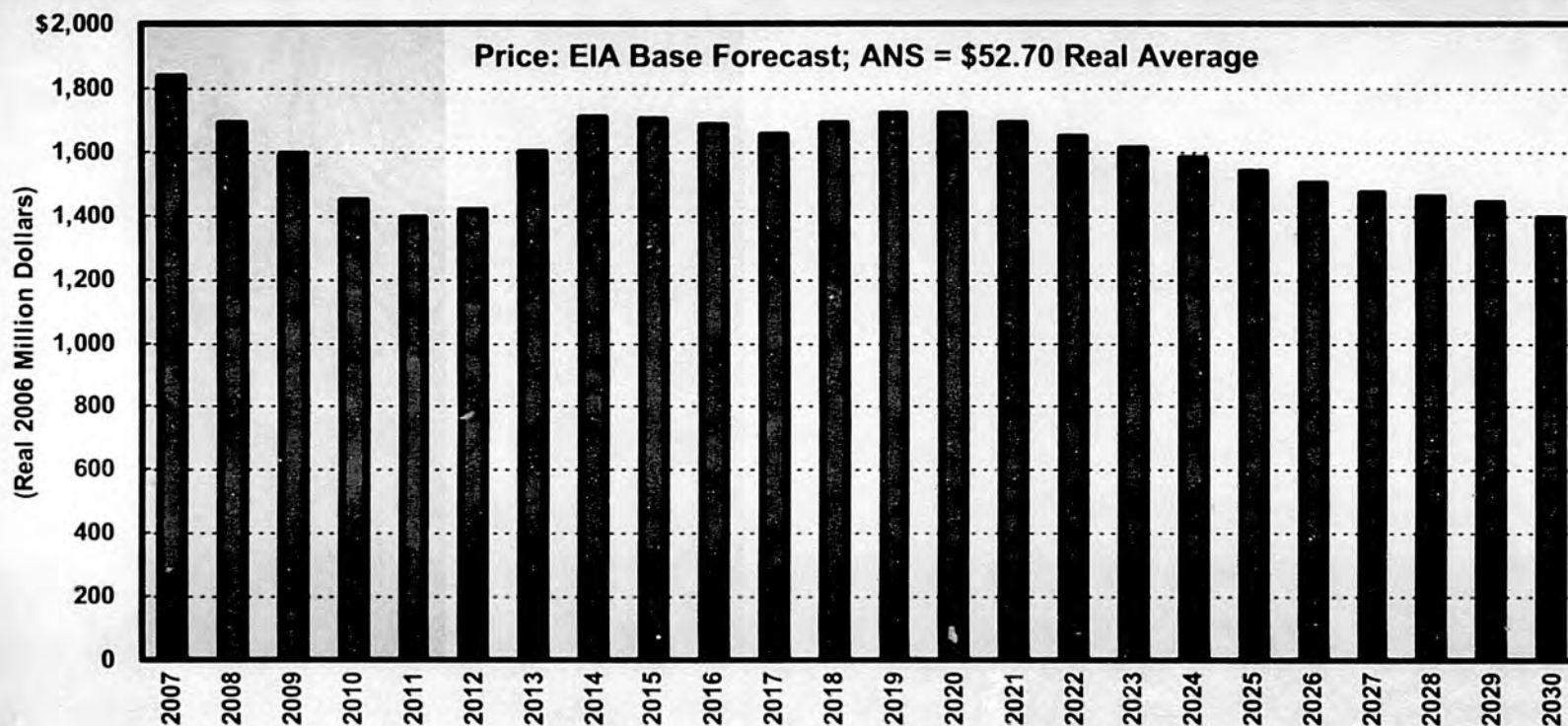
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	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	-	-	-
FY 2007-2011							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$2,405	\$1,335	\$3,965	\$29	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$481	\$267	\$793	\$6	-	-	-
House Resources CS Effective Tax Rate (Percent)	15.8%	13.7%	18.4%	10.7%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.2%	11.4%	13.2%	10.7%	-	-	-
FY 2007-2016							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$4,107	\$1,380	\$9,824	\$154	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$411	\$138	\$982	\$15	-	-	-
House Resources CS Effective Tax Rate (Percent)	15.7%	11.8%	20.3%	10.9%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.4%	10.3%	13.8%	10.8%	-	-	-
FY 2007-2030							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$13,415	\$2,362	\$45,342	\$3,450	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$559	\$98	\$1,889	\$144	-	-	-
House Resources CS Effective Tax Rate (Percent)	18.4%	10.3%	29.2%	12.6%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.6%	8.7%	14.5%	10.6%	-	-	-

¹ Calculated from April 2006. \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from July 2006. includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies. volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under the Senate Resources CS DOR Forecast Production (FY 2007-2030)*



	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from SQ (\$Million)	\$7,955	\$16,061	\$38,179
Annual Average Difference from SQ (\$Million)	\$1,521	\$1,606	\$1,591
Senate Resources CS Effective Tax Rate (Percent)	19.0%	19.3%	21.4%
SQ Effective Tax Rate (Percent)	7.1%	6.3%	4.9%

* Calculated from April 2006, includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under the Senate Resources CS DOR Forecast Production (FY 2007-2030)*

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$28.30	\$25.50	\$23.10
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$7,955	\$5,716	\$10,644	\$2,909	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,591	\$1,143	\$2,129	\$582	\$0	-	-
Senate Resources CS Effective Tax Rate (Percent)	19.0%	17.0%	21.1%	13.3%	7.2%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.2%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$16,061	\$8,192	\$25,540	\$7,641	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,606	\$819	\$2,554	\$764	-	\$0	-
Senate Resources CS Effective Tax Rate (Percent)	19.3%	15.2%	22.9%	14.6%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$38,179	\$12,112	\$68,505	\$19,417	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$1,591	\$505	\$2,854	\$809	-	-	\$0
Senate Resources CS Effective Tax Rate (Percent)	21.4%	13.6%	26.9%	16.2%	-	-	5.0%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	5.0%

* Calculated from April 2006; includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Change in Projected Taxes Under the Senate Resources CS Costs Increased by 20% DOR Forecast Production (FY 2007-2030)*

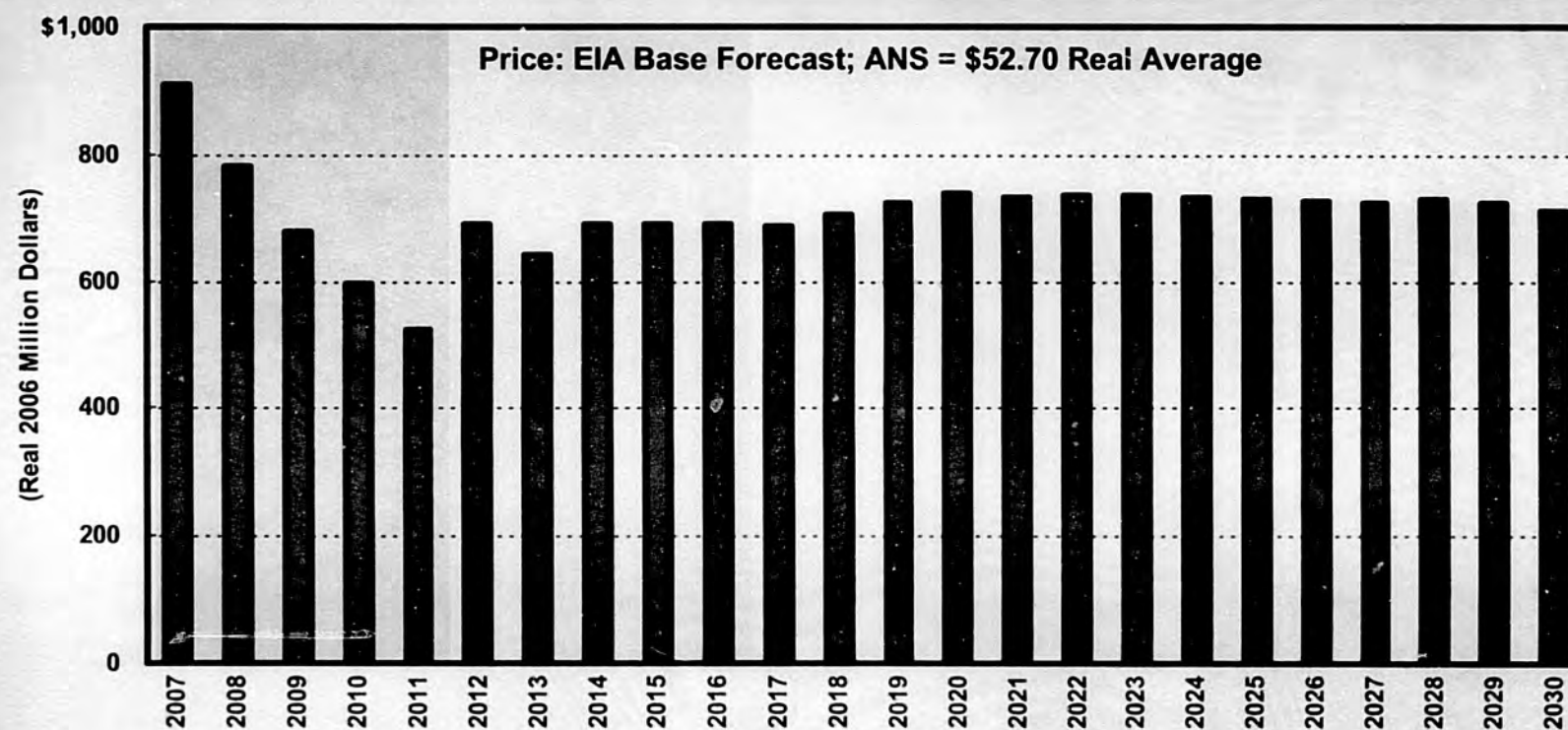
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	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$32.70	\$29.00	\$26.30
FY 2007-2011							
Total Difference from Status Quo (Million 2006\$)	\$6,901	\$4,662	\$9,590	\$1,855	\$0	-	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,380	\$932	\$1,918	\$371	\$0	-	-
Senate Resources CS Effective Tax Rate (Percent)	17.4%	15.2%	19.7%	11.0%	7.1%	-	-
Status Quo Effective Tax Rate (Percent)	7.1%	7.2%	7.1%	7.1%	7.1%	-	-
FY 2007-2016							
Total Difference from Status Quo (Million 2006\$)	\$14,353	\$6,484	\$23,832	\$5,933	-	\$0	-
Annual Average Difference from Status Quo (Million 2006\$)	\$1,435	\$648	\$2,383	\$593	-	\$0	-
Senate Resources CS Effective Tax Rate (Percent)	17.9%	13.4%	21.8%	12.7%	-	6.3%	-
Status Quo Effective Tax Rate (Percent)	6.3%	6.5%	6.2%	6.3%	-	6.3%	-
FY 2007-2030							
Total Difference from Status Quo (Million 2006\$)	\$34,987	\$8,920	\$65,313	\$16,225	-	-	\$0
Annual Average Difference from Status Quo (Million 2006\$)	\$1,458	\$372	\$2,721	\$676	-	-	\$0
Senate Resources CS Effective Tax Rate (Percent)	20.0%	11.4%	25.8%	14.4%	-	-	5.0%
Status Quo Effective Tax Rate (Percent)	4.9%	5.4%	4.7%	4.9%	-	-	5.0%

* Calculated from April 2006; includes transition (50% of capex over 17 years to maximum of \$5 Billion) and 15 BPD exemption volumes per DOR Fall 2005 Forecast with Oooguruk projection



Difference in Projected Taxes Between the Senate Resources CS¹ and a 20/20² Tax DOR Forecast Production (FY 2007-2030)



	FY 2007-2011	FY 2007-2016	FY 2007-2030
Total Difference from 20/20 PPT Tax (\$Million)	\$3,484	\$6,882	\$17,016
Annual Average Difference from 20/20 PPT Tax (\$Million)	\$697	\$688	\$709
Senate Resources CS Effective Tax Rate (Percent)	17.4%	17.9%	20.0%
20/20 PPT Effective Tax Rate (Percent)	12.2%	12.4%	12.6%

¹ Calculated from April 2006; includes transition (50% of capex over 1¹/₂ years to maximum of \$5 Billion) and 15 BPD exemption; volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

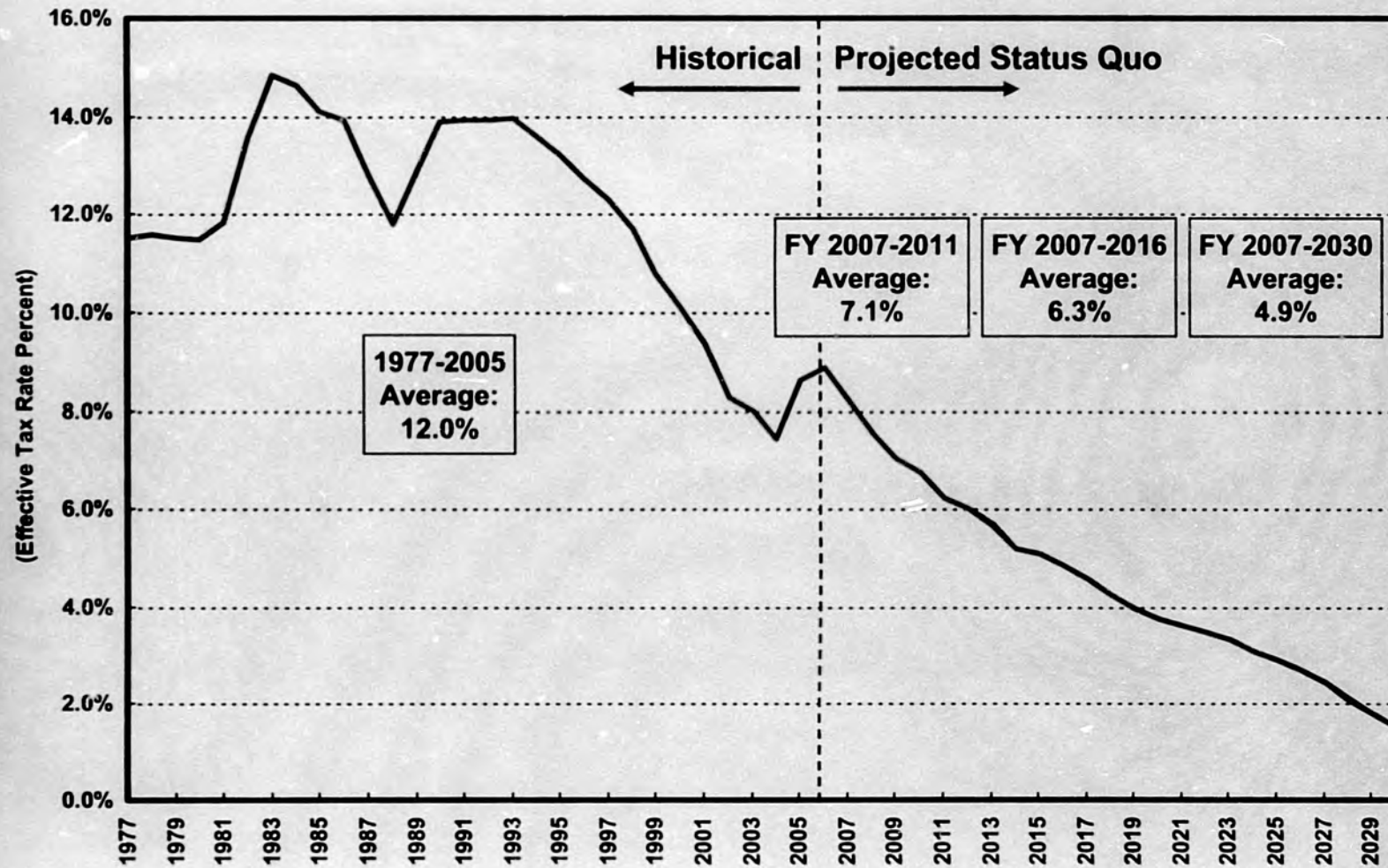
Difference in Projected Taxes Between the Senate Resources CS¹ and a 20/20² Tax DOR Forecast Production (FY 2007-2030)

80

	EIA WTI Price Forecast:			Fixed \$40 ANS Price	FY2007-2011 Breakeven	FY2007-2016 Breakeven	FY2007-2030 Breakeven
	Base	Low	High				
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	-	-	-
FY 2007-2011							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$3,484	\$2,203	\$4,953	\$182	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$697	\$441	\$991	\$36	-	-	-
Senate Resources CS Effective Tax Rate (Percent)	17.4%	15.2%	19.7%	11.0%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.2%	11.4%	13.2%	10.7%	-	-	-
FY 2007-2016							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$6,882	\$2,870	\$12,144	\$1,778	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$688	\$287	\$1,214	\$178	-	-	-
Senate Resources CS Effective Tax Rate (Percent)	17.9%	13.4%	21.8%	12.7%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.4%	10.3%	13.8%	10.8%	-	-	-
FY 2007-2030							
Total Difference from 20/20 PPT Tax (Million 2006\$)	\$17,016	\$4,096	\$35,051	\$6,429	-	-	-
Annual Average Difference from 20/20 PPT Tax (Million 2006\$)	\$709	\$171	\$1,460	\$268	-	-	-
Senate Resources CS Effective Tax Rate (Percent)	20.0%	11.4%	25.8%	14.4%	-	-	-
20/20 PPT Effective Tax Rate (Percent)	12.6%	8.7%	14.5%	10.6%	-	-	-

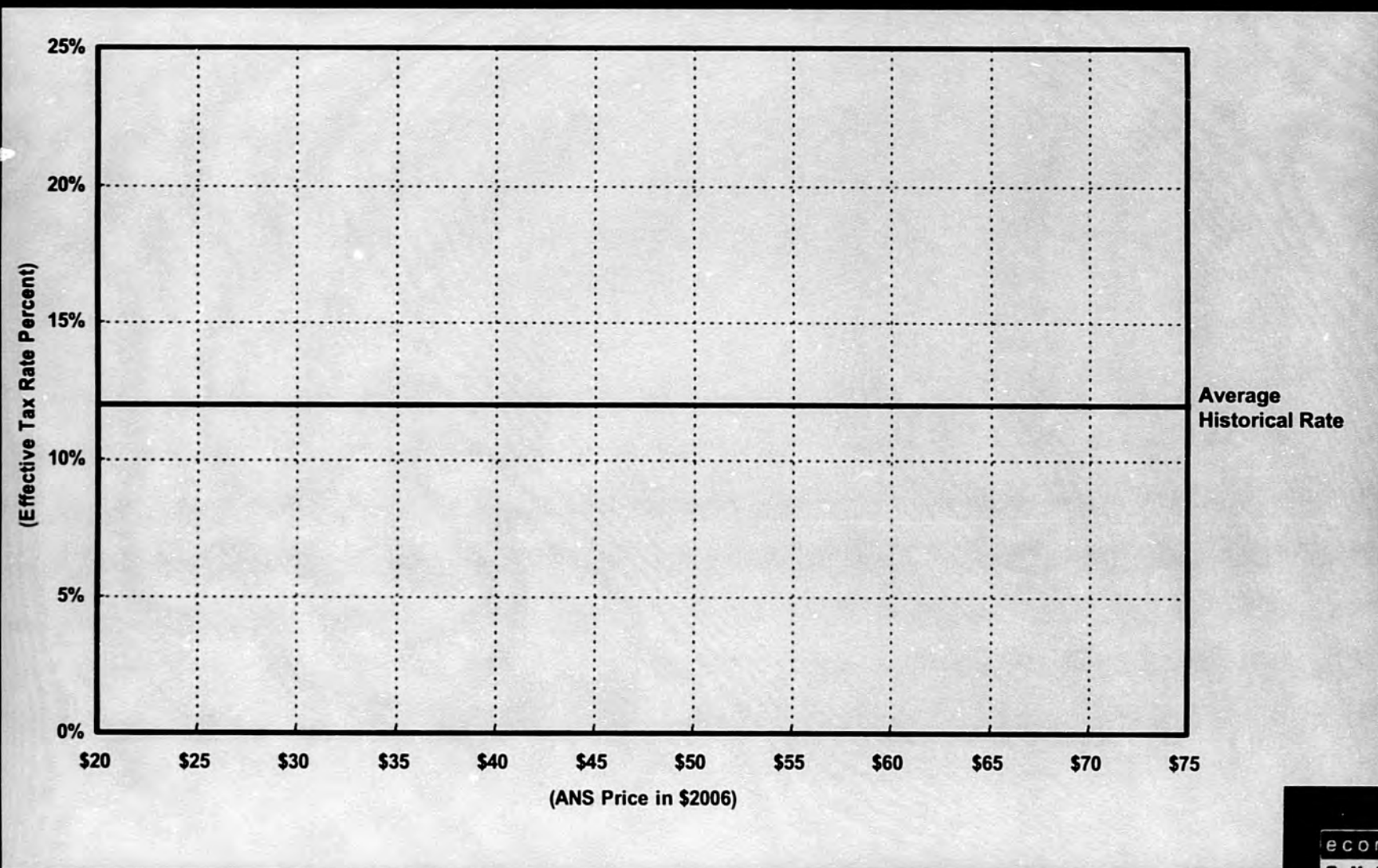
¹ Calculated from April 2006, includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption, volumes per DOR Fall 2005 Forecast with Oooguruk projection.
² Calculated from July 2006, includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies, volumes per DOR Fall 2005 Forecast with Oooguruk projection.

Effective Severance Tax Rates Over Time



Source: Historical: Alaska Department of Revenue

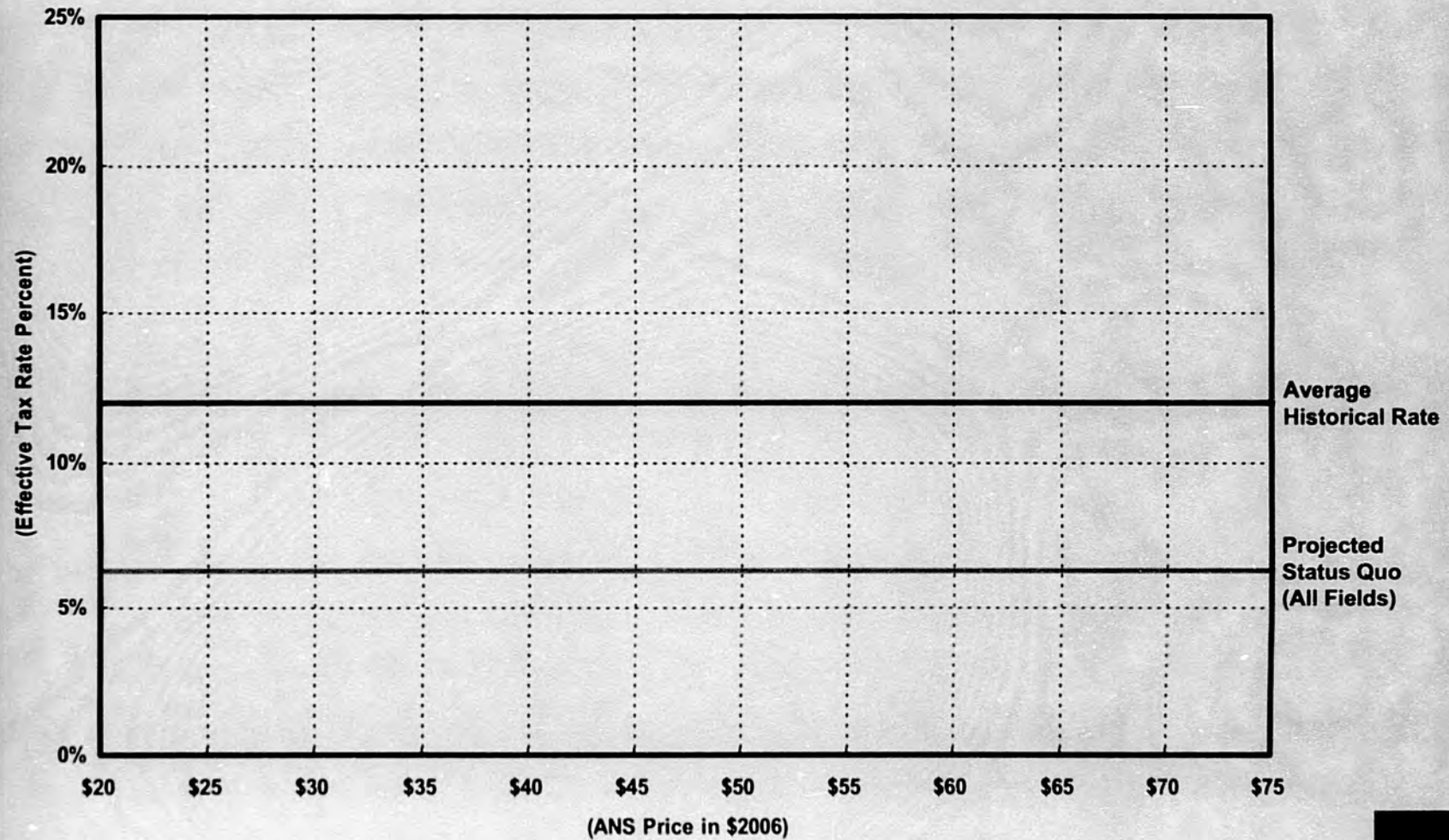
Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



Source: Alaska Department of Revenue.

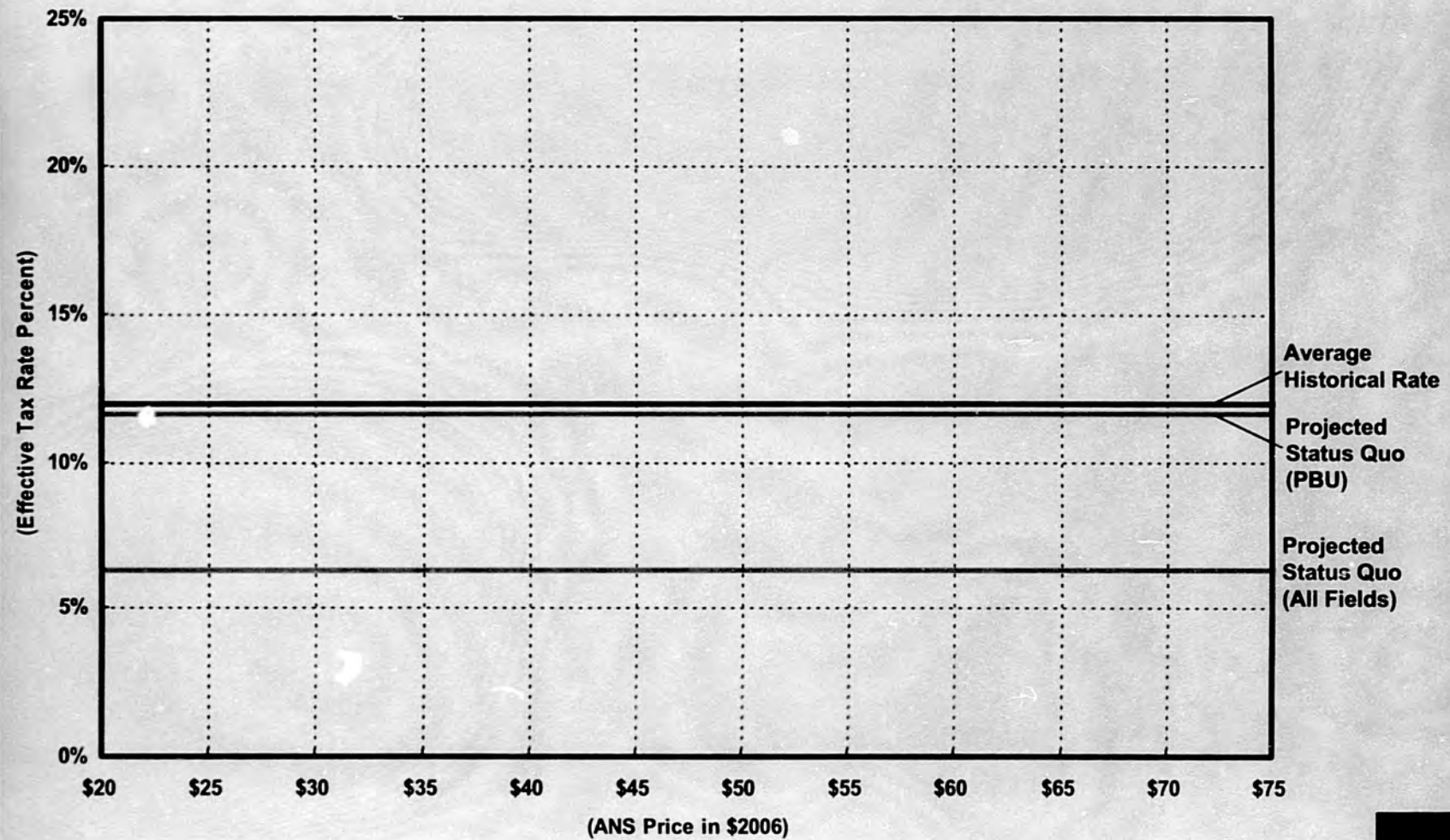


Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



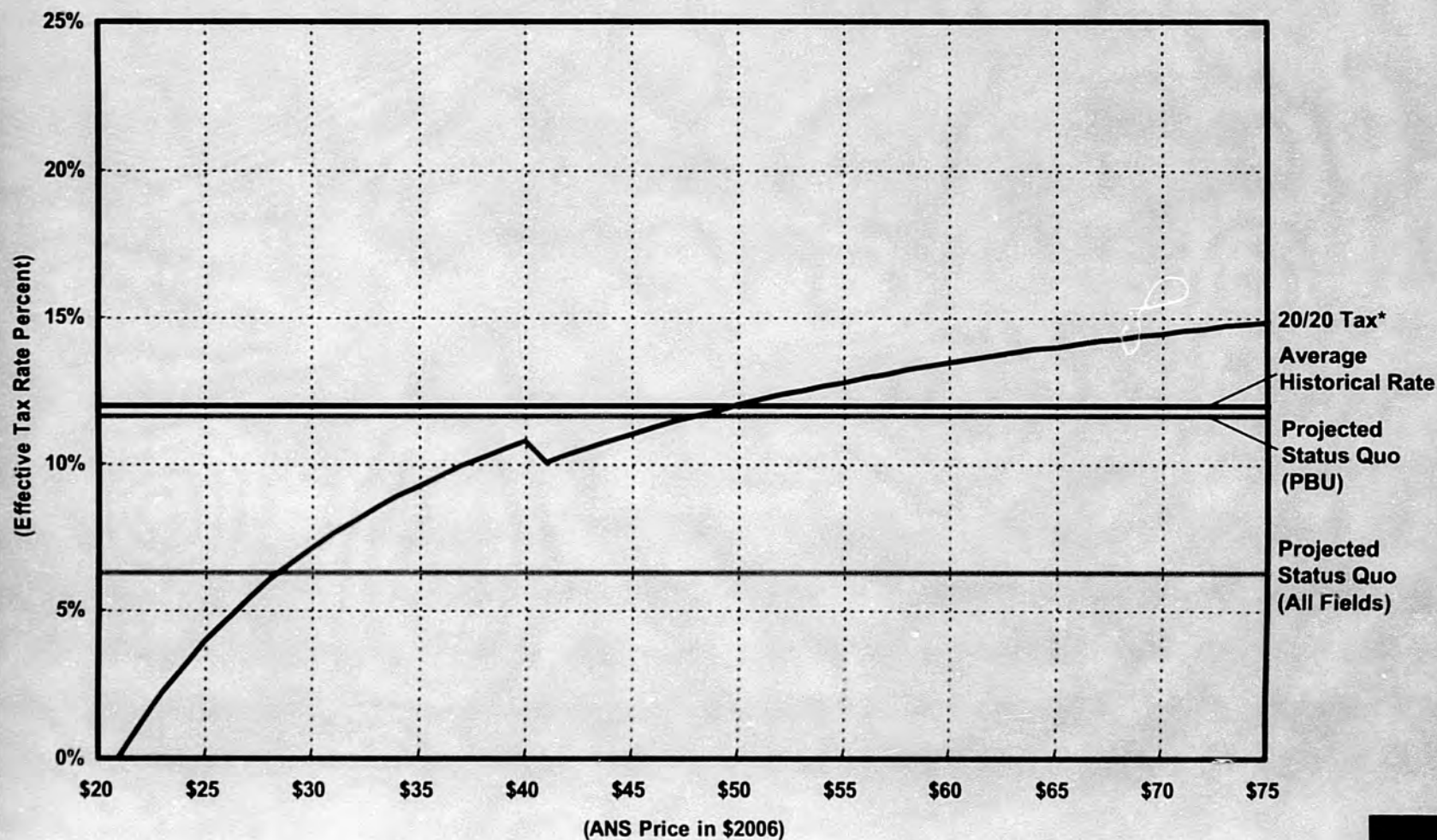
Source: Historical: Alaska Department of Revenue.

Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



Source: Historical: Alaska Department of Revenue.

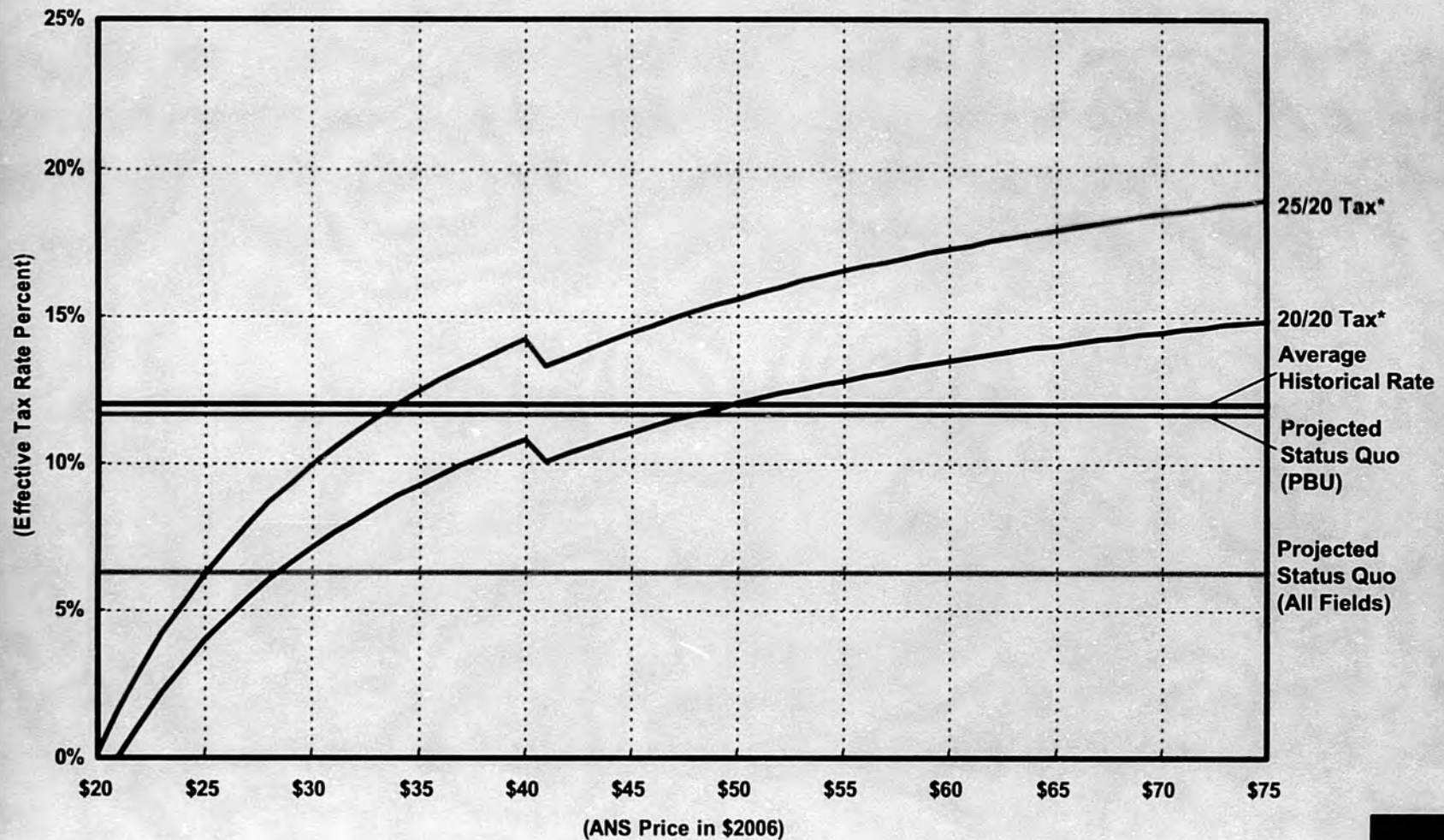
Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection.

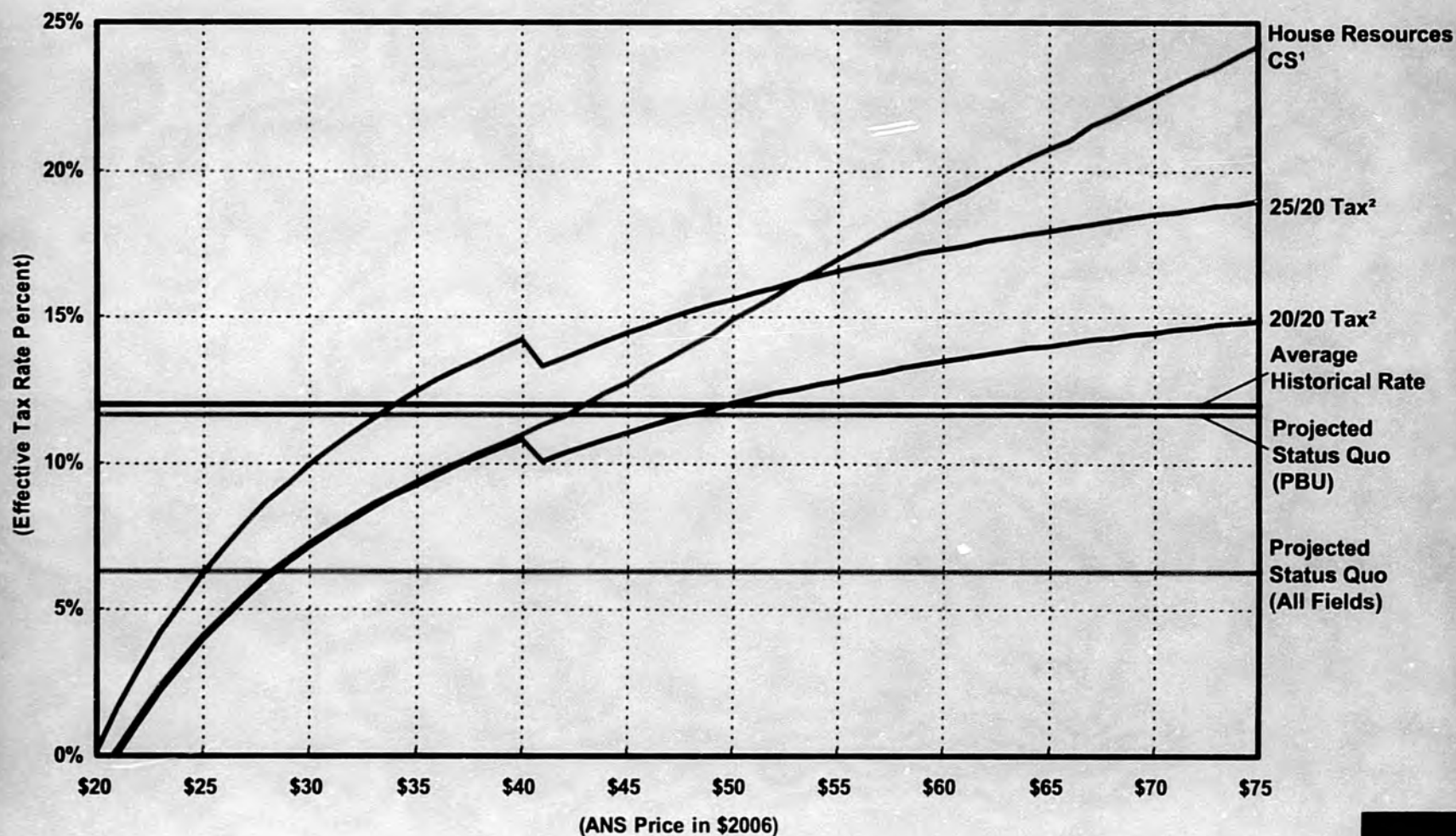
Source: Historical: Alaska Department of Revenue.

Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection.
Source: Historical: Alaska Department of Revenue.

Effective Average Tax Rates at Various Price Levels (FY 2007-2016)

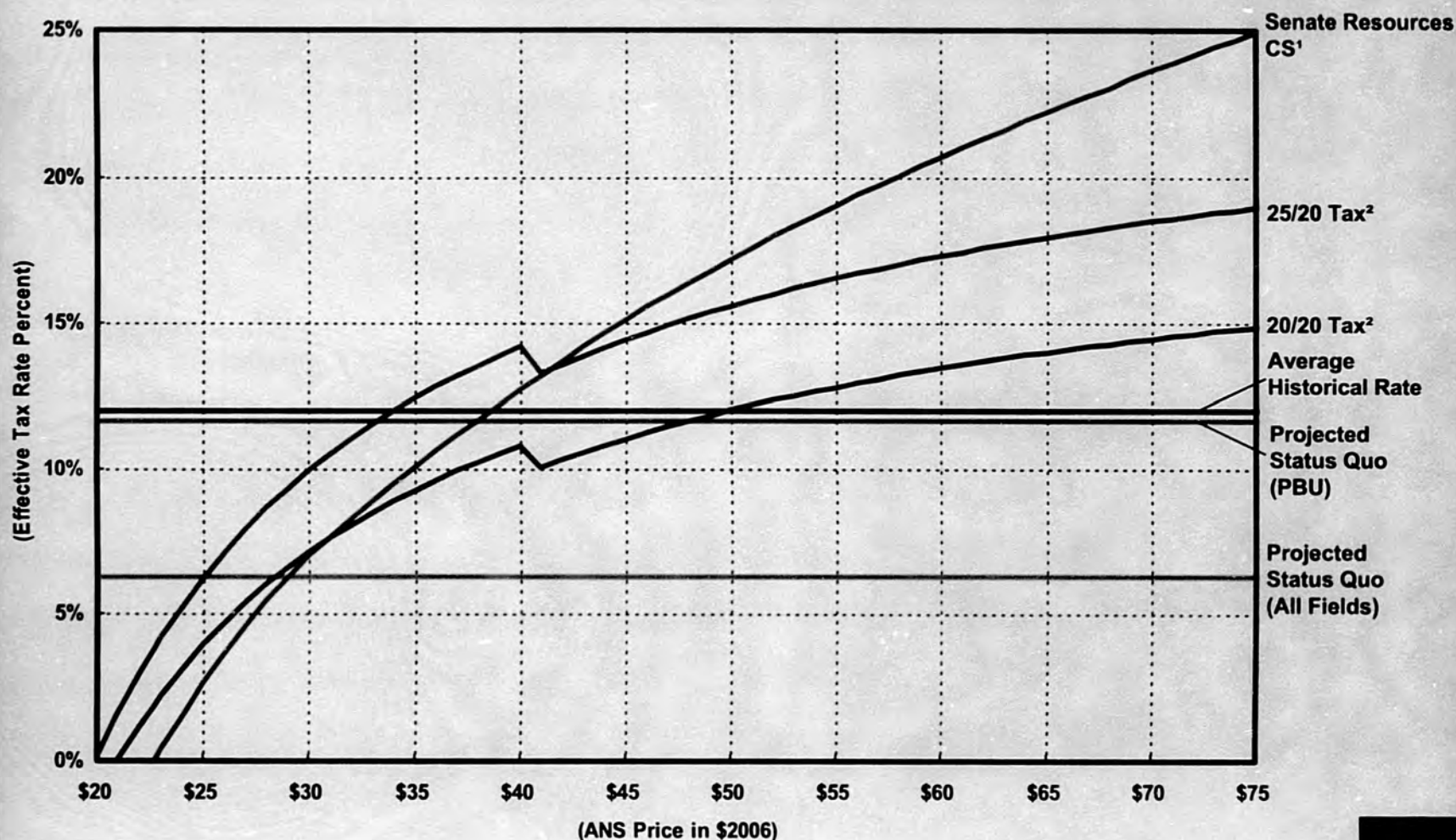


¹ Calculated from April 2006. \$60 Million exemption over 8 companies for 10 years. volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from July 2006. includes 6 year transition (100% 2001-2005) and \$73 Million exemption over 7 companies. volumes per DOR Fall 2005 Forecast with Oooguruk projection

Source: Alaska Department of Revenue

Effective Average Tax Rates at Various Price Levels (FY 2007-2016)

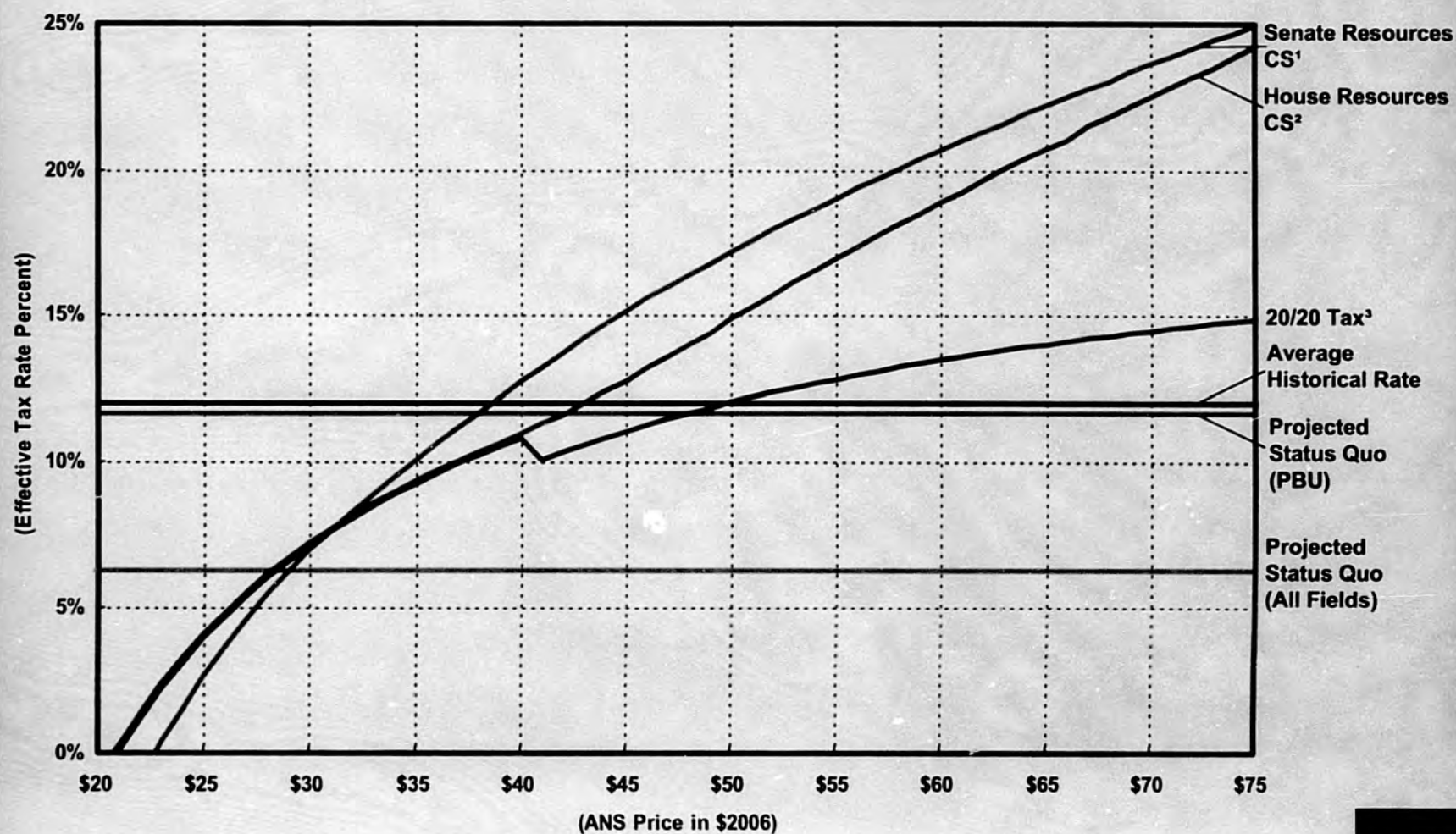


¹ Calculated from April 2006; includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption; volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Source: Alaska Department of Revenue

Effective Average Tax Rates at Various Price Levels (FY 2007-2016)



¹ Calculated from April 2006, includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption; volumes per DOR Fall 2005 Forecast with Oooguruk projection

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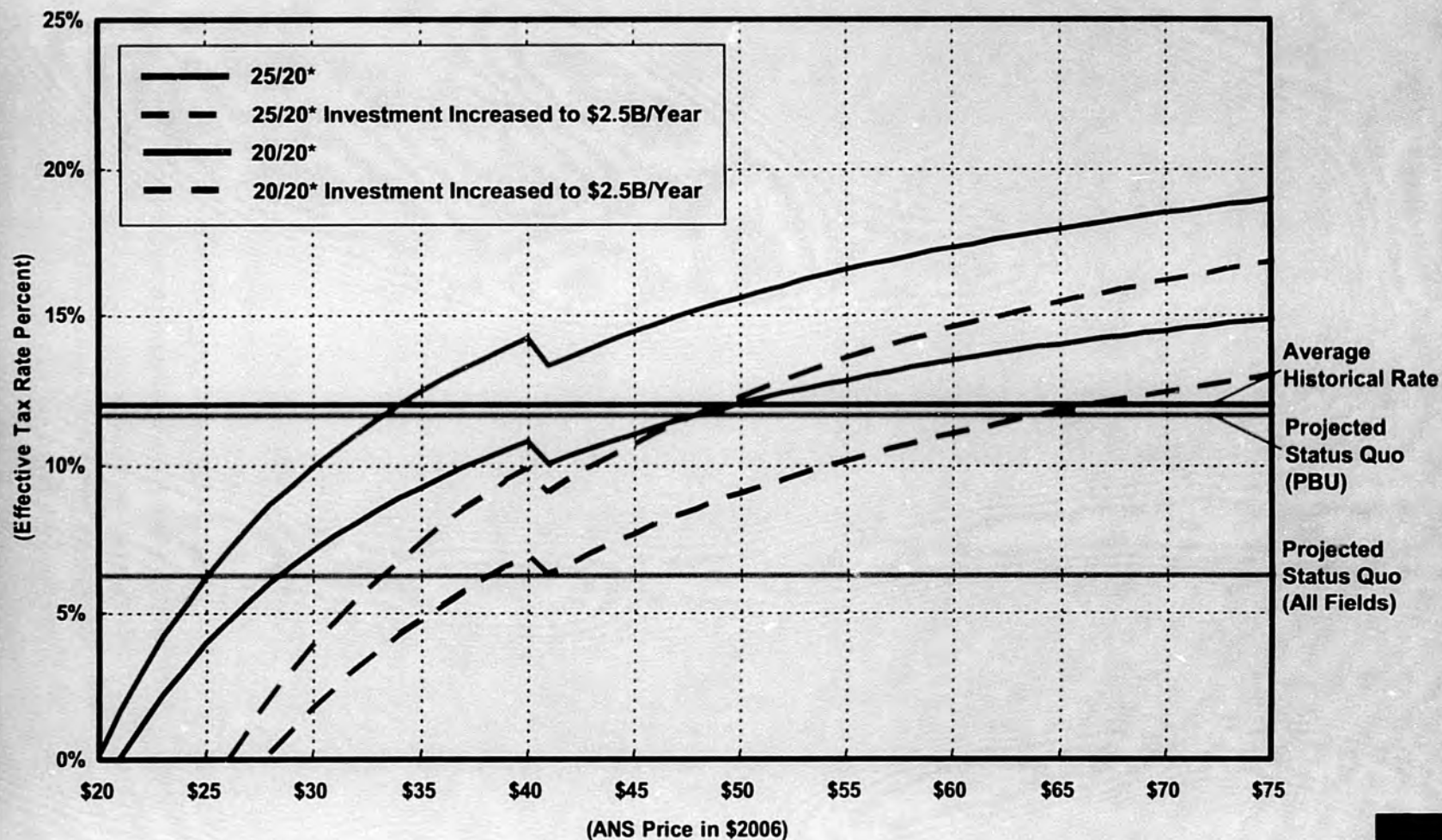
Source: Alaska Department of Revenue

Effective Average Tax Rates at Various Price Levels

Impact of Increased Investment

(FY 2007-2016)

90



* Calculated from July 2006; includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies; volumes per DOR Fall 2005 Forecast with Oooguruk projection
Source: Historical Alaska Department of Revenue

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Projected Government Takes DOR Forecast Production (FY 2007-2030)

	Total Government Take (Percent)				Alaska Take (Percent)			
	EIA WTI Price Forecast:			Fixed \$40 ANS Price	EIA WTI Price Forecast:			Fixed \$40 ANS Price
	Base	Low	High		Base	Low	High	
Average ANS Price in Real 2006 Dollars:	\$52.70	\$33.40	\$70.00	\$40.00	\$52.70	\$33.40	\$70.00	\$40.00

FY 2007-2011

Status Quo	54.4%	55.3%	53.8%	56.9%	25.9%	26.8%	25.2%	28.2%
20/20 PPT ¹	57.7%	58.1%	57.6%	59.4%	31.0%	31.0%	31.1%	32.1%
25/20 PPT ¹	60.0%	60.3%	59.9%	61.7%	34.5%	34.6%	34.8%	35.7%
House Resources CS ²	60.0%	59.5%	60.8%	59.4%	34.5%	33.4%	36.2%	32.1%
Senate Resources CS ³	62.3%	62.0%	62.8%	61.5%	37.4%	36.3%	38.6%	34.3%

FY 2007-2016

Status Quo	53.3%	55.0%	52.4%	55.0%	24.8%	26.9%	23.7%	26.7%
20/20 PPT ¹	57.2%	57.6%	57.1%	58.1%	30.9%	30.9%	31.0%	31.5%
25/20 PPT ¹	59.6%	59.9%	59.6%	60.5%	34.5%	34.5%	34.8%	35.2%
House Resources CS ²	59.4%	58.6%	61.1%	58.2%	34.2%	32.5%	37.2%	31.7%
Senate Resources CS ³	62.0%	61.2%	63.0%	61.0%	37.8%	36.0%	39.8%	35.4%

FY 2007-2030

Status Quo	51.9%	54.7%	50.8%	53.3%	23.4%	27.2%	22.0%	25.2%
20/20 PPT ¹	56.9%	57.1%	56.9%	57.3%	31.2%	30.9%	31.3%	31.4%
25/20 PPT ¹	59.3%	59.3%	59.3%	59.6%	34.9%	34.3%	35.2%	35.0%
House Resources CS ²	60.6%	58.2%	65.9%	58.7%	37.0%	32.7%	45.4%	33.5%
Senate Resources CS ³	62.7%	60.8%	64.7%	61.3%	39.9%	36.2%	43.3%	37.3%

¹ Calculated from July 2006, includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies, volumes per DOR Fall 2005 Forecast with Oooguruk projection

² Calculated from April 2006, includes transition (50% of capex over 1st 7 years to maximum of \$5 Billion) and 15 BPD exemption, volumes per DOR Fall 2005 Forecast with Oooguruk projection

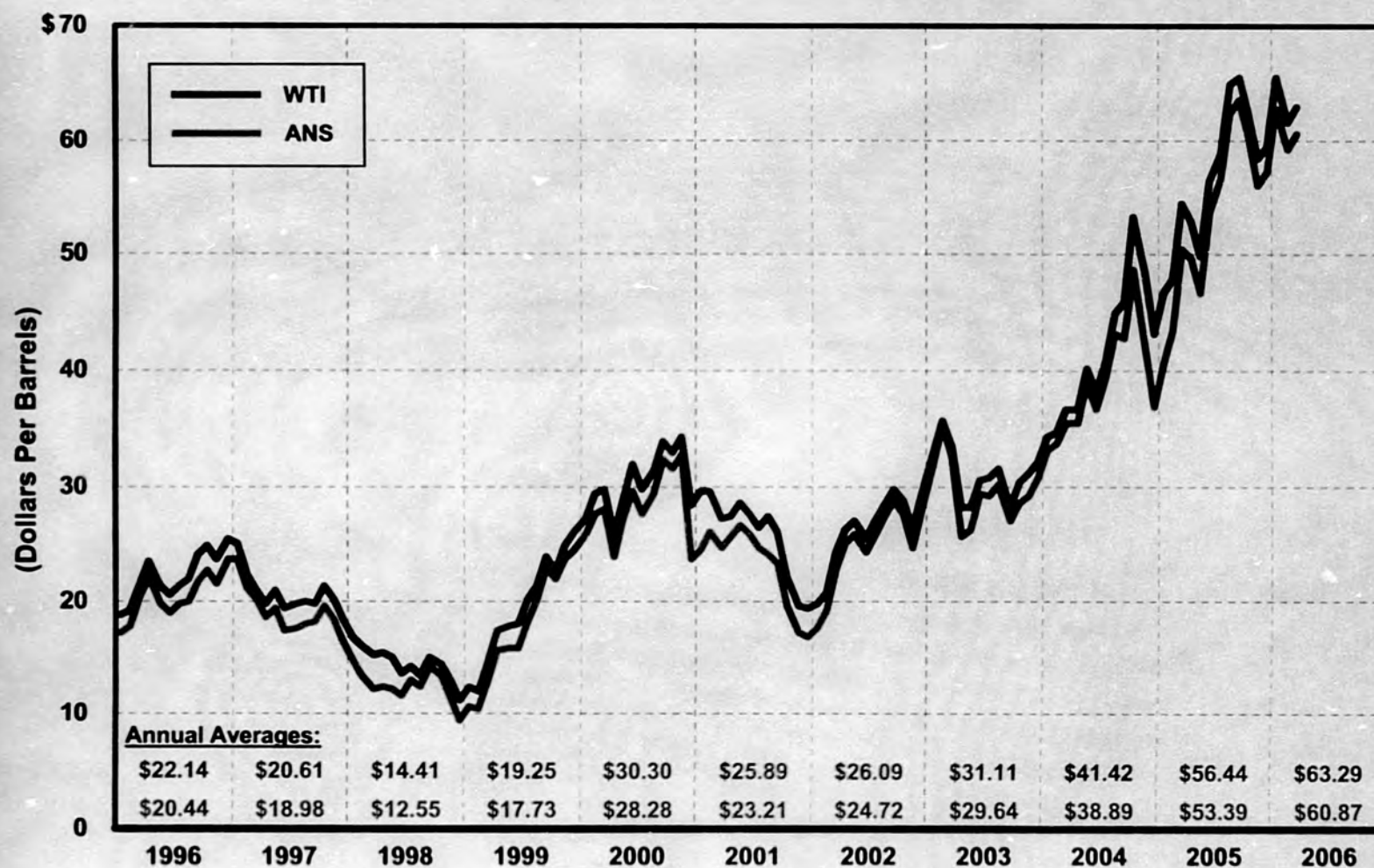
³ Calculated from July 2006, includes 6-year transition (100% 2001-2005) and \$73 Million exemption over 7 companies, volumes per DOR Fall 2005 Forecast with Oooguruk projection

Progressivity Issues

- **Choice of Threshold Price**
- **WTI v. ANS**
- **Real v. Nominal**
- **Deductibility**
- **Cap**

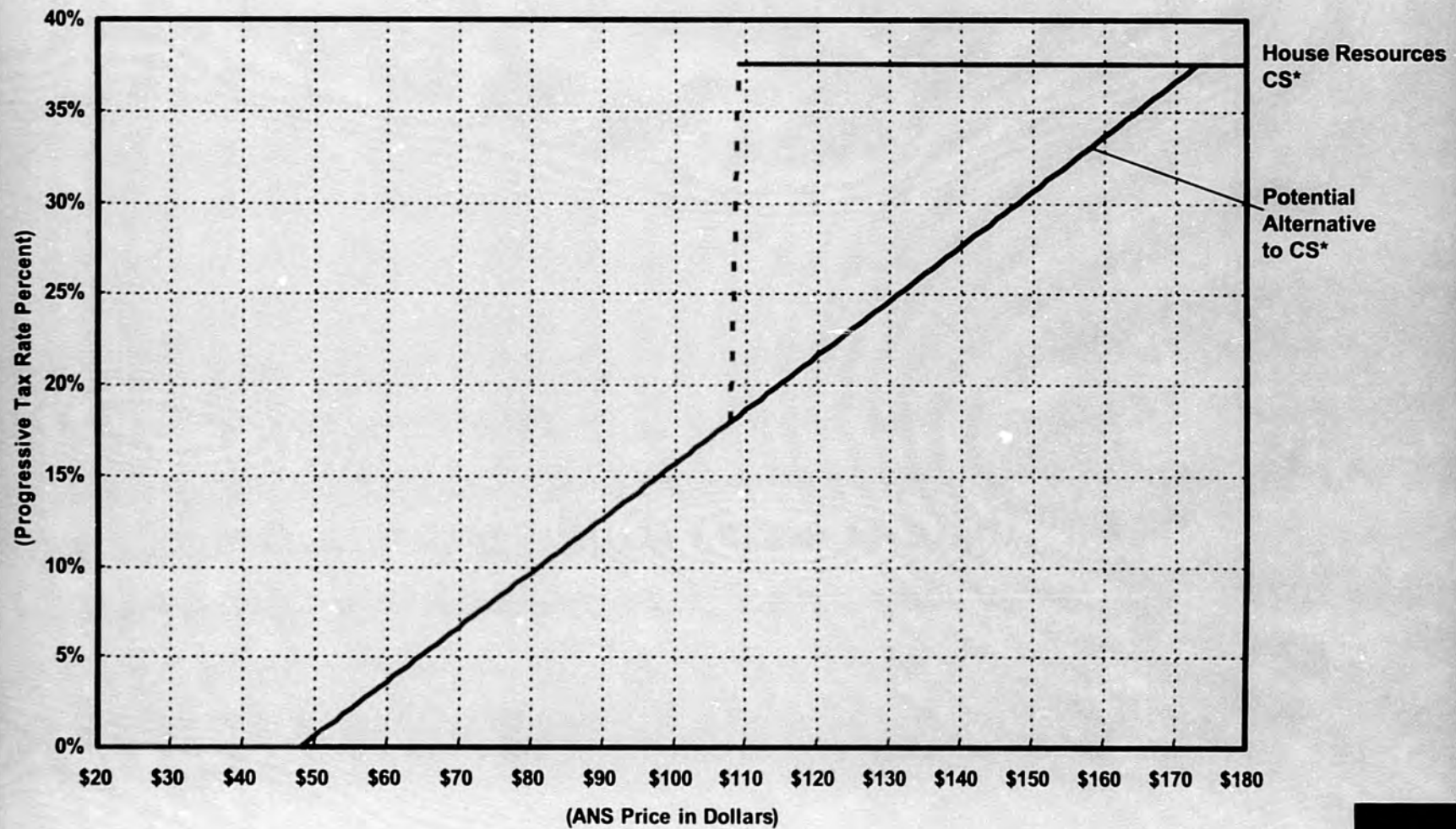
Platt's WTI and ANS Prices

(January 1996 - March 2006)



Source: Platt's

Progressive Tax Rates at Various Price Levels (FY 2007-2016)



* Calculated from April 2006; \$60 Million exemption over 8 companies for 10 years; volumes per DOR Fall 2005 Forecast with Oooguruk projection

Source: Historical Average; Alaska Department of Revenue

bp



NEWS RELEASE

BP AMERICA INC.

October 25, 2007

BP America announces resolution of Texas City, Alaska, propane trading law enforcement investigations

HOUSTON, TX -- BP America today announced two plea agreements and a deferred prosecution agreement with the U.S. Department of Justice and a consent order with the Commodity Futures Trading Commission which end governmental investigation of company wrongdoing on matters related to the March 2005 explosion and fire at the Texas City refinery, the March and August 2006 oil transit line spills in Alaska and improper propane trading in April 2003 and February 2004.

"These agreements are an admission that, in these instances, our operations failed to meet our own standards and the requirements of the law. For that, we apologize," said BP America Chairman and President Bob Malone. "They represent an absolute commitment to work with the government as we continue our efforts to prevent another tragedy like Texas City, to make our Prudhoe Bay pipeline corrosion program more responsive to changing operating conditions and to ensure that our participation in the nation's energy markets is always appropriate.

"In the months and years since these violations occurred, we have made real progress in the areas of process safety performance and risk management. Oversight of our trading operations has also been greatly enhanced. However, there is more to do and we are committed to doing it," Malone said.

Texas City

BP Products North America Inc. will plead guilty to a felony for failing to have adequate written procedures for maintaining the ongoing mechanical integrity of process equipment at the Texas City refinery and for failing to inform contractors of the hazards related to their occupancy of temporary trailers in the vicinity of the refinery's Isomerization Unit.

BP Products has agreed to a \$50 million fine and three years probation. The agreement requires BP Products to continue its cooperation with the government's ongoing

investigation of the circumstances leading to the March 23, 2005 Texas City refinery explosion and fire which claimed the lives of 15 workers and injured hundreds more. The agreement also requires, as a condition of probation, compliance with all terms of the September 2005 Settlement Agreement with the U.S. Occupational Safety and Health Administration (OSHA) and the June 2006 Agreed Order issued by the Texas Commission on Environmental Quality.

Under the agreement the Justice Department agrees not to bring additional criminal charges against BP Products in connection with the March 2005 explosion.

"If our approach to process safety and risk management had been more disciplined and comprehensive, this tragedy could have been prevented," Malone said. "We did not provide our people with systems and processes that would have enabled them to appreciate the risk of a catastrophic release from the F20 blowdown stack and understand the danger of placing occupied trailers so close to it. We deeply regret the loss of life, the injuries and the community disruption caused by the explosion."

BP Product's response to the Texas City explosion and fire has been guided by the recommendations of its own incident investigation and by the findings and recommendations of OSHA, the U.S. Chemical Safety and Hazard Investigation Board and the BP U.S. Refineries Independent Safety Review Panel, led by former U.S. Secretary of State James A. Baker, III.

BP America is in the midst of a comprehensive effort to improve its safety culture and to strengthen and standardize process safety and risk management programs at all BP-operated facilities.

At the Texas City refinery, BP Products eliminated the use of blow down systems like the one involved in the March 2005 explosion and removed temporary occupied structures (office trailers) from process areas. The refinery is expected to return to near full production by the end of 2007 after a 25-month, \$1 billion renewal program that included the inspection and refurbishment of every major process unit in the refinery and extensive re-training of refinery personnel.

Alaska

BP Exploration Alaska, Inc. (BPXA) will plead guilty to a misdemeanor violation of the U.S. Federal Water Pollution Control Act and admits, in the plea agreement, that the company's approach to monitoring and managing corrosion in Prudhoe Bay oil transit lines failed to properly consider the risks posed by changing operating conditions in the field and that, as a result, BPXA failed to take necessary actions to prevent the March 2006 pipeline spill.

BPXA has agreed to a \$12 million fine and 3 years probation. Under the agreement, BPXA will also pay restitution of \$4 million to the State of Alaska, which has agreed not

to prosecute the company, and make a \$4 million payment to the National Fish and Wildlife Foundation for Arctic environmental research.

The Justice Department and State of Alaska have agreed not to bring further criminal charges against BPXA in connection with the March and August 2006 spills.

The leak and the resulting 4,800 barrel spill impacted 1.9 acres and is the largest oil spill to ever occur at Prudhoe Bay. The plea agreement acknowledges that BPXA promptly and thoroughly cleaned up the discharged oil. No lasting harm to the surrounding environment is expected.

"This leak, and the spill that resulted from it, revealed a significant gap in our corrosion management program -- a gap that existed because our approach to assessing and managing corrosion risk in these lines was not robust or systematic enough," Malone said.

"We regret that our monitoring of these lines did not meet the expectations of the State of Alaska and the U.S. government," Malone said. "Since this incident we have worked with state and federal regulators to ensure the safe, reliable operation of critical Prudhoe Bay pipelines which deliver processed oil to the Trans Alaska Pipeline."

Following the March spill, BPXA worked with the U.S. Department of Transportation to make periodic maintenance and smart pigging part of BPXA's oil transit line corrosion inspection, monitoring and inhibition program.

BPXA will complete replacement of the 16-mile Prudhoe Bay oil transit line system in 2008. BPXA began construction of the \$250 million project in early 2007.

April 2003, February 2004 propane trades

BP America has entered a deferred prosecution agreement (DPA) with the U.S. Justice Department under which the company admits that it manipulated the price of February 2004 TET physical propane and attempted to manipulate the price of TET propane in April 2003. The DPA concludes all criminal investigations of BP America on matters related to propane, gasoline, crude oil and other commodity trading.

BP Products North America Inc. also has entered a companion consent order with the U.S. Commodity Futures Trading Commission (CFTC) resolving all civil enforcement matters concerning the company's propane and gasoline trading.

BP America will pay fines, penalties and restitution totaling just over \$303.5 million, including \$53.5 million to a victim restitution fund, a criminal penalty of \$100 million, a civil penalty of \$125 million and a \$25 million payment to the U.S. Postal Inspection Service Consumer Fraud Fund.

The DPA has a term of three years. Charges will be dismissed at the end of the term following Justice Department determination that BP America has complied with the terms of the DPA. The DPA requires BP America's continued cooperation with the U.S. government investigation of the trades in question.

The DPA will result in the appointment of an independent monitor to make sure BP America has appropriate trading compliance policies and programs in place, that the policies and programs are implemented appropriately, and that they are being enforced. The independent monitor will have authority to investigate and report alleged violations of the Commodity Exchange Act or CFTC regulations and to recommend corrective action.

BP America conducted its own investigation and cooperated with the Justice Department and the CFTC investigations of propane trading in April 2003 and February 2004. The February 2004 TET propane trades resulted in a loss of \$10 million to the company.

"Our view of the legality of these trades changed as our knowledge of the facts surrounding them became more complete," Malone said. "This settlement acknowledges our failure to adequately oversee our trading operation. The agreement provides compensation for victims and establishes a foundation for working with the government to ensure our participation in the nation's energy markets is always appropriate. We are determined to restore the trust of regulators in our trading operations."

After investigating the propane trades, BP America developed an enhanced compliance program specifically fit for the trading organization; increased compliance and legal resources; enhanced training for traders; upgraded transaction monitoring capability and improved metrics to measure compliance performance.

Notes to Editors

Texas City

- Early on, BP Products accepted responsibility for the Texas City incident and for the management system failures and employee mistakes which were contributing factors.
- BP Products has spent \$1.6 billion to compensate victims of the explosion and has resolved more than 1,650 personal injury claims arising from the incident. Settlements have been achieved with the families of the workers who died and with most workers who suffered injuries.
- In October 2005, BP Products entered a settlement with the U.S. Occupational Safety and Health Administration resolving more than 300 separate alleged violations of OSHA safety regulations. BP Products paid a fine of \$21.4 million and agreed to a number of corrective actions, including the hiring of process safety and organizational experts for the refinery.

- In June 2006, BP Products negotiated an "Agreed Order" with the Texas Commission on Environmental Quality which authorized the Texas City refinery to quickly replace blowdown stacks in heavier than air, light hydrocarbon service with flares. BP Products paid a fine of \$336,556 and has agreed to bring all of the new flares into compliance with New Source Performance Standards (NSPS) by June 15, 2011 at an estimated cost of \$250 million. This condition of probation can be extended if the work required under the Agreed Order is not completed within the initial term of probation.
- The BP Texas City incident investigation team published its report in December 2005. The team "found no evidence of anyone consciously or intentionally taking actions or decisions that put others at risk."
- The Texas City refinery is owned and operated by BP Products North America Inc. It is BP's largest and most complex refinery with a rated capacity of 470,000 barrels per day and an ability to produce up to 11 million gallons of gasoline per day.

Alaska

- In August 2006, smart pigging of sections of the Prudhoe Bay oil transit line system revealed unexpected severe corrosion in isolated locations and led to the discovery of a 199 barrel spill. BPXA halted production from the eastern side of the field for 47 days while bypass lines were commissioned and the integrity of the oil transit line system was confirmed.
- All BP-operated oil transit lines on the North Slope are now included in the U.S. Department of Transportation's Integrity Management Program.
- After the 2006 oil transit line leaks, BP America retained three leading corrosion and infrastructure experts to independently review and make recommendations for improving BPXA's corrosion inspection, monitoring and prevention program.

April 2003, February 2004 TET Propane trades

- Propane is a natural gas liquid, used by petrochemical industries to produce plastics and for residential/commercial purposes.
- Primary means of delivery to the Northeast and Midwest U.S. is the Texas Eastern Products Pipeline Company (TEPPCO) system. Propane in the TEPPCO system is identified as TET propane.
- BP America has taken disciplinary action, including dismissal of employees for failure to adhere to BP policies following the company's investigation of the April 2003, February 2004 TET propane trades.

For additional information: Ronnie Chappell, 281-236-3529 or 281-366-5174

October 24, 2007

Representative Kurt Olson, Chair
House Oil and Gas Committee
State Capital Room 408
Juneau, AK 99801-1182

The Honorable Chair & Members of the House Oil and Gas Committee,

The Alaska State Chamber of Commerce is concerned about the legislation, Alaska's Clear and Equitable Share (ACES) and the changes proposed to the tax structure of the recently enacted Petroleum Production Tax (PPT). The State Chamber believes changing the tax structure so quickly will have long-term negative impacts on the future of Alaska's economy. We believe that the consequences of adoption of ACES have not been fully considered with regards to all businesses in Alaska.

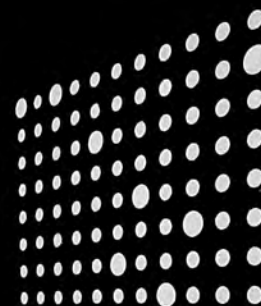
The Alaska State Chamber of Commerce is a business advocacy organization whose mission is to drive positive change for Alaska's business environment and to improve our member organizations by providing leadership, advocacy, connectivity and support. The policy debate on everyone's mind these days is the special session. During our most recent Board meeting, we noted the following observations.

Renewing Public Faith in PPT

State Chamber members have a strong commitment to ethical business conduct and understand your commitment to ethical conduct among elected and public officials. Because you have heard from Alaskans that their faith in the current petroleum production tax (PPT) is shaken, we understand the desire to see the production tax debated again but believe this comes with great risk. We urge caution in the rush to find a fix for something that may not be broken.

The concern is that while the Governor and the Legislature work to restore public faith, outcomes based more on emotion than economics will further chill the oil investment climate. A second concern is the stated goal of generating more revenue for the treasury. The chamber does not agree with that goal, and our members fear that Alaskans will confuse the outcome of higher tax revenue with the goal of fair share.

Our membership believes tax debate creates unwelcome risk and stalls investment planning and decisions. Taxes are a key consideration in all business investment decisions, so any time tax law is debated, investments can be delayed. The wrong tax rate can end all consideration of investment.



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Certainly working to induce investment such that the pipe is full of oil at \$80+/bbl would generate more revenue at the current tax rate than would a dwindling quantity of oil at a higher tax rate.

RAISING THE TAX RATE

Most of our members do not understand the finer details of petroleum exploration and production. However, they all understand two major trends in Alaska's oil patch:

- Taxes on the oil industry have increased at a rate no other business segment could survive; and,
- Despite billions of dollars invested by the oil industry on the North Slope and in Cook Inlet, production continues to decline at an alarming rate.

Many have repeatedly noted this decline. To propose a new increase to the production tax is a risky policy given the desire to encourage increased production. We have watched a decade-old production tax regime for Cook Inlet - essentially zero - encourage very limited investment. On the Slope, recent investments were committed under the significantly lower ELF tax and historically high oil prices, yet the exploration activity pales in comparison to that taking place in Canada and the Gulf of Mexico.

Raising production taxes in light of limited investment is counter intuitive. Instead of referring to fiscal notes and revenue projections, we urge you to set the policy outcomes you desire in the oil patch and then debate language to achieve those outcomes. We suggest the following statement can guide the debate:

- Adopt an oil tax regime that will generate reasonable revenue for state government, while encouraging maximum utilization of oil reserves.

FISCAL PLAN

The State Chamber has advocated for decades for a state fiscal plan. We applaud the identification of the fiscal dilemma our state faces, and the willingness of many to check spending. A clear plan, however, is not guiding spending or revenue collection, or the question of how the state can invest new revenue in projects that will render a return on investment. Given today's oil prices, the Alaska's Clear and Equitable Share (ACES) legislation proposes to collect surplus revenue for a fiscal system that results in increased spending but lacks a strategic business plan for the state. This policy outcome does not warrant worsening the investment environment.

ALASKA'S BUSINESS IMAGE

As stated earlier, State Chamber members have a strong commitment to ethical business conduct. This includes our many members from the oil and gas industry. Given the daily headlines and investigations, our concern is that many Alaskans now view "business" negatively.



This impression is further fueled by the implications that the oil and gas industry has slighted the state through its accounting practices.

We encourage our policy leaders in Juneau to consider this dynamic and avoid making unfair accusations that further fuels this distrust of our Alaska businesses big and small. At the end of the day, differences of opinions exist and reasonable people can disagree.

TAX AUDIT EXPERTISE

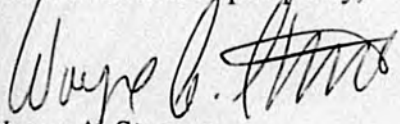
We offer assistance in boosting the state's tax audit capabilities. We are confident that if industry can acquire talent to administer a wide range of complex tax regimes throughout the world, Alaska can recruit the best and brightest to administer our single regime. This expertise will be found in a combination of state employees and private contractors.

TAX ON PROFITS IS GOOD FOR BUSINESS

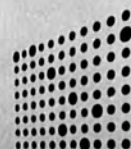
Although we are concerned with a proposed minimum tax on certain fields, we would like to thank you for recognizing the wisdom of a profits tax. So many today illogically condemn petroleum industry profits. Alaskans should cheer since those profits will allow the same companies to make the world-class investments Alaska needs to monetize our oil and gas.

Thank you again for taking time to address these critical issues for Alaska's future. I would be delighted to meet with you to discuss the points above in further detail.

Yours in economic prosperity,



Wayne A. Stevens
President/CEO

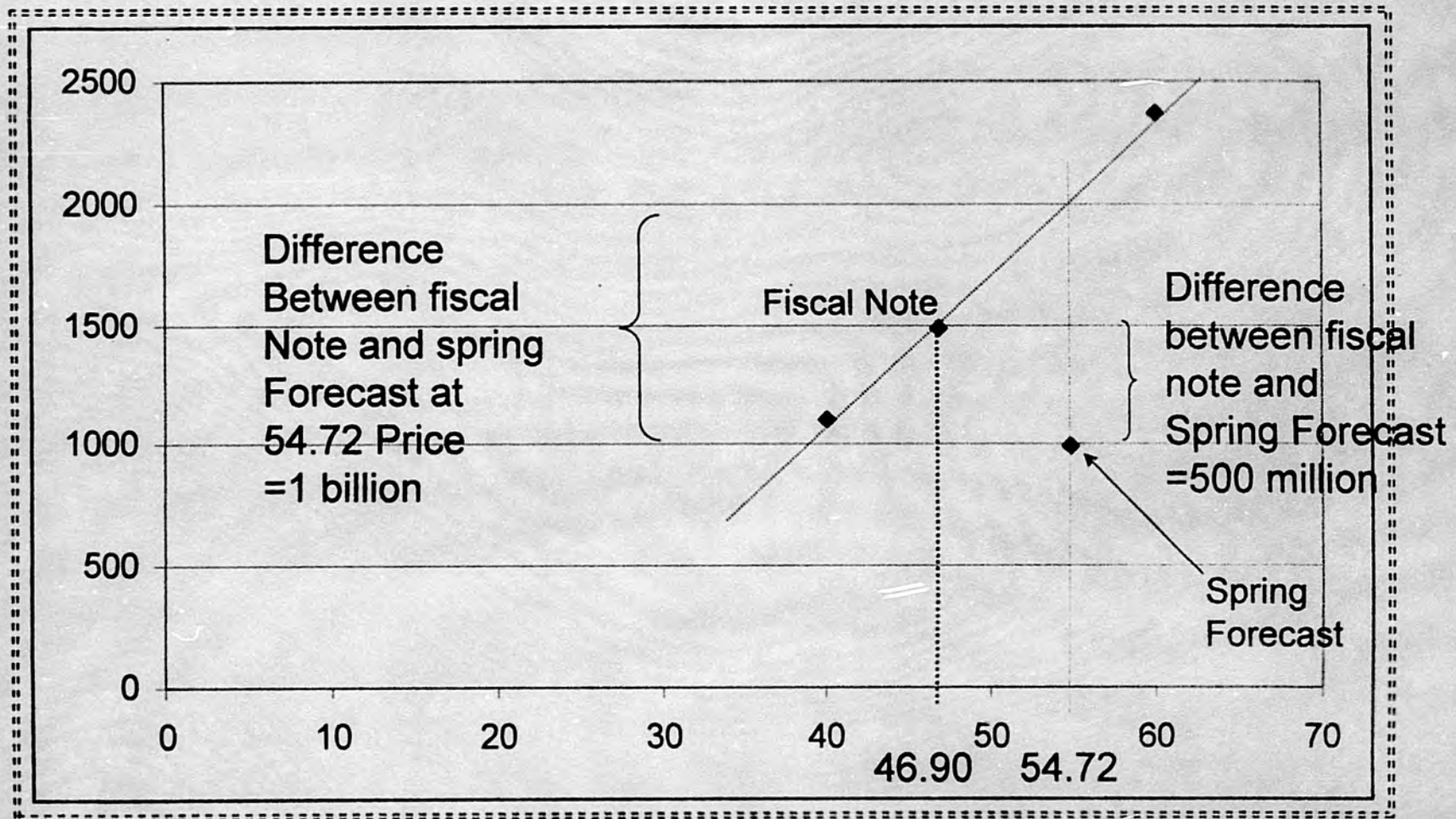


High Level Estimate of \$800 Million Shortfall in FY 2008
Driven by higher reported costs

Estimated Costs - \$2 billion	
Doubled - additional \$2 billion	2,000 (in millions)
Effect of Opex	22.5%
Effect of Capex	22.5%
Credit	20%
Assumed 100% TIE Match	10%
	52.5%
Assume 50/50 split	37.5%
Tax difference from 2000	750.0 (in millions)

Dickinson
10/25/07

Summer 06 Fiscal Note versus Spring 2007 Forecast for FY 2008



Dickinson
10/25/07



NORTHWEST TECHNICAL SERVICES

House Testimony
Regarding HB 2001
October 24, 2007

Mr. Chairman and members of the committee:

Thank you for hearing my testimony, today, October 24, 2007.

As General Manager for Northwest Technical Services, a company which provides employees to a variety of industries, including the oil industry, I find it critical that I approach you and other members of the Legislature regarding this Bill. Needless to say, I am concerned its impact on the future employment for NWTs' 100+ employees and other Alaska workers may not be as obvious to you as it is to me.

This body spent considerable time in discussions and debate prior to passing the current tax on petroleum profits. The interchange of ideas, facts and beliefs used to arrive at what has become the 22.5% tax rate and current credits and escalator was thorough and a decision was reached – by 60 members of the Legislature. Then, to be entirely certain that it was the right decision for the long term, you established a provision to do a complete review of the system in 2011.

I ask that you give the system you have – after a great deal of public testimony – already established. Let us, at a minimum, get the first returns audited and the regulations for the Petroleum Production Tax promulgated before major changes are contemplated. You can't fix a system unless you know it is broken – and, we don't. If the State needs to hire additional auditors at a compensation rate consistent with their expertise in order to analyze these returns, a mechanism should be established to make that possible. Steps to make certain that data is timely can be put into place. I do, however, ask that you give considerable thought and consideration before making significant changes to the PPT that will again increase taxes and costs and which could easily result in a reduction of dollars available for investment in new and refurbished production facilities in Alaska.

It is those investment dollars that help provide jobs, not just for NWTs employees, and not just for employees who work directly in the oil and gas industry, but also for the individuals that work in the "fallout jobs" at grocery stores, hardware stores, educational facilities, the State of Alaska, - and the list goes on.

House Testimony
Regarding HB 2001
October 24, 2007
Page Two

I ask that as you deliberate over the next few days that you step back and consider all the ramifications of your decisions, particularly the impact on jobs, future development and the quality of life for this and the next generations of Alaskan citizens. The old saying that we can't tax ourselves into prosperity is still true.

Respectfully yours,



Mary E. Shields
General Manager

HOUSE OIL & GAS TESTIMONY
on HB 2001
October 24, 2007

Thank you, Chairman Olson and members of the House Oil & Gas Committee. My name is Eric Dompeling. I'm a technical representative at Baker Oil Tools and president of the Alaska Support Industry Alliance, a trade organization representing companies and individuals that provide goods and services to Alaska's oil, gas and mining industries. I'm testifying on behalf of the Alliance.

Our 400 member companies and their 35,000-plus Alaska employees don't make the multibillion-dollar investments in oil and gas development that fuel Alaska's economy ... they make the investments work.

As companies and workers whose livelihoods depend on oil and gas investment, we're deeply concerned about constant changes in fiscal policy that put some of those investments at risk.

It's difficult for us to understand why you're back in Juneau so soon to fix a system that hasn't even had time to work, let alone for compelling evidence that it's broken. Regulations for the PPT adopted just 14 months ago haven't even been finalized, and the first returns haven't been audited.

So far, proponents of this tax increase have presented you with a plethora of projections and a paucity of proof.

We don't know if a 22.5% tax rate with the current escalator and credits strikes the right balance between ensuring the state its fair share of oil revenues and encouraging long-term investment and production. We don't know if 25% is the right rate ... or 20 ... or 15.

None of us does ... not the Alliance, not the legislature, not the administration and not even the producers.

We do know that every dollar in additional taxes is a dollar that won't be invested in sustaining production, in creating business opportunities for Alaska companies like Alliance members, in generating good-paying private sector jobs for Alaskans.

We do know that while the extent to which yet another tax increase will discourage investment is debatable, the fact that it will do absolutely nothing to encourage new oil production and construction of a gas project is not.

Isn't that what this discussion should be about: how we can work together to promote investments ... how we can ensure our "fair share" of long-term jobs and business opportunities for Alaskans, rather than how much more money we can extract from the private sector without further risking our long-term future ... just so state government can have more money to spend in the short term?

When you adopted the new PPT in 2006 after months of deliberations, debate and countless votes, you included provisions requiring a complete review of the system five years later - in 2011. You understood then that it would take several years to reasonably determine how and if it's working. That hasn't changed.

Do what you need to do in the short term to make the PPT work - hire more auditors, pay them more, take steps to ensure the timely flow of accurate data from the producers to the state, authorize the state to buy back credits.

But we urge you to reject premature, fundamental changes to the PPT that will increase taxes, increase costs, jeopardize the economics of critical long-term investments and put production, Alaska jobs and business opportunities at risk.

The testimony of Jerry McCutcheon

The taxes as proposed are FAR TOO LOW.

Increasing AK take will decrease the Fed's take, a good thing. The percent attributed to the Fed's take is much more than the oil companies actually pay.

Van Meurs pointed out that the State's take should be more and made that argument to Governor Murkowski in memo withheld from the legislature. Van Meurs also pointed out that PPT and Governor Palin's ACES' take, the percentage of the State of Alaska's take, actually declines with the increasing price of oil and they, Johnston also, thought that was stupid; the state percentage should increase with the increasing price of oil. Van Meurs quoted takes from 75% to 85% as usual and customary and takes of 90% to 95 % as not unusual and some takes were up to 98.5% and still the oil companies came. Johnston concurred.

Gross take on Alaska oil should approach 90%. See Shell oil's contract on North Star; it was over 90%, not the 80% that Johnston guessed for an example and that was when oil was \$18/barrel.

Also see the other lease about the same time, those were willing bids; nobody held a gun to their heads. Maybe AK should go back that system.

AS both van Meurs and Johnston pointed that having the oil companies threaten to leave Alaska or actually leaving Alaska is not a bad thing and it maybe in Alaska's best interest for the long term if some of the oil companies did leave. Alaska should not be magnet for every body.

However, considering the fact that the FBI and the grand jury have not completed their investigation and the fact the grand jury may bring a RICO Act indictment against not only the oil companies but also some legislators, not yet investigated, when the FBI begins to address the mechanics of passing legislation and what happened in the process. Remember the standards of proof are much lower under RICO and far broader in scope.

It would appear the legislature should adopt a clean tax on the gross pending the completion of the FBI and grand jury investigations. Then modify I, aft, to include any tax credits thought necessary.

Jerry McCutcheon susitnahydronow@yahoo.com

State of Alaska
Department of Revenue
Commissioner's Office



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To: All Legislators
From: Marcia Davis, Deputy Commissioner, DOR
Re: North Slope Production Data Request

October 23, 2007

North Slope Production (Preliminary)¹

FY 2007	Thousand Bls/day
June	794
July	685
August	623
September	668
October	739
November	670
December	810
January	799
February	778
March	767
April	760
May	787
FY 2008	
June	726
July	727
August	672
September	651
October	723 (10 days est.)

¹ Finalized Production numbers due November 11th

State Oil Tax Comparison

Distributed by Department of Revenue 10/24/07

State	Production Tax Rate	Royalty Rate from State Lands (On Gross Value)*	Capital Expense Deductions Allowed	Depreciation Period	Capital Credits Available	Period	Information Disclosure Reports
Texas	4.60% of gross value	1/8 (12.5%)	no	--	no	--	completions; well logs; production
Wyoming	4.00% to 6.00% of gross value	1/6 (16.7%)	no	--	no	--	completions; well logs; production
Louisiana	3.125% to 12.5% of gross value	1/5 - 1/4 (20%-25%)	no	--	no	--	completions; well logs; production
Oklahoma	7.00% of gross value	3/16 (18.75%)	no	--	no	--	completions; well logs
Alaska--PPT	22.50% of net value	1/8 (12.5%)	yes	1 year	yes	1 year	gross revenue; lease expenditures; credits (aggregated)
Alaska--ACES	25.00% of net value	1/8 (12.5%)	yes	1 year	yes	2 years	production; transportation; interruptions; lease expenditures; credits; contracts (by property)

* Historically, royalty rates on state lands have started at 12.5%. New royalty rates now average between 20% - 30%. More recent royalties have been negotiated as high as 40%.
Summary of State statutes and Regulations for Oil and Gas Production (2006); Our Fair Share: Report of the Alberta Royalty Review Panel (2007).

Sources: