

**SCOMM**

**63:1**

COMMITTEE TAPE LOG

COMMITTEE:

International Tax Committee

DATE:

1/12/92

TIME:

10:00 AM

SUBJECT:

On Hong Kong, Alexander Kemp, Brian Frank Peter Saffner, Conn Malone, Sharp, Davis

MEMBERS:

Halford, Pearce, Fahrenkum, Cotten, Miller, Spissendorf, Florshuizen, London, Rhode

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION            |
|---------------|--------|------------------------------------|
| BF            |        | 1:43 convened meeting              |
|               |        | Intro                              |
| Peter Saffner | 134    | 1 Countries - UK, Australia, Indo. |
|               | 164    | Japan, Egypt                       |
|               | 179    | 2 Rent Collection                  |
|               |        | 3 Returns                          |
|               | 213    | 4. Model/answer                    |
|               |        | new lease                          |
|               | 228    | develop                            |
|               | 258    | Ad Paton Ptn for Cos. & Alaskan    |
|               |        | Cap Revenue doesn't work           |
|               | 283    | local rule                         |
|               |        | approvals                          |
| Alphonse King | 304    | Comparison - commonly              |
|               |        | jurisdiction                       |
|               | 324    | Basis pre tax cash flow            |
| H. Malone     |        | 2 to AKemp                         |
|               | 355    | Natl Oil Cos opinion               |
|               |        | Risk adverse                       |
|               |        | filia rule in certain countries    |
|               | 3105   | By tax policy                      |
|               |        | legis can do                       |
|               | 386    | tax out of bus do                  |

| SPEAKER    | TAPE # | SIGNIFICANT INFORMATION                  |
|------------|--------|------------------------------------------|
|            | 391e   | Value Resource Issue                     |
|            |        | becoming similar to / superior           |
|            |        | Economically marginal Field              |
| Homa       | 425    |                                          |
|            | 434    | Japanese Involvement - changing rapidly  |
|            | 442    | tax litigation                           |
|            | 458    | Cost Production                          |
|            |        | Butler Desig T. policy                   |
| Alex King  | 503    | Results of studies in UK                 |
|            |        | old fields / new fields                  |
|            | 555    | fiscal system, old fields & new fields   |
| Cap Malone | 1022   | Barrels in 1 mill tons 7.3-7.5           |
| Peter Glyn | 1034   |                                          |
| BFI        |        |                                          |
| Malone     | 1041   | upper end - 83% of profit                |
| Alex King  | 1097   | Chart movement for past 4 years          |
|            |        | Safeguard formula lost for profits small |
|            | 723    | incentives - not enough                  |
| M. Davis   | 737    | well head                                |
|            | 754    | new chart Nimian Field                   |
|            |        | large, not profitable                    |
|            |        | incentives                               |
| Alex King  | 775    | New Field                                |
|            |        | incentives -                             |
|            |        | tax saved                                |

| SPEAKER    | TAPE #        | SIGNIFICANT INFORMATION                                                   |
|------------|---------------|---------------------------------------------------------------------------|
| Alex King  | 795           | reducing costs                                                            |
| Malone     | 811           | look at phasing producers?                                                |
| AKap       | 818           | yes                                                                       |
|            |               | why list any seal?                                                        |
|            | 830           | last yrs. tax rate favorable to                                           |
| Homa       |               |                                                                           |
| BF         |               | competitive bid sales?                                                    |
|            | 856           | discretion on sales system                                                |
| AK         | 867           | new charts Mar & projects                                                 |
|            | Tape 1 Side 2 |                                                                           |
| AK         | 001           | ALPA, Hudson                                                              |
|            |               | vs. Mahab                                                                 |
|            | 014           | Pre time basis net present value in \$ 4 fields                           |
|            |               | new charts impact of tax system                                           |
|            | 204           | how much & timing new chart                                               |
|            |               | select appropriate wells & prices for each country performance indicators |
| Alex King  | 277           |                                                                           |
|            | 305           | profit/Investment Ratio new chart                                         |
|            | 393           | new chart SCOT                                                            |
|            | 442           | take go down when costs increase & when prices go down                    |
|            | 448           | port get more when prices go up.                                          |
| Peter Goff | 479           | why pick UK lots of data                                                  |

| SPEAKER  | TAPE # | SIGNIFICANT INFORMATION                                                                                    |
|----------|--------|------------------------------------------------------------------------------------------------------------|
|          | 498    | UK declining major fields<br>Ness 2:50<br>Ness 3:05                                                        |
| Homan    | 519    | 954 gal 2.78 of, 5.33 ben<br>Jack Benier<br>UK summary of taxes -<br>petr. in 75 corp tax 35%<br>projector |
| # Malone | 603    | explained charts                                                                                           |
|          | 673    | minimizing return for investor quarters                                                                    |
|          | 754    | UK doesn't UK does<br>formula - relationship<br>amt of tax pay + what spent -<br>can't be exceeded         |
|          | 774    | winners & losers                                                                                           |
|          | 808    | return neutral tax change<br>opened toward profitability<br>neutrality                                     |
|          | 810    | abolish royalty - cut down<br>allowances                                                                   |
| Malone   | 833    | tax wave profit for industry when<br>price of oil is down -<br>AK not a lot tax changes                    |
|          | 861    | UK every year<br>direction more active industry                                                            |
|          | 870    | current tax deterrent to investment?<br>AK oil activity                                                    |

| SPEAKER    | TAPE # | SIGNIFICANT INFORMATION                    |
|------------|--------|--------------------------------------------|
| 020        | Side 1 | oil industry cash rich now worldwide       |
| Horne      |        | AK averted to potential investors          |
| Malone     | 039    | regulation -                               |
|            | 055    | dependencies                               |
|            |        | govt attract                               |
| Ji Rhoads  | 073    | necessary where safeguard                  |
| Alex Kemp  | 115    | explained why safeguard is complicated     |
| J Rhoads   | 152    |                                            |
| Malone     | 205    | characterize AK tax regime                 |
| A Kemp     | 212    | not related to profitability               |
|            |        | ELF formula is a ploy - many countries - 6 |
|            |        | based on production                        |
| Betty Giff | 250    | regressive - too much                      |
|            | 274    | small no. of companies in AK               |
| Horne      |        | no guaranteed return                       |
| Alex Kemp  | 301    | marginal rate                              |
| Giffney    | 324    | 83% 90% interest of away                   |
| San Cotta  | 334    | clarity                                    |
|            |        | past & future                              |
| Malone     | 379    | methods & approaches to use                |
| Rearn      | 422    | needs intro to technical things            |
| Hallford   | 432    | rich by side comparison                    |
| Miller     |        | " " "                                      |
| Davis      |        | tax is regressive - investor community     |
| Horne      |        |                                            |

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION                  |
|---------------|--------|------------------------------------------|
| Homa          | 458    | tax is one variable / lots of cash       |
| A Kemp        | 476    | great upside potential                   |
| R. Lafferty   | 487    |                                          |
| Malone        | 503    | faced w/ same difficulties               |
| Lafferty      | 508    | right                                    |
| Rhode         | 508    | questioned reality how to deploy results |
| Malone        | 574    | time talk to industry?                   |
| Chuck Lapsden | 605    | compare w/ other fiscal systems          |
|               |        | 2. which ones to look at                 |
|               |        | 3. which model                           |
|               |        | 4. timeframe for results focus           |
| Rhode         | 623    | oil policy coordinate how                |
| Lafferty      | 643    | other countries are more critical        |
|               |        | how to reduce legal                      |
| BF            | 669    | - are we asking the right questions      |
|               |        | adjourned 4:00                           |

# COMMITTEE TAPE LOG

Int. Tax Commission  
 COMMITTEE: Subcom D DATE: 1-13-90 TIME: 10:15 a.m.  
 SUBJECT: Consultants: Homa Motamen, Alexander Kemp, Peter Daffney  
Commissioner Malone, Chuck Loper Sitting in: Sen. Kerttunen  
Rep. Bill Sharpe  
 MEMBERS: Senators Jahnke, Pearce, Haddad  
Rep. Mike Miller, Cotter, Grassens

| SPEAKER | TAPE #/SIDE | SIGNIFICANT INFORMATION                                                                                                                                                                   |
|---------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | 001         | Called to order by Sen. Jahnke, Chair @ 10:15 a.m.                                                                                                                                        |
|         | 015         | Recap of previous day mtg. by Peter Daffney, Consultant<br>Focus on UK as 1st case<br>Presented models + data to members, etc.                                                            |
|         | 068         | Daffney outlines outstanding questions                                                                                                                                                    |
|         | 142         | Jahnke - How we compare w/ other gov. entities in no. of hours how to jump.<br>Daffney - guest needs to be addressed                                                                      |
|         | 177         | Jahnke - Do we work closely w/ UK?<br>Commissioner Malone responds "Yes"...<br>Need to look @ spec. areas of responsibility + coordination<br>D.K. + Rev spend a lot of time coordinating |
|         | 229         | Homa - Her experience in UK<br>Info flows from Dept. of Energy rather than Revenue.                                                                                                       |
|         | 244         | Kemp - That is because in U.K. ...                                                                                                                                                        |
|         | 255         | Cotter - Is some Dept.                                                                                                                                                                    |

## Int Tax Comparison Group 1-13-90

| SPEAKER | TAPE #1<br>Side A | SIGNIFICANT INFORMATION                                                                                          |
|---------|-------------------|------------------------------------------------------------------------------------------------------------------|
|         | 305               | Daffney - Quest 3 A - What<br>Alaskan fields?                                                                    |
|         | 335               | Phillips We do have<br>(100K)<br>(Ed Phillips)                                                                   |
|         | 345               | Sen. Kersten complete<br>+ substantial group - wrong<br>Phillips response doesn't<br>believe this                |
|         | 360               | Jim Rhodes adds to<br>Cotton our ability new U.K.?                                                               |
|         | 365               | Daffney diff. enormous entirely                                                                                  |
|         | 380               | Ed Phillips I might add                                                                                          |
|         | 390               | Pearce the commission does<br>Malone - Another issue ...<br>flow of information what we're<br>talking about here |
|         | 408               | Bill Van Dyke - Commission trying<br>to get info together. Don't<br>have very good info on field<br>up & running |
|         | 430               | Homa - Model 2 was referring<br>to                                                                               |
|         | 460               | Kemp - Norway more stringent                                                                                     |
|         | 490               | Daffney - Subjective judgments                                                                                   |
|         | 500               | Saharson - How we rate in<br>int community at large                                                              |
|         | 509               | Kemp - Short answer to your<br>quest                                                                             |

## Int PAP Comparison Group 1-13-90

| SPEAKER          | TAPE #1<br>SIDE A | SIGNIFICANT INFORMATION                                                                                      |
|------------------|-------------------|--------------------------------------------------------------------------------------------------------------|
|                  | 515               | Gaffney - Don Chin for<br>Upstanc - missed factor                                                            |
|                  | 525               | Homa - Numbers are especially<br>every country has - ultimate<br>decision depends on <sup>other</sup> factor |
|                  | 540               | Dutton - Which AK fields?<br>Malone - Seems to me                                                            |
|                  | 590               | Jahrenkamp - Help me to<br>know when I've been before<br>know when I'm going                                 |
|                  | 624               | Gaffney - Go back to question<br>about the Country                                                           |
| A                | 646               | Missenden join center                                                                                        |
|                  | 650               | Dutton - Rec as few examples                                                                                 |
| Type 1<br>SIDE B | 001               | Homa ... oil companies don't<br>use own money                                                                |
|                  | 055               | Chuck Logsdon - Ret to whole<br>issue of fields ...                                                          |
|                  | 100               | Ed Phillips - If we look at ...<br>i.e., Northstar, Endeavor                                                 |
|                  | 120               | Malone - What we want to<br>do ... Keep focus on methodology<br>Don't have guide & methodology               |
|                  | 170               | Dutton - We just discuss<br>specific regions                                                                 |
|                  | 220               | Kemp - My opinion on countries                                                                               |

## Int Tax Comparison Group 1-13-90

| SPEAKER | TAPE #1<br>side B | SIGNIFICANT INFORMATION                                                                       |
|---------|-------------------|-----------------------------------------------------------------------------------------------|
|         | 239               | Logsdon. If talking abt countries - ask abt Canada a lot of cultural similarities             |
|         | 292               | Homa - Add to Alex said                                                                       |
|         | 320               | Jahrenberg - When home we said - not here at Convent? Some responses useful to bring in info. |
|         | 370               | Jim Rhode seems to me 4 countries should be competing head on to make comparison useful       |
|         | 430               | Len Kestler. Are you saying 4 B P?                                                            |
|         | 458               | Potter Include Indonesian in list                                                             |
|         | 465               | Jahrenberg - Part of deciding 4 countries want to look at?                                    |
|         | 510               | Pearce - Discussion led to questions<br>Home Responds                                         |
|         | 560               | Kemp - Major Companies I have dealt with.                                                     |
|         | 566               | Caffney - My expression would be.                                                             |
|         | 580               | Len Halford arrives.                                                                          |
|         | 599               | Jahrenberg prepared to zero in?                                                               |
|         | 606               | Rhode suggests U K #1                                                                         |
| Side A  | 001               | Malone speaking - diff methods<br>granting leases                                             |

## Int Tax Comparison Day - 1-13-90

| SPEAKER | TAPE #2<br>Side B | SIGNIFICANT INFORMATION                                                                                                                                                             |
|---------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         | 073               | Cotter - Have 2 lists<br>Home - Also living into<br>on Netherlands + Canada                                                                                                         |
|         | 118               | Jahrens - Quest got lost -<br>Increased risk sharing advantages<br>+ disadvantages<br>Kemp response will come out<br>when show comparisons                                          |
|         | 158               | London leads off w/ North Sea<br>in place to start                                                                                                                                  |
|         | 235               | Bill Van Dyke - (DNR) want country...                                                                                                                                               |
|         | 252               | Ed Phillips - 2 agree w/ that                                                                                                                                                       |
|         | 276               | Quidley(?) (sitting in audience) responds<br>at Malcom's request                                                                                                                    |
|         | 294               | Bob Whitaker BP - Not qualified<br>to recon.                                                                                                                                        |
|         | 350               | Ed Phillips - 2 think we have to<br>be aware...<br>Commis Malcom response by the<br>end of the Day Company industry<br>observers be willing to see<br>data DK fields 1/2 for Commis |
|         | 400               | Lunch break 12:15 p.m.                                                                                                                                                              |
|         | 407               | Back in session @ 1:47 p.m.                                                                                                                                                         |
|         | 416               | Van Dyke - Don't know why<br>nearly on oil + gas?<br>Diffing Map                                                                                                                    |

## Int Tap Comparison Mems 1-13-90

| SPEAKER           | TAPE # | SIGNIFICANT INFORMATION                                                                                    |
|-------------------|--------|------------------------------------------------------------------------------------------------------------|
|                   | Side 2 |                                                                                                            |
|                   | 430    | Johnny Norway, Australia<br>Indonesia, U.K.                                                                |
|                   | 440    | Cotton - Decide which fields?<br>'Discuss' or 'Include' Prudhoe<br>Bay - underdeveloped, (Meyers, Muegler) |
|                   | 503    | Jim Rhodes - Following or<br>Muegler's part.                                                               |
|                   | 520    | Bill Van Dyke - 4 categories                                                                               |
|                   | 530    | Ed Phillips Added Cost <sup>but time</sup><br>permits are diff.                                            |
|                   | 546    | Legsdon - Listen suggestion<br>of direction to take by Bill.                                               |
|                   | 580    | Jahrenhaus Industry<br>have any comments                                                                   |
|                   | 582    | Ron Williams ARCO - I think...                                                                             |
|                   | 586    | Bob Van Horn one thing seems<br>significant (Representative BP)<br>Useful look at Prudhoe                  |
|                   | 603    | Horne - Thinks Prudhoe should<br>be looked at.                                                             |
|                   | 610    | Rep Miller Agree what heard<br>so far - Also deal with a<br>lot of underdeveloped fields                   |
|                   | 615    | Cotton - Also address Western                                                                              |
|                   | 625    | Alex Kemp - Accept logic of Prudhoe<br>Increase range of study.                                            |
| Side 2,<br>Side B | 001    | Jim Rhodes - My first<br>point would be                                                                    |

## Int Tal Comparison Group 1-13-90

| SPEAKER | TAPE #  | SIGNIFICANT INFORMATION                                                                              |
|---------|---------|------------------------------------------------------------------------------------------------------|
|         | Side 13 |                                                                                                      |
|         | 020     | Gaffney - Concerned abt expanding too much. Site sea field not making way etc. Sent it to 3-4 at May |
|         | 125     | Malone - Quite a bit of state south of Brooks Range.                                                 |
|         | 140     | Jahrens - How long can they stay closed?<br>Van Dyke responds.                                       |
|         | 160     | Ed Phillips. I am looking at.                                                                        |
|         | 200     | Jahrens Prudhoe, Kapruak?                                                                            |
|         | 208     | Logdon Western Prudhoe near, North Star<br>Lynn - Sisburn, Miller<br>Int. North Star and Island      |
|         | 225     | Horn - Use what have already<br>(4) Prudhoe, Weststar, Nukuk North Star                              |
|         | 270     | Jim Rhule - Guest using Weststar?                                                                    |
|         | 295     | Jahrens what extent industry.<br>John Ringstead go down & find out                                   |
|         | 300     | Van Hout                                                                                             |
|         | 305     | Rm Williams Go back & forward                                                                        |

# Int T4 Comparison Group

PAGE:

8

1-13-90

SPEAKER

TAPE #

SIGNIFICANT INFORMATION

Side B

387 Mussenden like to see  
West Lab in there

365 Gaffney - Simulate how  
Wang stack up "typical"

397 Jahnke - Good place  
to est meaningful dialogues  
w/ industry

405 Discussion focuses on "The  
Model"

450 Gaffney

500 Jahnke - Model concluded

515 Alex Kemp - Presentation yesterday  
expand on comparisons  
"Measures of comparison of toys"

599 Kemp Center Everywhere talks  
about internal rate of  
return

620 Rhodes Quest on #8

Tape 3  
Side A

001 Kemp continues to answer  
Rhodes question

064 Jahnke - Great  
bring up now - In order  
to have recording facilities

140 Logsdon - My understanding

160 Mussenden - Tell some  
way you do - Answer for  
Admin -

# Inc The Comparison Group 1-13-90

| SPEAKER<br>Side | TAPE # 3,<br>A | SIGNIFICANT INFORMATION                                                       |
|-----------------|----------------|-------------------------------------------------------------------------------|
|                 | 202            | Malone can't sph for Admin. Thinks selection good as they going to get        |
|                 | 282            | Gaffney - Come back to performance measure & let's talking about              |
|                 | 318            | Rhodes - Raises very important question.                                      |
|                 | 340            | Lorna - Way you look at exploration - Jimmy is critical.                      |
|                 | 363            | Malone - Definitely home home.                                                |
|                 | 370            | Gaffney - sph to prospectivity - opportunity                                  |
|                 | 440            | Lorna sph to financing aspects.                                               |
|                 | 600            | Lorna imp careful not to turn model into model - Clarity of model is very imp |
|                 | 615            | Johannes - Know what we want.                                                 |
|                 |                | Malone - Checkline grows up - now it is near future                           |
|                 | 640            | Alex Kemp - One lesson - exploration costs & action                           |

# The Tax Competition Days 1-13-90

PAGE:

10

| SPEAKER | TAPE # | SIGNIFICANT INFORMATION                                                         |
|---------|--------|---------------------------------------------------------------------------------|
|         | side B |                                                                                 |
|         | 001    | Rhodes - proceeding as though                                                   |
|         | 014    | Daffney just left from Christie group                                           |
|         | 127    | Daffney - making this into fairly big operation                                 |
|         | 228    | Bob Van Hise Corporate here we can                                              |
|         | 290    | Ron Williams from ARCO's part of view - some data may be considered proprietary |
|         | 300    | Johnsons - See Industry Input                                                   |
|         | 380    | Ken R (2) Exxon representative                                                  |
|         | 345    | Van Hook - Keep going back to                                                   |
|         | 368    | Home Dairy standards to present data to company                                 |
|         | 410    | Cotton spec to time home sometime in March Agree March 15-20                    |
|         | 470    | Agreed Mon. 19 <sup>th</sup> of March Good day                                  |
|         | 510    | Rhodes - Suggests Epec                                                          |
|         |        | Quinn                                                                           |
|         | 540    | Home - Retirees important                                                       |

Int. Tax Commission Day 1-13-90

SPEAKER

TAPE #

3

SIGNIFICANT INFORMATION

Side B

580

Malone spl. to writing report.

607

Logsdon - Everyone satisfied w/ way getting out.

611

Sulford suggests use of Sept. 19<sup>th</sup>

628

Mtg adjourn @ 4:30 p.m.

INTERNATIONAL TAX COMPARISON GROUP

10-3

BUTRO

COMMITTEE MEMBERS

SENATOR FAHRENKAMP, CHAIRMAN  
SENATOR HALFORD  
REPRESENTATIVE MILLER  
REPRESENTATIVE GRUSSENDORF  
SENATOR PEARCE  
JIM RHODE  
→ SPEAKER COTTEN  
CHUCK LOGSDON  
MR. FLORSHINGER

CONSULTANTS

HOMA MOTAMEN (~~Brown~~)  
ALEXANDER KEMP (Brown)  
PETER GAFFNEY

Sitting In

Sen. Kerttita

Rep. Sharp

Ed Phillips (DNR  
vis. bus)

Bill Van Dyke

John Ringstad, Standard  
Oil?

Bob Van Hook - BP

Ron Williams - ARCO

Ken Reitcher - Exxon

# Alaska State Legislature

SENATOR BETTYE FAHRENKAMP  
CHAIRMAN, RESOURCES COMMITTEE  
119 N. CUSHMAN STREET, SUITE 201  
FAIRBANKS, ALASKA 99701  
OFFICE (907) 452-4882  
HOME (907) 456-2899



Senate

WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
CAPITOL, ROOM 125  
OFFICE (907) 465-3834  
HOME (907) 780-6027

## INTERNATIONAL TAX COMPARISON GROUP January 13, 1990

Saturday, January 13, 1990

\*Location: Butrovich Room, Room 205

10:00 a.m. Opening - Senator Fahrenkamp

Recap yesterday

Address Outstanding Questions, at least in general

Discuss Performance/Comparison measures

Other Aspects of Assessment - Perspectives

Other Aspects of Assessment - Financial

12:30 - 1:30 p.m. Lunch break

1:30 p.m. Resume discussion

A Comparison - Key Features of U.K. Tax System

Questions Revisited and New!

Forward Program

3:00 p.m. Adjourn

### QUESTIONS OUTSTANDING

1. Are we asking the right ones?
2. Is there an optimum policy execution framework?  
(How to establish meaningful dialog with the industry.)
3. What should the final study framework cover?
  - A. Which Alaska fields
  - B. Which Fiscal Systems
  - C. Which model
  - D. Time Frame for results

# COMMITTEE TAPE LOG

COMMITTEE: House Senate House Finance  
Resources ~~Committee~~ DATE: 3/20/50 TIME: 8:40

SUBJECT: F. Hoffmann, Barness, Phillips, Lieper, Schulte, Cotten  
Gulensdorf, Saison, Schwachhammer, Braun, Kayser, Gilmer, Wall-  
Holmstrom, Mesand, Jacko, Davis, Foster, Navarre, Turner, Hudson, Sharp

MEMBERS: S. Jahnke, Stengulowski, Kuttula, Halford, Eliaison, Frank, Zhang

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION                                                                                                                 |
|---------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------|
|               |        | 8:40                                                                                                                                    |
| Hoffmann      |        |                                                                                                                                         |
| Jahnke        |        | Peter Gaffney, Alex Kemp, Scotland                                                                                                      |
| Peter Gaffney |        | Homa Motamer, England                                                                                                                   |
|               | 123    | background for comparison<br>performance of Purdhor by<br>w/ U.K. leg, Onals, Austral<br>4 fields, Hiahuh, West Side<br>N Star, Purdhor |
| Alex Kemp     | 147    | assess<br>performance<br>develop revenues                                                                                               |
| Homa Motamer  |        |                                                                                                                                         |
|               | 258    | financial, other investment, approval<br>industry relationship, coordination<br>- effective policies                                    |
| Kuttula       | 303    | free freedom of investment & foreigners<br>foreign exchange control<br>political stability                                              |
|               | 336    | currency stability<br>production quotas                                                                                                 |
|               | 365    | absence of independence in Alaska                                                                                                       |
| Peter Gaffney | 378    | slides<br>framework for comparison ongoing                                                                                              |

| SPEAKER       | TAPE #           | SIGNIFICANT INFORMATION                            |
|---------------|------------------|----------------------------------------------------|
| Alex/Kem      | 470              | results                                            |
|               |                  | marginal rates are lower                           |
| Peter Giffney | 483              | not very good project                              |
|               |                  | look better if take out exploration costs          |
| Alex Kemp     | 513              | future oil price \$14.50                           |
|               |                  | inflation 4 1/2% per annum                         |
|               |                  | Indonesian equiv - conventional                    |
|               | 565              | results                                            |
|               |                  | ELF does not related to cost pricing of oil, etc - |
| Peter Giffney | 589              | rate of return                                     |
| Alex 1        | 603              | time value of money                                |
|               |                  | write off 100% per year important                  |
|               |                  | go in A.K.                                         |
|               |                  | rate of return $\therefore$ better than the        |
|               | 639              | where                                              |
|               |                  | sensitive in relation to exise tax                 |
| Peter Giffney | 665              |                                                    |
| Alex Kemp     | 675              | payback pre tax post tax                           |
|               |                  | UK p.b quick                                       |
| Peter Giffney | 73               | subjective judgement quantif                       |
|               | Table 1, Slide 2 |                                                    |
| Peter Giffney |                  | various sensitivity                                |
| Alex/Kem      | 222              | Exploration Expenses                               |
|               |                  | write off -                                        |
|               |                  | expensive for new players                          |

| SPEAKER     | TAPE # | SIGNIFICANT INFORMATION                                                                                                                                      |
|-------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Peter Kong  | 278    | Conclusion<br>remind not controlled + encouraged<br>fields in mid-life phase<br>allow new projects harsher than<br>elsewhere<br>more dialogue betw/ industry |
| Davidson    | 303    | Question                                                                                                                                                     |
| Alex Kong   |        | incremental projects Debate                                                                                                                                  |
| Peter J.    | 369    | Conclusion<br>no panacea firm up objectives                                                                                                                  |
| Homa Motani | 387    | Action in N. Sea                                                                                                                                             |
|             | 488    | petroleum countries want to<br>enter Alaska<br>Assure<br>abundant finance available<br>advice - look into new tax<br>structure                               |
| Takumasa    |        | prospector                                                                                                                                                   |
| Davidson    |        | objectives for newcomers<br>close interaction of industry<br>& finance<br>immediate revenue                                                                  |
|             | 567    | Take time                                                                                                                                                    |
| Peter Kong  | 582    | access to the pipeline<br>equitable                                                                                                                          |
| Phillips    | 599    | reviewing of licenses                                                                                                                                        |



# COMMITTEE TAPE LOG

COMMITTEE:

Resources

DATE:

4/9/90

TIME:

8:45

SUBJECT:

~~Colb~~ Colb ~~Hoffman~~, ~~Hugh Malone~~, ~~Peter Goffney~~  
Colb R. Alex Kemp, Homer Moten, Peter Goffney  
Cliff Partridge

MEMBERS:

~~Partridge~~, ~~Hoffman~~, Elverson, Thraff,  
~~Hoffman~~, ~~Sturgulowski~~

| SPEAKER       | TAPE # | SIGNIFICANT INFORMATION                                            |
|---------------|--------|--------------------------------------------------------------------|
| Peter Goffney |        | reviewed objectives<br>no recommendations<br>base case explanation |
| Alex Kemp     |        | Method of Approach                                                 |
| Hugh Malone   |        | 0 graph 15 1/2 % rate of return                                    |
| Sam Cooter    |        | chart here - 2 billion                                             |
| Alex Kemp     |        | comparisons -                                                      |
| Peter Goffney |        | spirit share for Pundhor Bay<br>used sat etc.                      |
| Alex Kemp     |        | Pundhor Bay higher under Australia                                 |
| Peter G       |        | federal govt on top.                                               |
| Alex          |        | \$200 8 3/4 % available tax                                        |
| Peter G       |        | 0 % discount                                                       |
| Alex          |        | difference <del>at</del> using 13 1/2 % discount                   |
| Hugh Malone   |        | 0 no 12 1/2 comparison sensitivity<br>to discount rate.            |
| Peter G       |        | internal rate of return                                            |
| Alex Kemp     |        |                                                                    |
| Peter         |        | even Norway positive rate of return                                |
| BF            |        | most well smaller Australia                                        |
| Peter         |        | as answer picked precise tax                                       |
| Peter         |        | another measure of performance                                     |
| Hugh Malone   |        | early write off under U.S. put tax                                 |
| Peter         |        | prosperity                                                         |

| SPEAKER      | TAPE # | SIGNIFICANT INFORMATION                                                   |
|--------------|--------|---------------------------------------------------------------------------|
| Peter        |        | change legislation                                                        |
| Hugh Malone  |        | Time on the charts - subject<br>midnight                                  |
|              |        | Express Volder                                                            |
| Alex Kuthala |        | length of time political arena                                            |
| Peter G      |        | if I were making - recent<br>discussion                                   |
| S            |        |                                                                           |
| Sam Lottin   |        | assigning numbers                                                         |
| Peter        |        | 17-20-26                                                                  |
| Peter        |        | physical arrangements -                                                   |
| Peter        |        | slide classic examples of<br>legislation                                  |
| Hugh Malone  |        | Characteristics UK & physical<br>regions                                  |
|              |        |                                                                           |
|              |        | Tape 1, Side 2                                                            |
| Alex K       |        | yes                                                                       |
| Peter G      |        | sensitivity -                                                             |
| Peter G      |        |                                                                           |
| Alex K       |        | one pt. to emphasize<br>whilst incur exploration costs                    |
| Alex K       |        | new players                                                               |
| Peter G      |        | one case in yellow                                                        |
| Sam Lottin   |        | West Sak very attractive<br>positive one West Sak<br>tax on another field |
| Sam Lottin   |        |                                                                           |
| Peter        |        | more detailed                                                             |
| Peter        |        | Quelhor Bay                                                               |

| SPEAKER      | TAPE # | SIGNIFICANT INFORMATION                                       |
|--------------|--------|---------------------------------------------------------------|
| Peter G      |        | Summary                                                       |
| Alex         |        | device govts have employed tax on old ones, light on new ones |
| Hugh Malone  |        | last set of summaries -                                       |
| Hugh Malone  |        | main features - low                                           |
|              |        | low oil prices - low rating of oil                            |
| Alex         |        |                                                               |
| Milo?        |        | result of combination -                                       |
| Hoffman      |        | result of combination more on                                 |
| Alex         |        | product -                                                     |
| Davidson     |        | competition -                                                 |
| Davidson     |        | - deal w/ other places -                                      |
| Peter G      |        | ISIT doing what you want?                                     |
|              |        | more information available                                    |
| Peter G      |        | statistics can do anything -                                  |
| Thomas Moten | 52     | significant variable                                          |
|              |        | source of finance                                             |
|              |        | source of finance investment                                  |
|              | 288    | limited recourse financing -                                  |
|              | 828    | banks go to industry - fees                                   |
|              | 850    | bank absent in Alaska                                         |
|              |        | industry cash rich & acquisitive                              |
|              |        | the notable absence of activity                               |
|              |        | comparatively -                                               |
|              |        | Tape 2, Side 1                                                |
|              |        | few countries in the                                          |
|              |        | any tax revision                                              |

| SPEAKER     | TAPE # | SIGNIFICANT INFORMATION                                                         |
|-------------|--------|---------------------------------------------------------------------------------|
|             |        | should be aware of U.K. joint revenue marketing loan programs & industry        |
|             | 160    | quote -                                                                         |
| Milo -      | 228    | business in tax system joined                                                   |
| Homa        |        | newcomer is not / single entity -                                               |
| Homa        |        | there is variable to look at                                                    |
| Bt          |        | variety of opinions                                                             |
| Hugh Malone |        | modeling capacity has been installed at the dept for                            |
|             | 301    | sensitivity analysis                                                            |
| H/Malone    |        | what is policy = leg.                                                           |
|             |        | financial regime more based on profits for revenue & production in the future - |
| Milo        | 330    | frequent elections - political upheaval make it difficult                       |
| Bt          | 355    | opinion not give model high info -                                              |
| Malone      |        | no problem - encumbered -                                                       |
|             |        | is fiscal policy -                                                              |
| Bt          |        | shared idea for more optimum                                                    |
| Milo        | 348    | more freedom w oil tax policies balanced approach                               |
| H/Malone    |        | impossible wrong or right                                                       |
|             |        | unless what we want happens                                                     |
|             | 413    | policy points control development industry depends on future work               |

