

Progressivity in CS HB 2001
(O&G)
with requested alternative
information

Dan E. Dickinson
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House Resources

Progressivity Taxes

	PPT	ACES	HO&G
<u>BASE</u>			
Taxable bbls	244	244	244
ANS Market	87.00	87.00	87.00
Trans	7.00	7.00	7.00
GVPP	<u>80.00</u>	<u>80.00</u>	<u>80.00</u>
Lifting	20.00	20.00	-
PTV	<u>60.00</u>	<u>60.00</u>	<u>80.00</u>
bbls time \$/bbl	14,640	14,640	19,520
Base	<u>14,640</u>	<u>14,640</u>	<u>19,520</u>

<u>RATE (factor/dollar * dollars over starting point)</u>			
Starting place	40.00	30.00	50.00
Price index	20.00	30.00	30.00
Factor/dollar	<u>0.2500%</u>	<u>0.2000%</u>	<u>0.2250%</u>
Prog Factor	5.00%	6.00%	6.75%

<u>Tax = Rate * Base</u>			
Tax	732.00	878.40	1,317.60

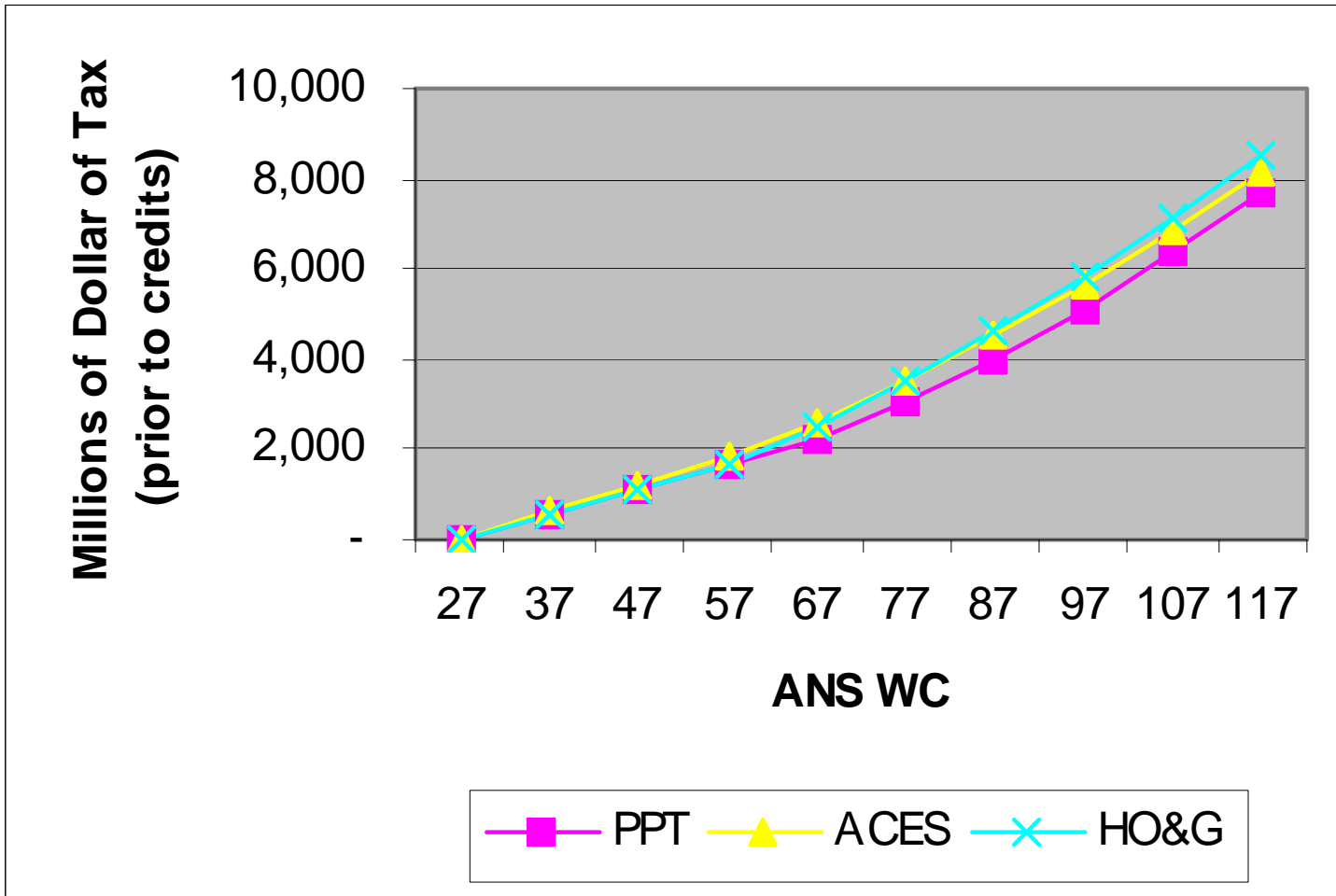
Progressivity Taxes (using 10/30 Daily Price and DOR cost and volume assumptions)

	PPT	ACES	HO&G
<u>BASE</u>			
Taxable bbls	230.5	230.5	230.5
ANS Market	89.09	89.09	89.09
Trans	6.73	6.73	6.73
GVPP	82.36	82.36	82.36
Lifting/Upstream	18.57	18.57	-
PTV	63.79	63.79	82.36
bbls time \$/bbl	14,704	14,704	18,984
Base	14,704	14,704	18,984
<u>RATE (factor/dollar * dollars over starting point)</u>			
Starting place	40.00	30.00	50.00
Price index	23.79	33.79	32.36
Factor/dollar	0.2500%	0.2000%	0.2250%
Prog Factor	5.95%	6.76%	7.28%
<u>Progressivity Tax = Progressivity Rate * Progressivity Base</u>			
Tax	874.50	993.67	1,382.22
Original Tax	732.00	878.40	1,317.60
Delta (increase)	142.50	115.27	64.62

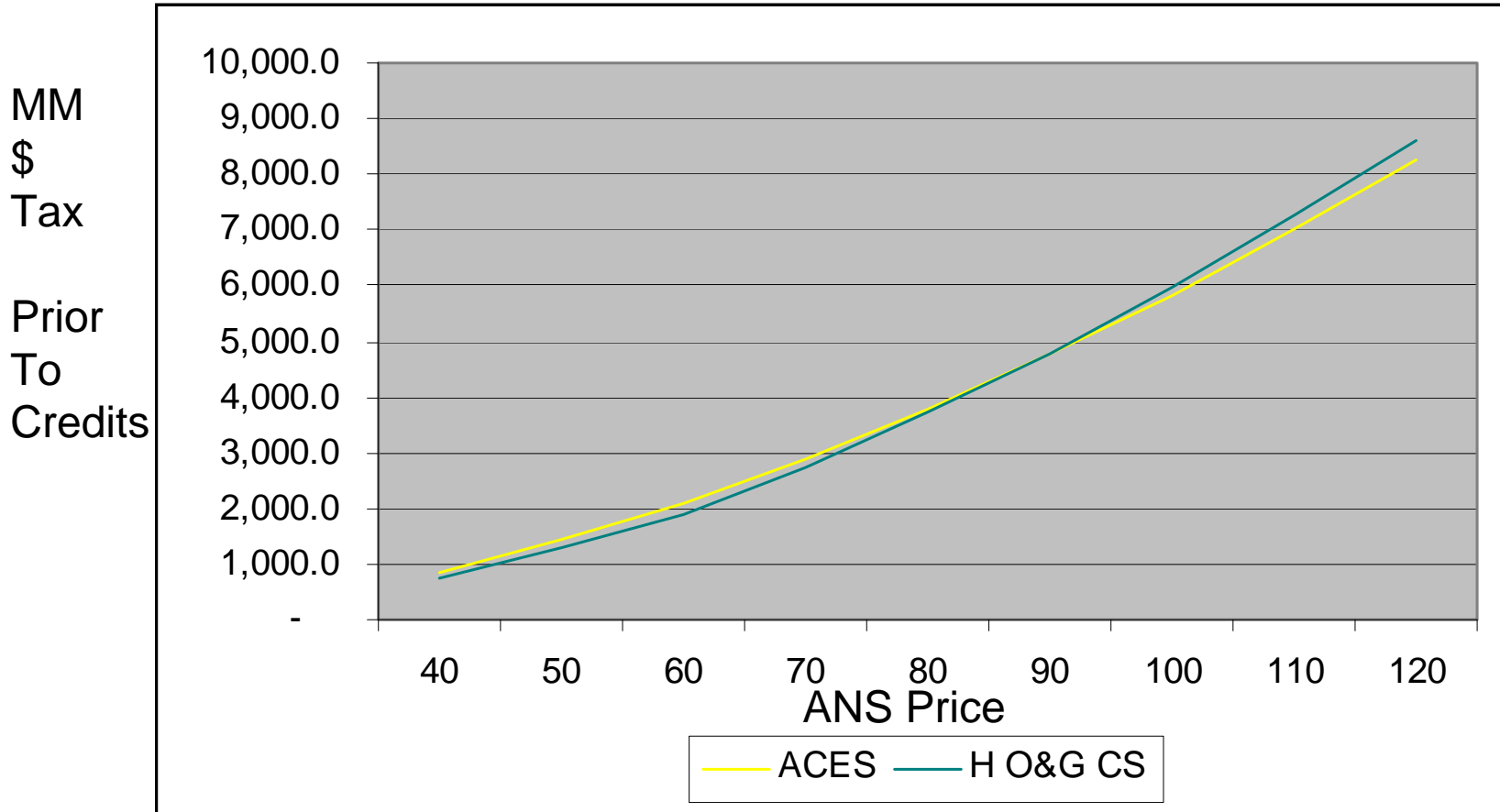
Are costs closer to \$15 or \$20 a barrel?

	Alternative Calculations		Econ One
	No Royalty Effect	Removing Royalty	"All Details"
Opex - (in millions) (from DOR)	2,146	2,146	
Capex - (in millions) (from DOR)	2,137	2,137	
Total - \$ numerator	4,283	4,283	4,264
Daily Volumes (millions) (from DOR)	0.722	0.722	
Days in year	365	365	
Annual Volumes (millions)	263.5	263.5	
Royalty Effect (estimate)	1	0.875	
Bbl Denominator	263.5	230.6	230.5
\$/bbl	16.25	18.57	18.50
"Actual" costs 30 cents per barrel higher			

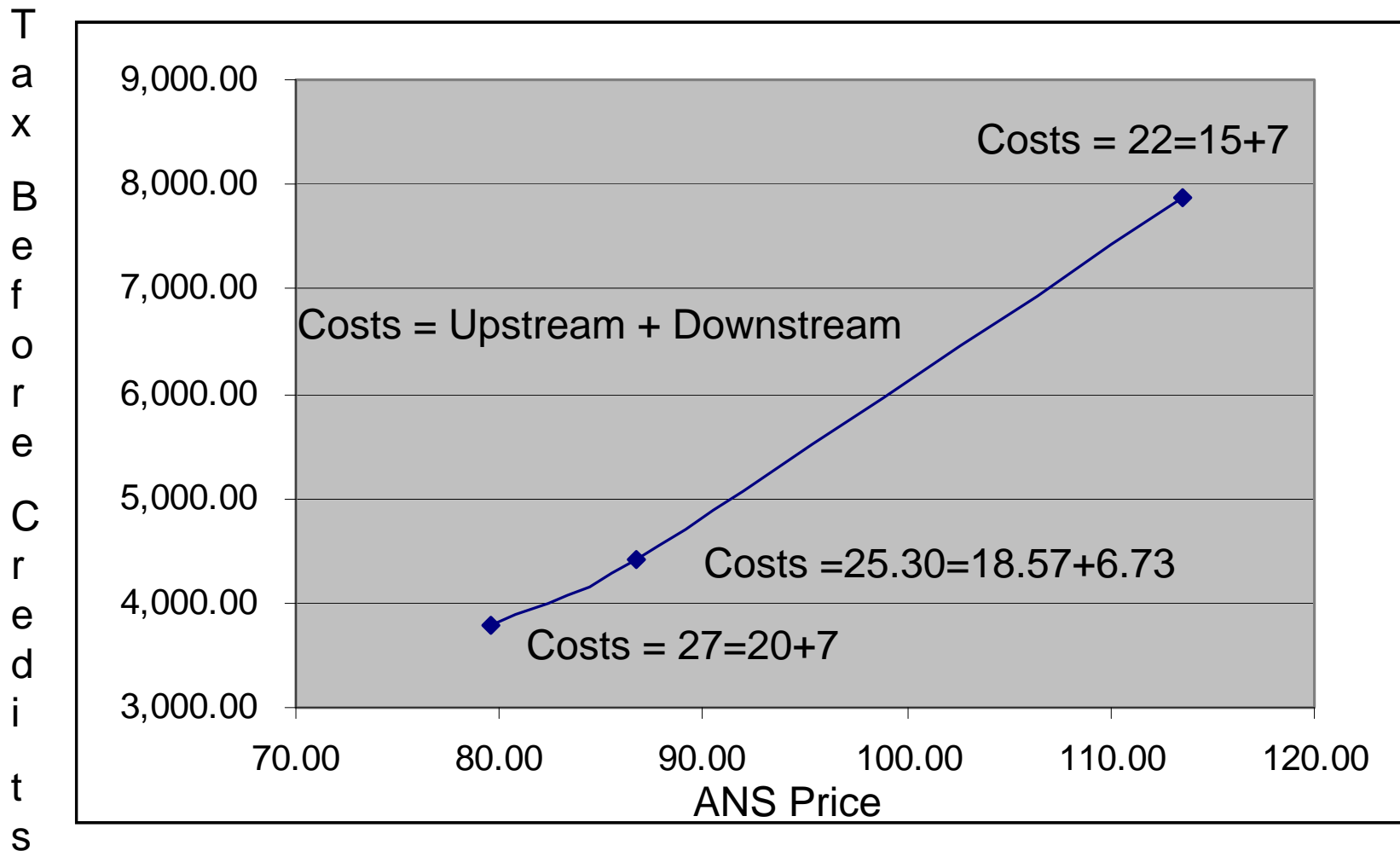
Progressivity Studies 10/28/07 (\$7 downstream costs, \$20 upstream)



Cross Over Point, ACES and H O&G CS (using 10/30 Daily Price and DOR cost and volume assumptions)



Cross Over Points (ANS price, millions of dollars of tax before credits) where HO&G CS revenues exceed ACES using different costs



Algebraic Description of Progressivity

- R = Progressivity rate (per dollar per barrel above starting point)
- G = Gross Value at Point of Production of Taxable Oil
- N = Upstream Costs
- TB = Taxable Barrels
- Gross Progressivity
- Progressivity Tax = $R * (G/TB - 50) * G$
- Net Progressivity (ACES would use 30 instead of current 40)
- Progressivity Tax = $R * ((G-N)/TB - 40) * (G-N)$