

Discussion Slides: Alaska Senate Finance Committee

March 27, 2012

Janak Mayer

Manager, Upstream & Gas

PFC Energy

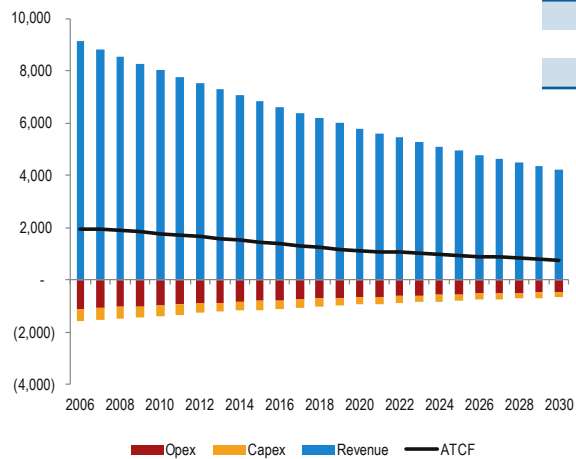
Assessing 10 Different Fiscal Regime Options

Table: Revenue Comparison of Different Fiscal Regime Options

	Price	ACES	HB110	HB110 (New)	CSSB 192	CSSB 192 (50% Maximum)	CSSB 192 (Base of 30% and 0.2% Progressivity)	CSSB 192 (40% Maximum)	Severance Tax - 20% maximum	Severance Tax - 6% maximum	25% Flat Production Tax
Production Tax Revenue (inc Severance)	40	(44)	(44)	(44)	284	284	284	284	284	284	(302)
	60	648	648	284	648	648	831	648	648	648	391
	100	3,686	2,721	1,667	3,522	3,522	3,557	3,522	3,047	2,508	2,116
	150	9,679	6,680	4,764	9,508	9,322	7,405	7,405	7,512	5,196	4,272
	200	15,542	10,993	8,214	15,293	13,634	10,855	10,855	11,645	8,174	6,428
Total State Take	40	2,195	2,195	2,195	2,390	2,390	2,390	2,390	2,390	2,390	2,042
	60	2,925	2,925	2,591	2,925	2,925	3,092	2,925	2,925	2,925	2,689
	100	7,273	6,389	5,423	7,122	7,122	7,154	7,122	6,687	6,194	5,834
	150	14,719	11,972	10,216	14,562	14,392	12,636	12,636	12,734	10,612	9,766
	200	22,045	17,879	15,333	21,818	20,298	17,753	17,753	18,477	15,297	13,698
Total Federal Take	40	2,195	2,195	2,195	2,390	2,390	2,390	2,390	2,390	2,390	2,042
	60	4,496	4,496	4,279	4,496	4,496	4,605	4,496	4,496	4,496	4,343
	100	10,082	9,508	8,880	9,984	9,984	10,005	9,984	9,702	9,381	9,147
	150	18,372	16,587	15,446	18,270	18,160	17,018	17,018	17,082	15,703	15,153
	200	26,585	23,876	22,221	26,437	25,449	23,794	23,794	24,265	22,198	21,158

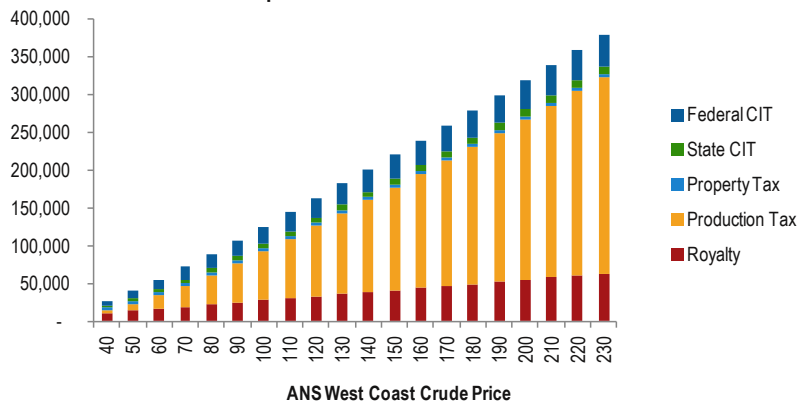
ACES (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

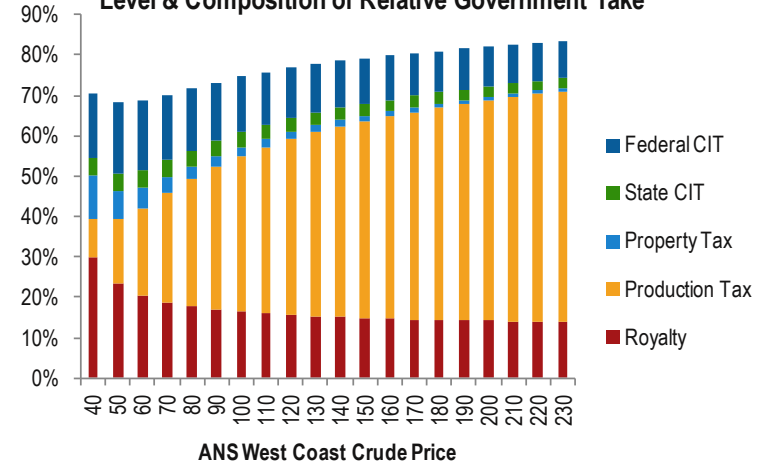


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	9%	11%	4%	54%	16%	71%
50	23%	16%	7%	5%	51%	17%	68%
60	20%	22%	5%	4%	52%	17%	69%
70	19%	27%	4%	4%	54%	16%	70%
80	18%	31%	3%	4%	56%	15%	72%
90	17%	35%	3%	4%	59%	15%	73%
100	16%	39%	2%	4%	61%	14%	75%
110	16%	41%	2%	3%	63%	13%	76%
120	16%	44%	2%	3%	64%	13%	77%
130	15%	46%	2%	3%	66%	12%	78%
140	15%	47%	2%	3%	67%	12%	79%
150	15%	49%	1%	3%	68%	11%	79%
160	15%	50%	1%	3%	69%	11%	80%
170	14%	51%	1%	3%	70%	11%	80%
180	14%	52%	1%	3%	71%	10%	81%
190	14%	54%	1%	3%	72%	10%	82%
200	14%	55%	1%	3%	72%	10%	82%
210	14%	55%	1%	2%	73%	9%	82%
220	14%	56%	1%	2%	74%	9%	83%
230	14%	57%	1%	2%	74%	9%	83%

Level & Composition of Government Take

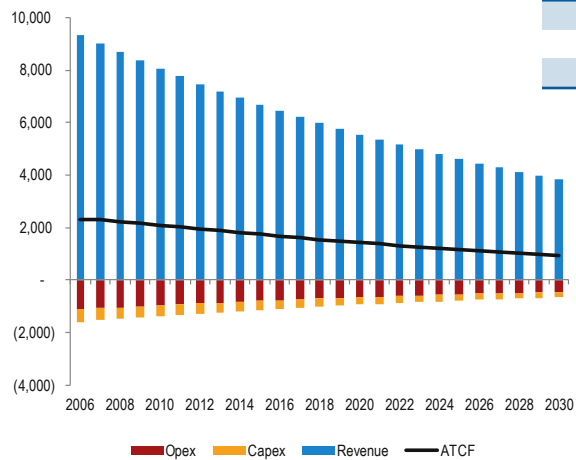


Level & Composition of Relative Government Take



HB110 (Existing Producer)

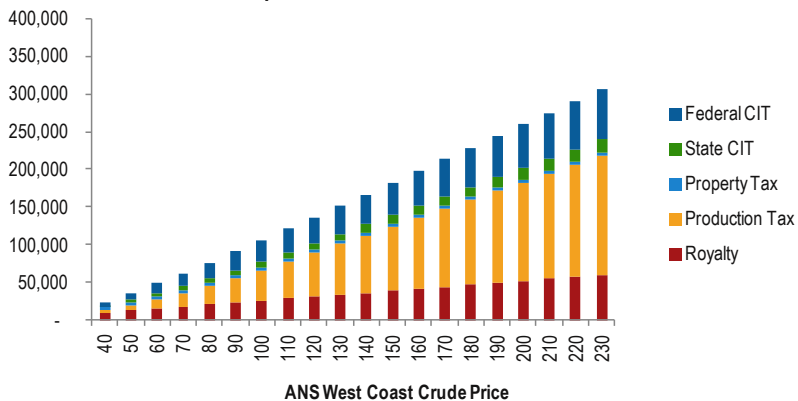
Cash Flow Analysis - \$100 ANS West Coast



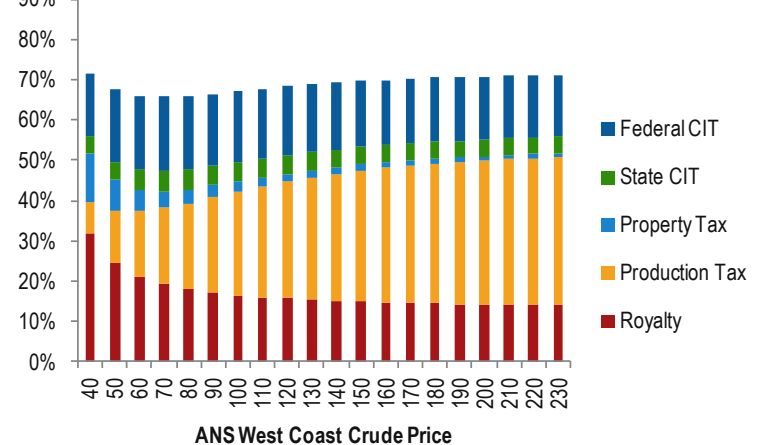
Price	NPV
\$40	\$ 2,812
\$60	\$ 8,125
\$100	\$ 17,477

Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	8%	12%	4%	56%	16%	72%
50	24%	13%	7%	5%	50%	18%	67%
60	21%	16%	5%	5%	48%	18%	66%
70	19%	19%	4%	5%	47%	19%	66%
80	18%	21%	3%	5%	48%	18%	66%
90	17%	24%	3%	5%	48%	18%	67%
100	17%	26%	3%	5%	49%	18%	67%
110	16%	27%	2%	5%	50%	17%	68%
120	16%	29%	2%	4%	51%	17%	68%
130	15%	30%	2%	4%	52%	17%	69%
140	15%	32%	2%	4%	53%	17%	69%
150	15%	33%	2%	4%	53%	16%	70%
160	15%	33%	1%	4%	54%	16%	70%
170	15%	34%	1%	4%	54%	16%	70%
180	14%	35%	1%	4%	55%	16%	70%
190	14%	35%	1%	4%	55%	16%	71%
200	14%	36%	1%	4%	55%	16%	71%
210	14%	36%	1%	4%	55%	16%	71%
220	14%	37%	1%	4%	56%	16%	71%
230	14%	37%	1%	4%	56%	15%	71%

Level & Composition of Government Take

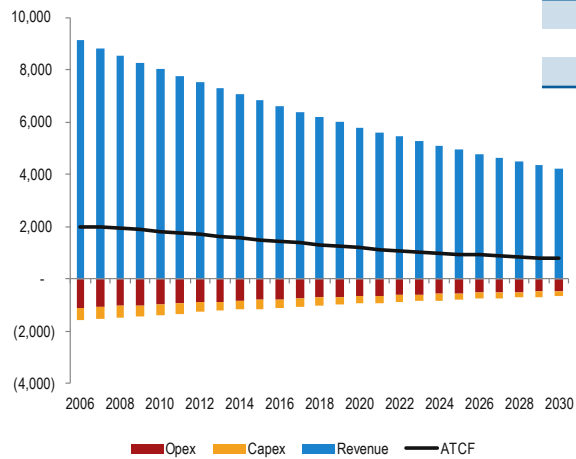


Level & Composition of Relative Government Take



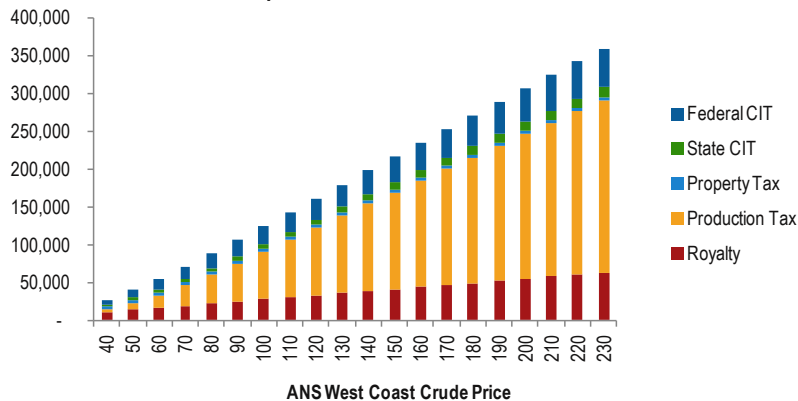
CSSB 192 (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

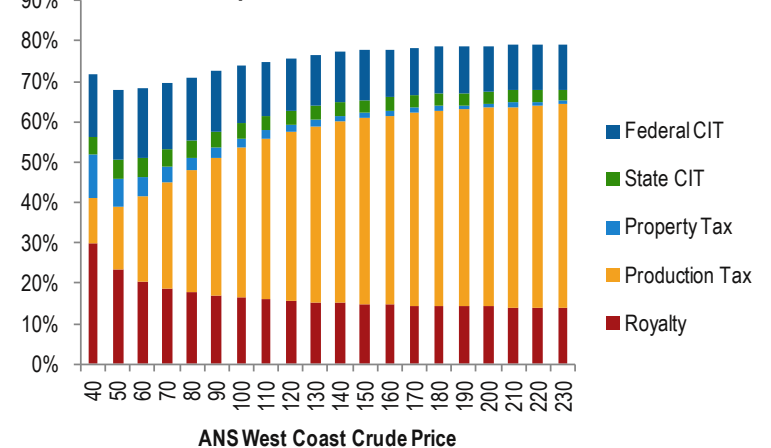


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	11%	11%	4%	56%	16%	72%
50	23%	16%	7%	5%	51%	17%	68%
60	20%	21%	5%	5%	51%	17%	68%
70	19%	26%	4%	4%	53%	17%	70%
80	18%	30%	3%	4%	55%	16%	71%
90	17%	34%	3%	4%	58%	15%	72%
100	16%	37%	2%	4%	60%	14%	74%
110	16%	40%	2%	4%	61%	14%	75%
120	16%	42%	2%	3%	63%	13%	76%
130	15%	44%	2%	3%	64%	13%	77%
140	15%	45%	2%	3%	65%	12%	77%
150	15%	46%	1%	3%	65%	12%	78%
160	15%	47%	1%	3%	66%	12%	78%
170	14%	48%	1%	3%	66%	12%	78%
180	14%	48%	1%	3%	67%	12%	78%
190	14%	49%	1%	3%	67%	12%	79%
200	14%	49%	1%	3%	67%	11%	79%
210	14%	50%	1%	3%	68%	11%	79%
220	14%	50%	1%	3%	68%	11%	79%
230	14%	50%	1%	3%	68%	11%	79%

Level & Composition of Government Take

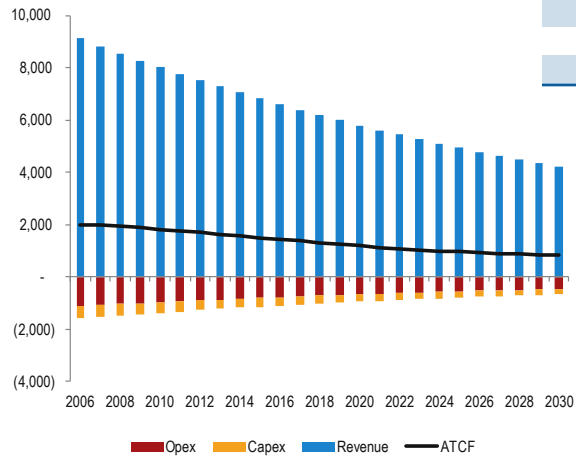


Level & Composition of Relative Government Take



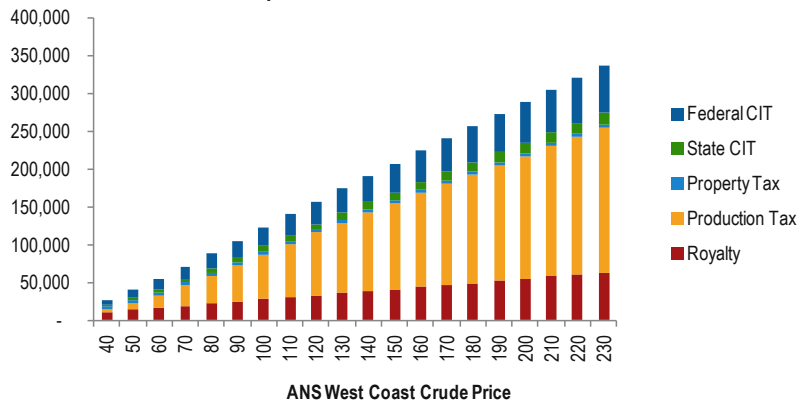
CSSB 192 with 50% Cap (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

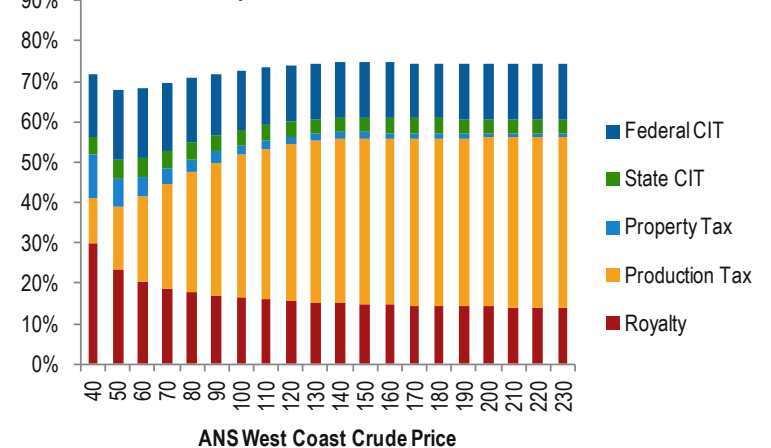


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	11%	11%	4%	56%	16%	72%
50	23%	16%	7%	5%	51%	17%	68%
60	20%	21%	5%	5%	51%	17%	68%
70	19%	26%	4%	4%	53%	17%	69%
80	18%	30%	3%	4%	55%	16%	71%
90	17%	33%	3%	4%	57%	15%	72%
100	16%	36%	2%	4%	58%	15%	73%
110	16%	37%	2%	4%	59%	14%	74%
120	16%	39%	2%	4%	60%	14%	74%
130	15%	40%	2%	4%	61%	14%	74%
140	15%	41%	2%	4%	61%	14%	75%
150	15%	41%	1%	4%	61%	14%	75%
160	15%	41%	1%	4%	61%	14%	75%
170	14%	41%	1%	4%	61%	14%	75%
180	14%	42%	1%	4%	61%	14%	75%
190	14%	42%	1%	4%	61%	14%	74%
200	14%	42%	1%	4%	61%	14%	74%
210	14%	42%	1%	4%	61%	14%	74%
220	14%	42%	1%	4%	61%	14%	74%
230	14%	42%	1%	4%	61%	14%	74%

Level & Composition of Government Take

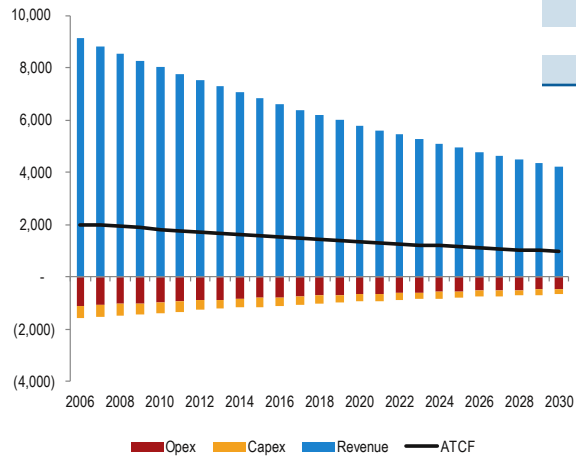


Level & Composition of Relative Government Take



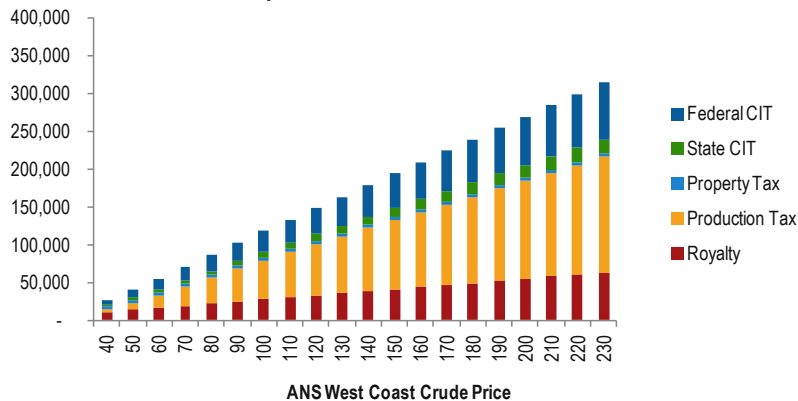
CSSB 192 with 40% Cap (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

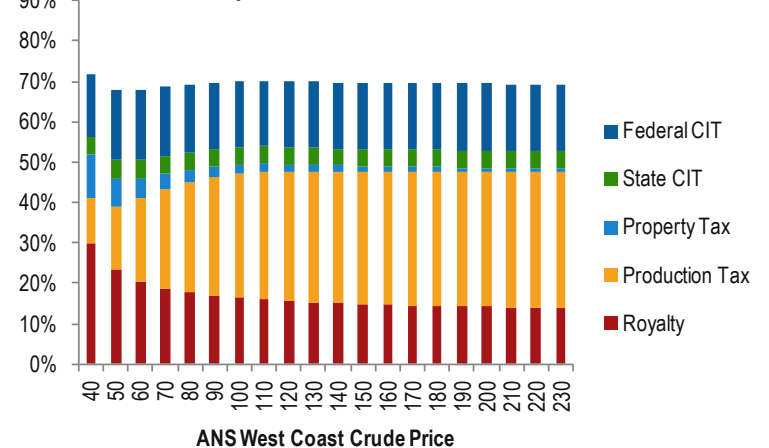


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	11%	11%	4%	56%	16%	72%
50	23%	16%	7%	5%	51%	17%	68%
60	20%	20%	5%	5%	51%	17%	68%
70	19%	24%	4%	4%	52%	17%	69%
80	18%	27%	3%	4%	53%	17%	69%
90	17%	29%	3%	4%	53%	16%	70%
100	16%	31%	2%	4%	54%	16%	70%
110	16%	32%	2%	4%	54%	16%	70%
120	16%	32%	2%	4%	54%	16%	70%
130	15%	32%	2%	4%	54%	16%	70%
140	15%	33%	2%	4%	53%	16%	70%
150	15%	33%	1%	4%	53%	16%	70%
160	15%	33%	1%	4%	53%	16%	70%
170	14%	33%	1%	4%	53%	16%	70%
180	14%	33%	1%	4%	53%	16%	69%
190	14%	33%	1%	4%	53%	16%	69%
200	14%	33%	1%	4%	53%	17%	69%
210	14%	33%	1%	4%	53%	17%	69%
220	14%	34%	1%	4%	53%	17%	69%
230	14%	34%	1%	4%	53%	17%	69%

Level & Composition of Government Take

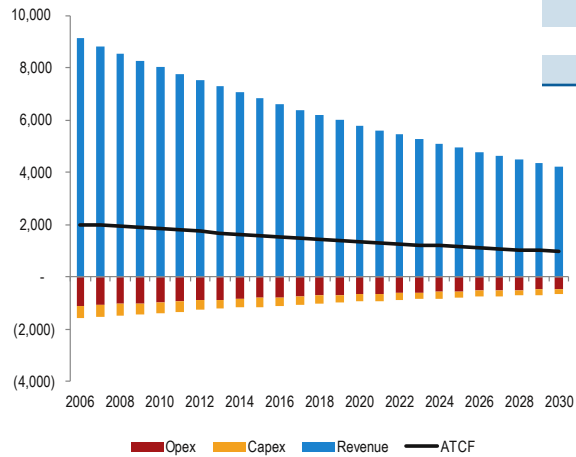


Level & Composition of Relative Government Take



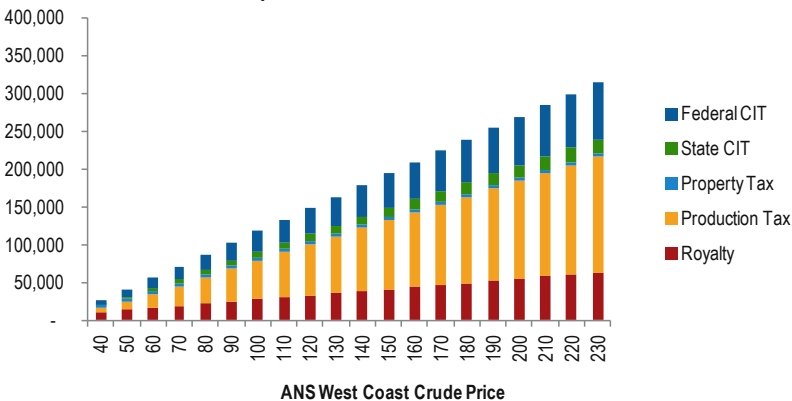
30% Base rate, 0.02% Progressivity, 40% Cap (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

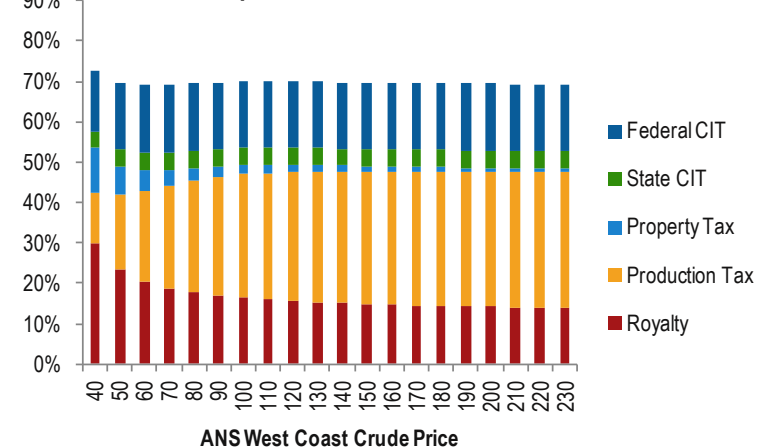


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	12%	11%	4%	57%	15%	73%
50	23%	18%	7%	4%	53%	17%	70%
60	20%	22%	5%	4%	52%	17%	69%
70	19%	26%	4%	4%	53%	17%	69%
80	18%	28%	3%	4%	53%	17%	70%
90	17%	29%	3%	4%	53%	16%	70%
100	16%	31%	2%	4%	54%	16%	70%
110	16%	31%	2%	4%	54%	16%	70%
120	16%	32%	2%	4%	54%	16%	70%
130	15%	32%	2%	4%	54%	16%	70%
140	15%	33%	2%	4%	53%	16%	70%
150	15%	33%	1%	4%	53%	16%	70%
160	15%	33%	1%	4%	53%	16%	70%
170	14%	33%	1%	4%	53%	16%	70%
180	14%	33%	1%	4%	53%	16%	69%
190	14%	33%	1%	4%	53%	16%	69%
200	14%	33%	1%	4%	53%	17%	69%
210	14%	33%	1%	4%	53%	17%	69%
220	14%	34%	1%	4%	53%	17%	69%
230	14%	34%	1%	4%	53%	17%	69%

Level & Composition of Government Take

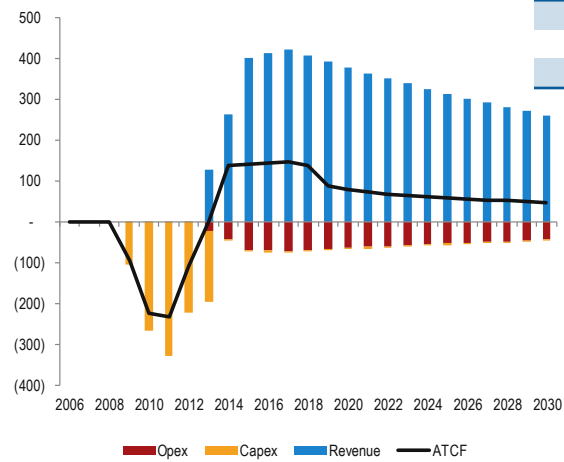


Level & Composition of Relative Government Take



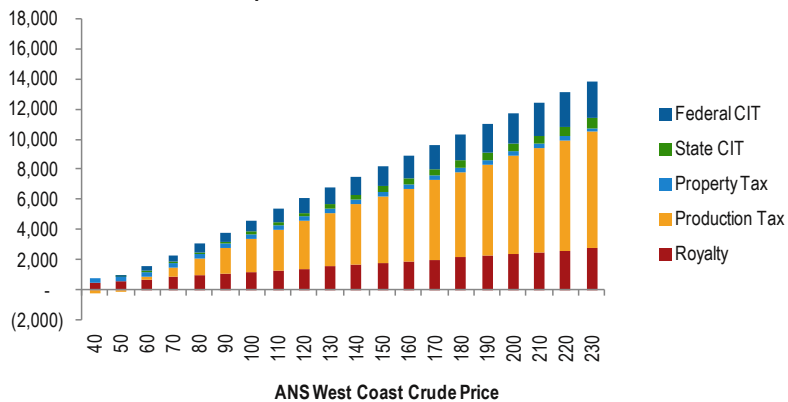
CSSB 192 with 50% Cap (New Development)

Cash Flow Analysis - \$100 ANS West Coast

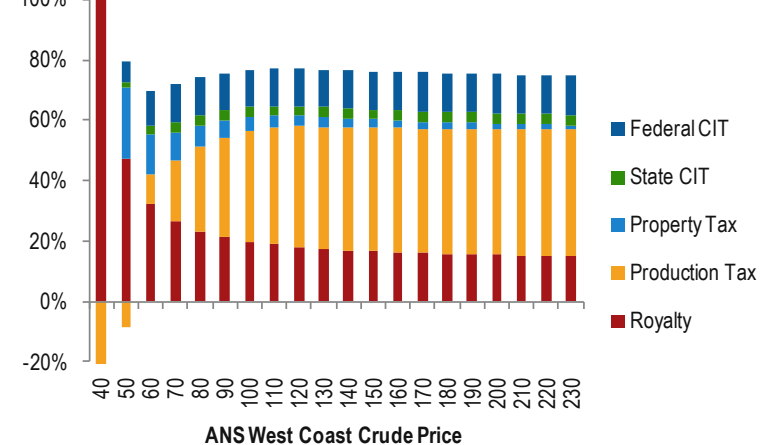


Price	Royalty	Production Tax	Property Tax	State CIT	Federal CIT	Total CIT
40	156%	-115%	96%	0%	0%	136%
50	47%	-10%	23%	2%	7%	69%
60	32%	9%	13%	3%	12%	69%
70	26%	20%	9%	3%	13%	71%
80	23%	28%	7%	3%	13%	74%
90	21%	33%	6%	3%	12%	75%
100	20%	36%	5%	3%	12%	76%
110	19%	38%	4%	3%	12%	77%
120	18%	40%	4%	3%	12%	77%
130	17%	40%	3%	3%	13%	77%
140	17%	40%	3%	3%	13%	76%
150	17%	41%	3%	3%	13%	76%
160	16%	41%	2%	3%	13%	76%
170	16%	41%	2%	3%	13%	76%
180	16%	41%	2%	3%	13%	75%
190	16%	41%	2%	3%	13%	75%
200	15%	41%	2%	3%	13%	75%
210	15%	42%	2%	3%	13%	75%
220	15%	42%	2%	3%	13%	75%
230	15%	42%	2%	3%	13%	75%

Level & Composition of Government Take

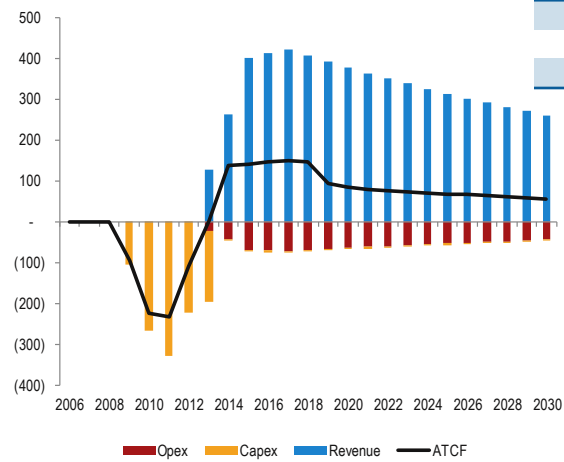


Level & Composition of Relative Government Take



CSSB 192 with 40% Cap (New Development)

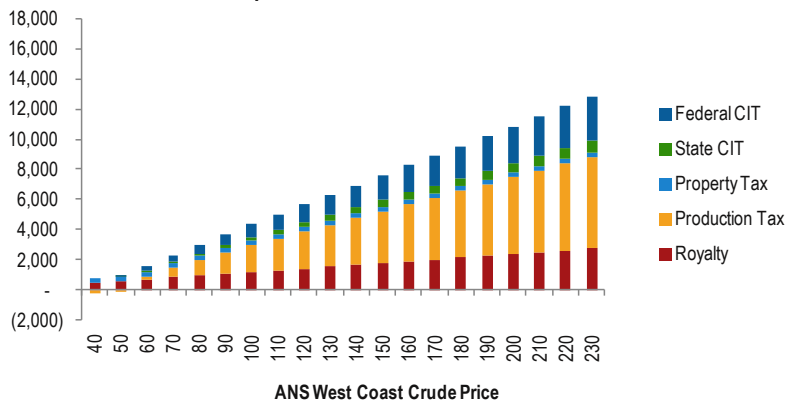
Cash Flow Analysis - \$100 ANS West Coast



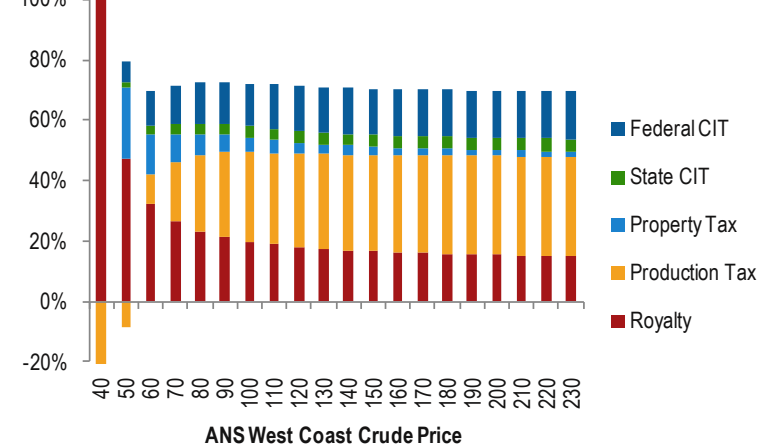
Price	NPV	IRR
\$40	\$(306)	0%
\$60	\$(137)	6%
\$100	44	11%

Price	Royalty	Production Tax	Property Tax	State CIT	Federal CIT	Total CIT	
40	156%	-115%	96%	0%	136%	0%	136%
50	47%	-10%	23%	2%	62%	7%	69%
60	32%	9%	13%	3%	58%	12%	69%
70	26%	19%	9%	3%	58%	13%	71%
80	23%	25%	7%	4%	59%	14%	72%
90	21%	28%	6%	4%	58%	14%	72%
100	20%	29%	5%	4%	58%	14%	72%
110	19%	30%	4%	4%	57%	15%	72%
120	18%	31%	4%	4%	56%	15%	71%
130	17%	31%	3%	4%	56%	15%	71%
140	17%	31%	3%	4%	55%	15%	70%
150	17%	32%	3%	4%	55%	15%	70%
160	16%	32%	2%	4%	55%	16%	70%
170	16%	32%	2%	4%	54%	16%	70%
180	16%	32%	2%	4%	54%	16%	70%
190	16%	32%	2%	4%	54%	16%	70%
200	15%	33%	2%	4%	54%	16%	70%
210	15%	33%	2%	4%	54%	16%	70%
220	15%	33%	2%	4%	54%	16%	70%
230	15%	33%	2%	4%	54%	16%	70%

Level & Composition of Government Take

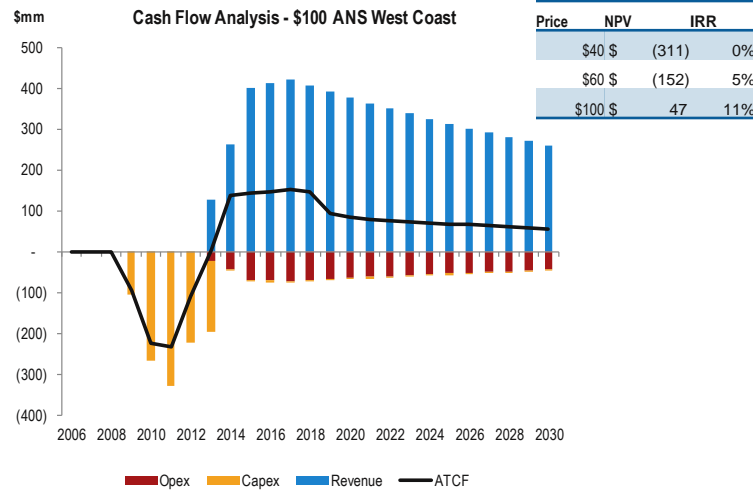


Level & Composition of Relative Government Take



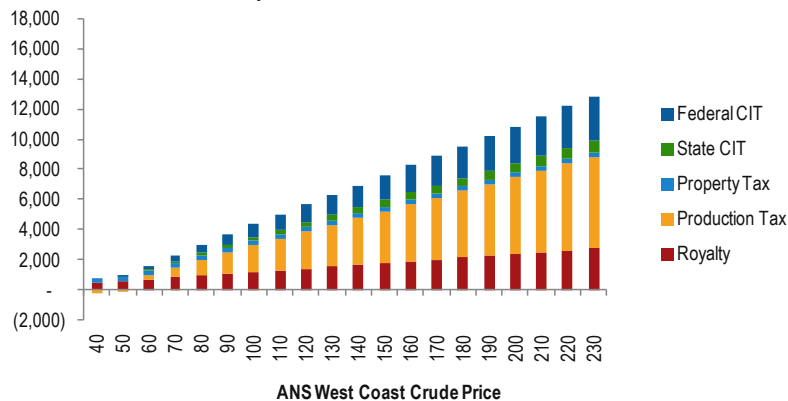
30% Base rate, 0.02% Progressivity, 40% Cap (New Development)

Cash Flow Analysis - \$100 ANS West Coast

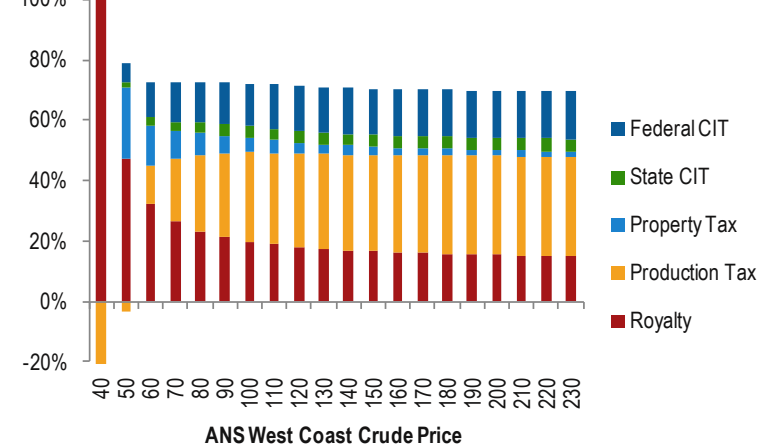


Price	Royalty	Production Tax	Property Tax	State CIT	Total State / Fed	Federal CIT	Corporate
40	156%	-104%	96%	0%	148%	0%	148%
50	47%	-4%	23%	2%	68%	7%	75%
60	32%	12%	13%	3%	60%	11%	72%
70	26%	20%	9%	3%	59%	13%	72%
80	23%	25%	7%	4%	59%	14%	72%
90	21%	28%	6%	4%	58%	14%	72%
100	20%	29%	5%	4%	58%	14%	72%
110	19%	30%	4%	4%	57%	15%	72%
120	18%	31%	4%	4%	56%	15%	71%
130	17%	31%	3%	4%	56%	15%	71%
140	17%	31%	3%	4%	55%	15%	70%
150	17%	32%	3%	4%	55%	15%	70%
160	16%	32%	2%	4%	55%	16%	70%
170	16%	32%	2%	4%	54%	16%	70%
180	16%	32%	2%	4%	54%	16%	70%
190	16%	32%	2%	4%	54%	16%	70%
200	15%	33%	2%	4%	54%	16%	70%
210	15%	33%	2%	4%	54%	16%	70%
220	15%	33%	2%	4%	54%	16%	70%
230	15%	33%	2%	4%	54%	16%	70%

Level & Composition of Government Take



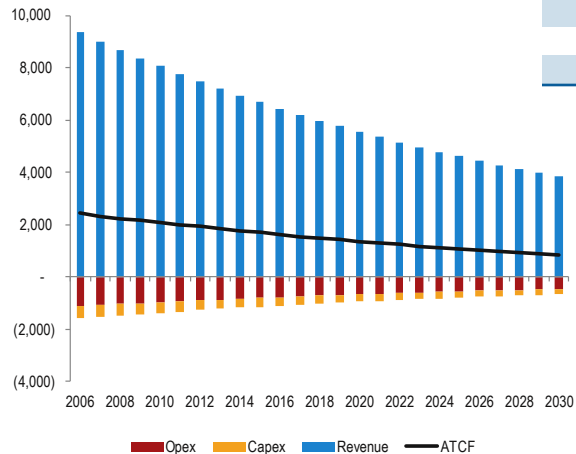
Level & Composition of Relative Government Take



Severance Tax - 20% maximum (Existing Producer)

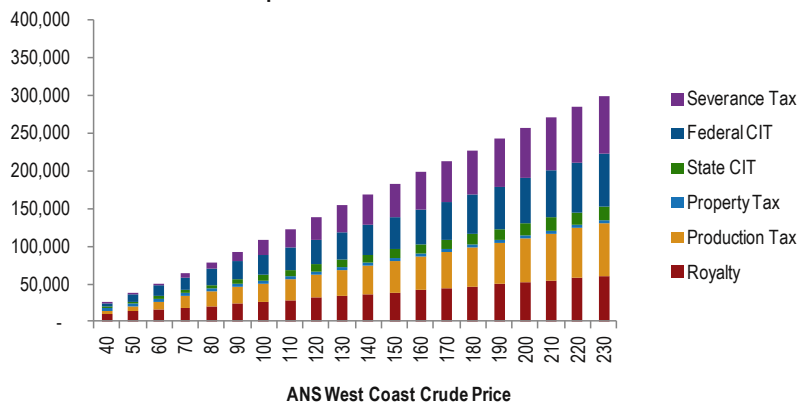
.25% progressivity from \$70 to \$130, then .10% progressivity to 180

Cash Flow Analysis - \$100 ANS West Coast

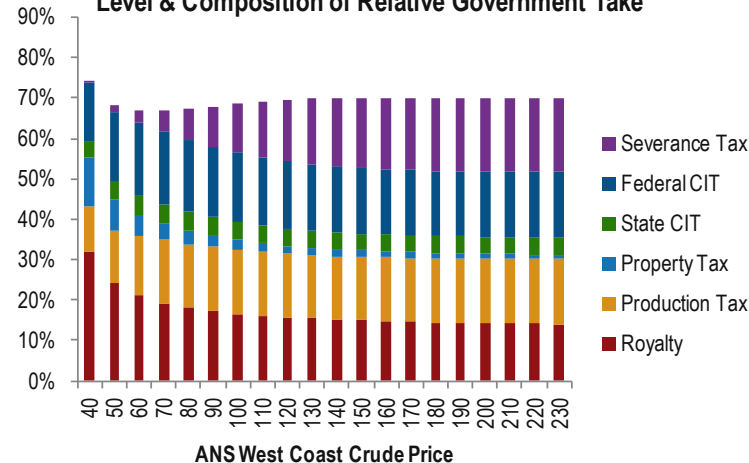


Price	Royalty	Severance Tax	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	0%	11%	12%	4%	59%	14%	74%
50	24%	2%	13%	7%	5%	51%	17%	68%
60	21%	3%	15%	5%	5%	49%	18%	67%
70	19%	5%	16%	4%	5%	49%	18%	67%
80	18%	8%	16%	3%	5%	50%	18%	67%
90	17%	10%	16%	3%	5%	51%	17%	68%
100	17%	12%	16%	3%	4%	52%	17%	69%
110	16%	14%	16%	2%	4%	52%	17%	69%
120	16%	15%	16%	2%	4%	53%	17%	69%
130	15%	16%	16%	2%	4%	53%	16%	70%
140	15%	17%	16%	2%	4%	54%	16%	70%
150	15%	17%	16%	2%	4%	54%	16%	70%
160	15%	18%	16%	1%	4%	54%	16%	70%
170	15%	18%	16%	1%	4%	54%	16%	70%
180	14%	18%	16%	1%	4%	54%	16%	70%
190	14%	18%	16%	1%	4%	54%	16%	70%
200	14%	18%	16%	1%	4%	54%	16%	70%
210	14%	18%	16%	1%	4%	54%	16%	70%
220	14%	18%	16%	1%	4%	54%	16%	70%
230	14%	18%	16%	1%	4%	53%	16%	70%

Level & Composition of Government Take



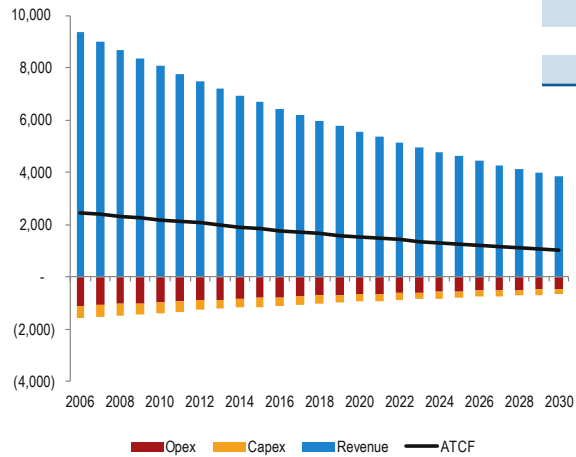
Level & Composition of Relative Government Take



Severance Tax - 6% maximum (Existing Producer)

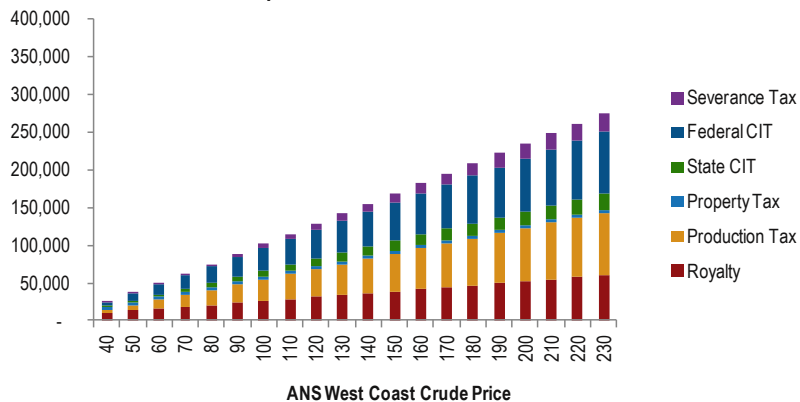
.05% progressivity from \$70 to \$190

Cash Flow Analysis - \$100 ANS West Coast

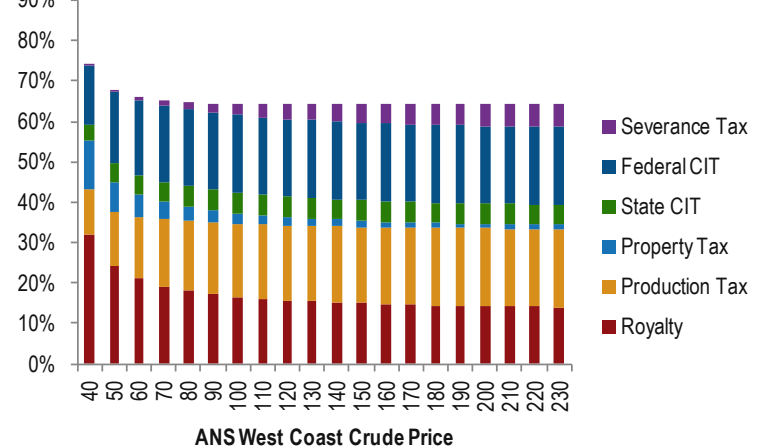


Price	Royalty	Severance Tax	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	32%	0%	11%	12%	4%	59%	15%	74%
50	24%	0%	13%	7%	5%	50%	18%	68%
60	21%	1%	15%	5%	5%	47%	19%	66%
70	19%	1%	17%	4%	5%	46%	19%	65%
80	18%	2%	17%	3%	5%	46%	19%	65%
90	17%	2%	18%	3%	5%	45%	19%	65%
100	17%	3%	18%	3%	5%	45%	19%	64%
110	16%	3%	18%	2%	5%	45%	19%	64%
120	16%	4%	19%	2%	5%	45%	19%	64%
130	15%	4%	19%	2%	5%	45%	19%	64%
140	15%	4%	19%	2%	5%	45%	19%	64%
150	15%	5%	19%	2%	5%	45%	19%	64%
160	15%	5%	19%	1%	5%	45%	19%	64%
170	15%	5%	19%	1%	5%	45%	19%	64%
180	14%	5%	19%	1%	5%	45%	19%	64%
190	14%	5%	19%	1%	5%	45%	19%	64%
200	14%	5%	19%	1%	5%	45%	19%	64%
210	14%	5%	19%	1%	5%	45%	19%	64%
220	14%	5%	19%	1%	5%	45%	19%	64%
230	14%	5%	19%	1%	5%	45%	19%	64%

Level & Composition of Government Take

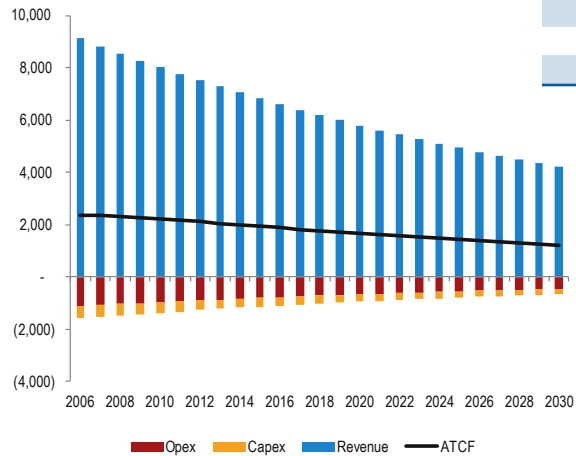


Level & Composition of Relative Government Take



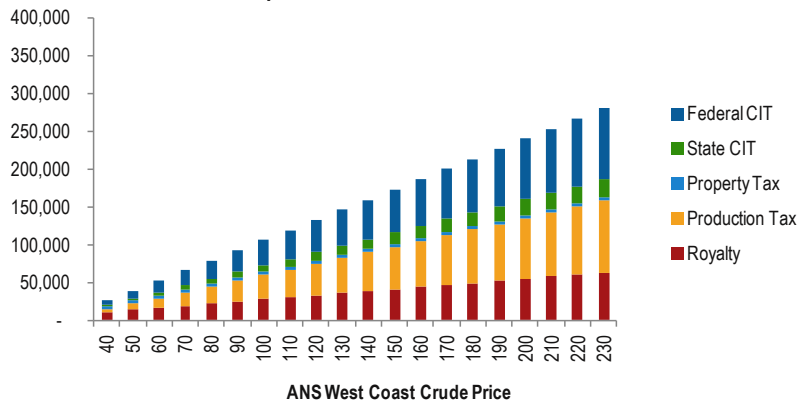
25% Flat Production Tax (Existing Producer)

Cash Flow Analysis - \$100 ANS West Coast

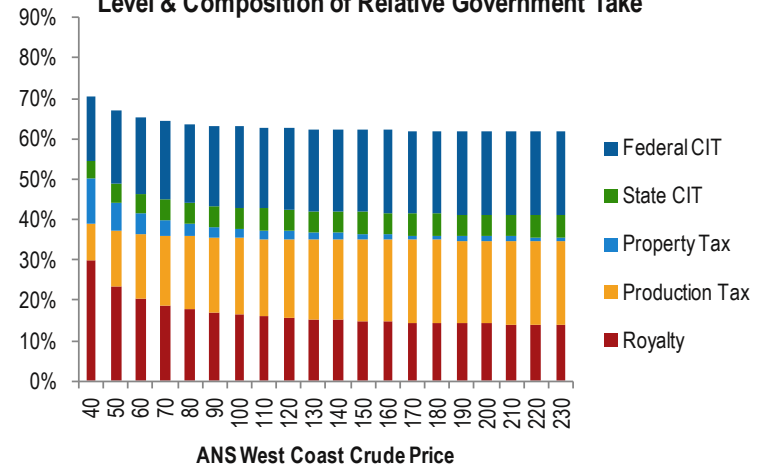


Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40	30%	9%	11%	4%	54%	16%	71%
50	23%	14%	7%	5%	49%	18%	67%
60	20%	16%	5%	5%	46%	19%	65%
70	19%	17%	4%	5%	45%	19%	64%
80	18%	18%	3%	5%	44%	20%	64%
90	17%	19%	3%	5%	43%	20%	63%
100	16%	19%	2%	5%	43%	20%	63%
110	16%	19%	2%	5%	43%	20%	63%
120	16%	20%	2%	5%	42%	20%	63%
130	15%	20%	2%	5%	42%	20%	62%
140	15%	20%	2%	5%	42%	20%	62%
150	15%	20%	1%	5%	42%	20%	62%
160	15%	20%	1%	5%	42%	20%	62%
170	14%	20%	1%	5%	42%	20%	62%
180	14%	21%	1%	5%	41%	21%	62%
190	14%	21%	1%	5%	41%	21%	62%
200	14%	21%	1%	5%	41%	21%	62%
210	14%	21%	1%	5%	41%	21%	62%
220	14%	21%	1%	5%	41%	21%	62%
230	14%	21%	1%	5%	41%	21%	62%

Level & Composition of Government Take



Level & Composition of Relative Government Take



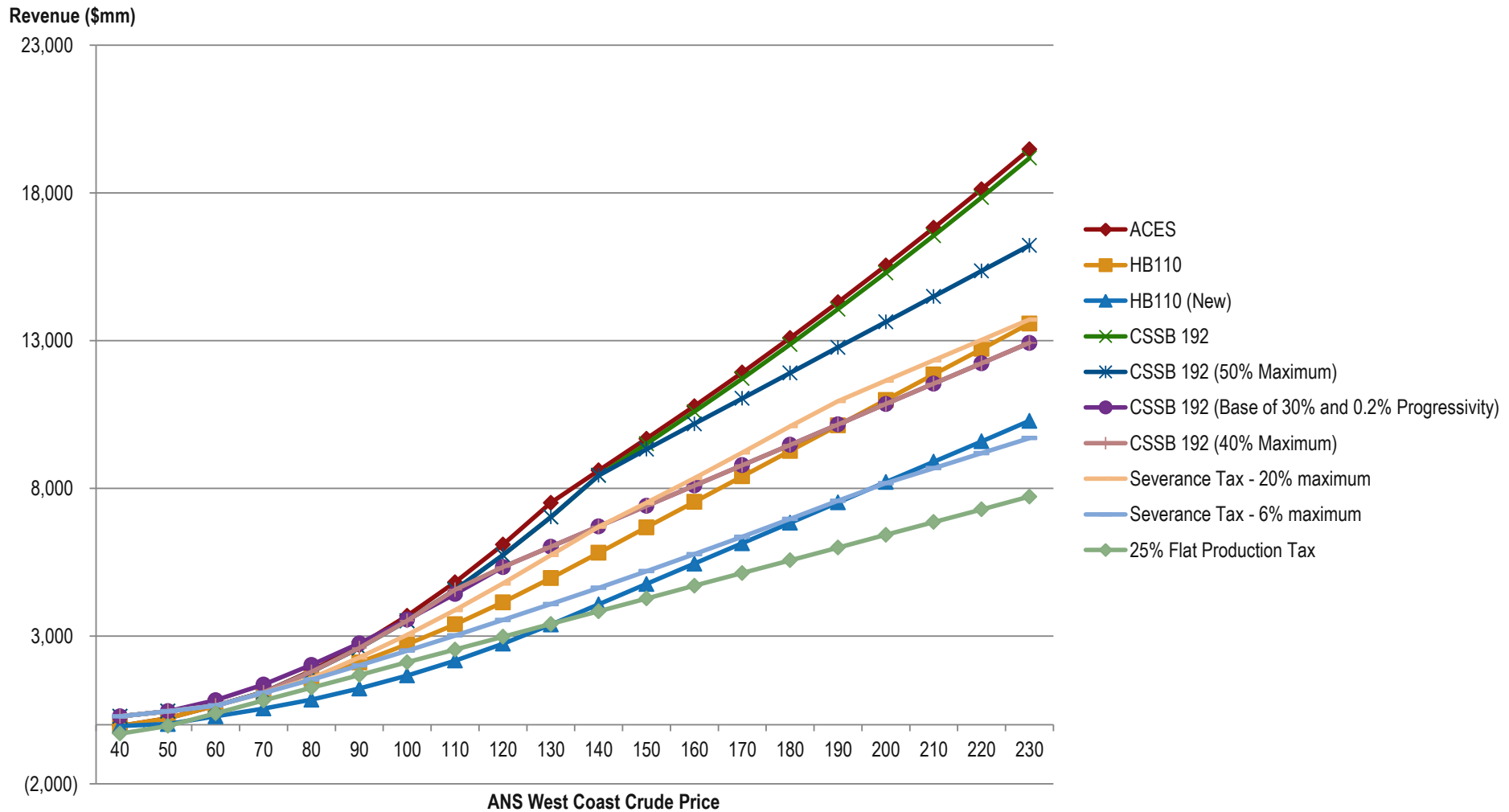
Assessing 10 Different Fiscal Regime Options

Table: Revenue Comparison of Different Fiscal Regime Options

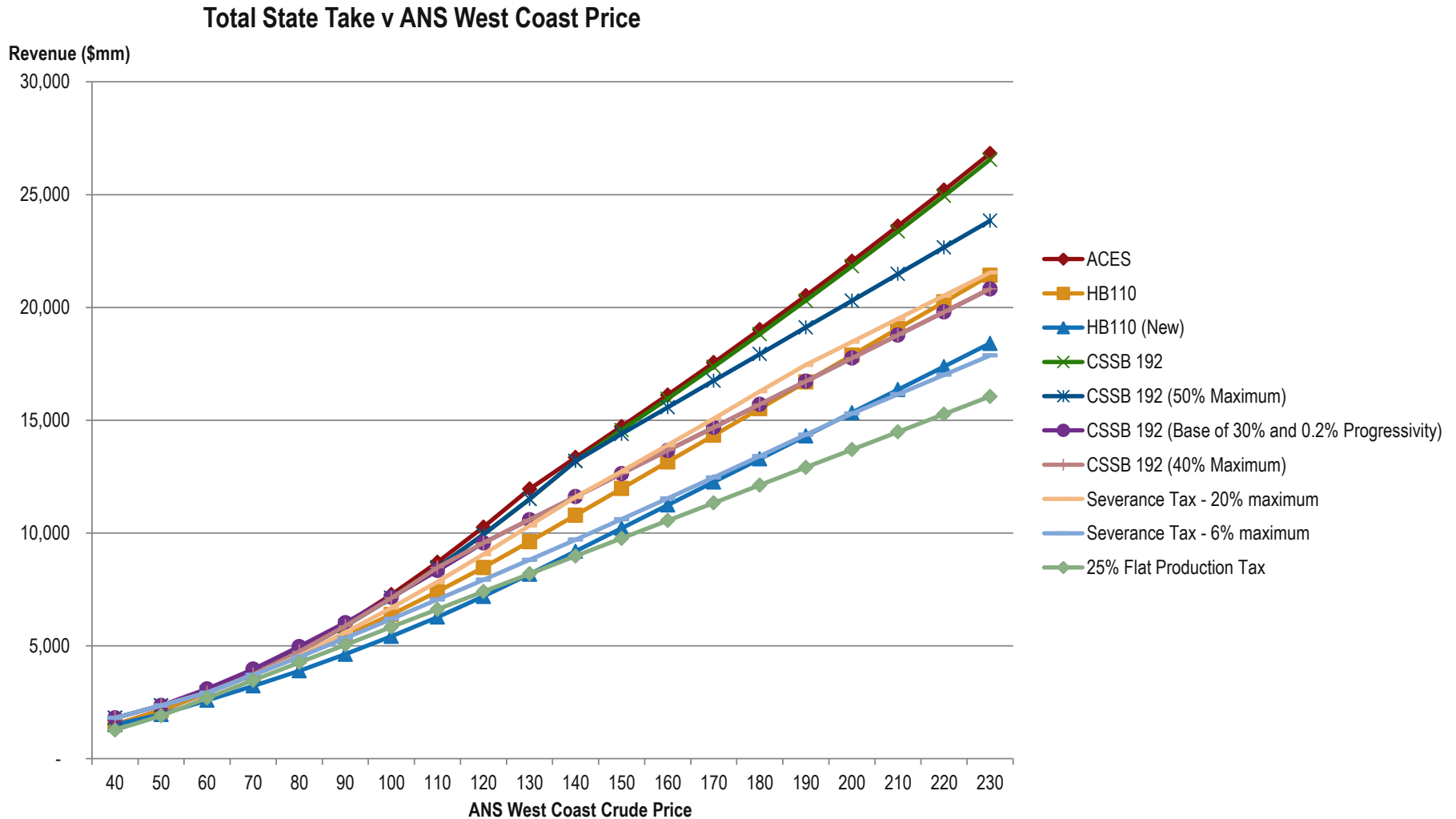
	Price	ACES	HB110	HB110 (New)	CSSB 192	CSSB 192 (50% Maximum)	CSSB 192 (Base of 30% and 0.2% Progressivity)	CSSB 192 (40% Maximum)	Severance Tax - 20% maximum	Severance Tax - 6% maximum	25% Flat Production Tax
Production Tax Revenue (inc Severance)	40	(44)	(44)	(44)	284	284	284	284	284	284	(302)
	60	648	648	284	648	648	831	648	648	648	391
	100	3,686	2,721	1,667	3,522	3,522	3,557	3,522	3,047	2,508	2,116
	150	9,679	6,680	4,764	9,508	9,322	7,405	7,405	7,512	5,196	4,272
	200	15,542	10,993	8,214	15,293	13,634	10,855	10,855	11,645	8,174	6,428
Total State Take	40	2,195	2,195	2,195	2,390	2,390	2,390	2,390	2,390	2,390	2,042
	60	2,925	2,925	2,591	2,925	2,925	3,092	2,925	2,925	2,925	2,689
	100	7,273	6,389	5,423	7,122	7,122	7,154	7,122	6,687	6,194	5,834
	150	14,719	11,972	10,216	14,562	14,392	12,636	12,636	12,734	10,612	9,766
	200	22,045	17,879	15,333	21,818	20,298	17,753	17,753	18,477	15,297	13,698
Total Federal Take	40	2,195	2,195	2,195	2,390	2,390	2,390	2,390	2,390	2,390	2,042
	60	4,496	4,496	4,279	4,496	4,496	4,605	4,496	4,496	4,496	4,343
	100	10,082	9,508	8,880	9,984	9,984	10,005	9,984	9,702	9,381	9,147
	150	18,372	16,587	15,446	18,270	18,160	17,018	17,018	17,082	15,703	15,153
	200	26,585	23,876	22,221	26,437	25,449	23,794	23,794	24,265	22,198	21,158

Revenue From Production Tax under Different Options

Revenue From Production (inc Severance) Tax v ANS West Coast Price

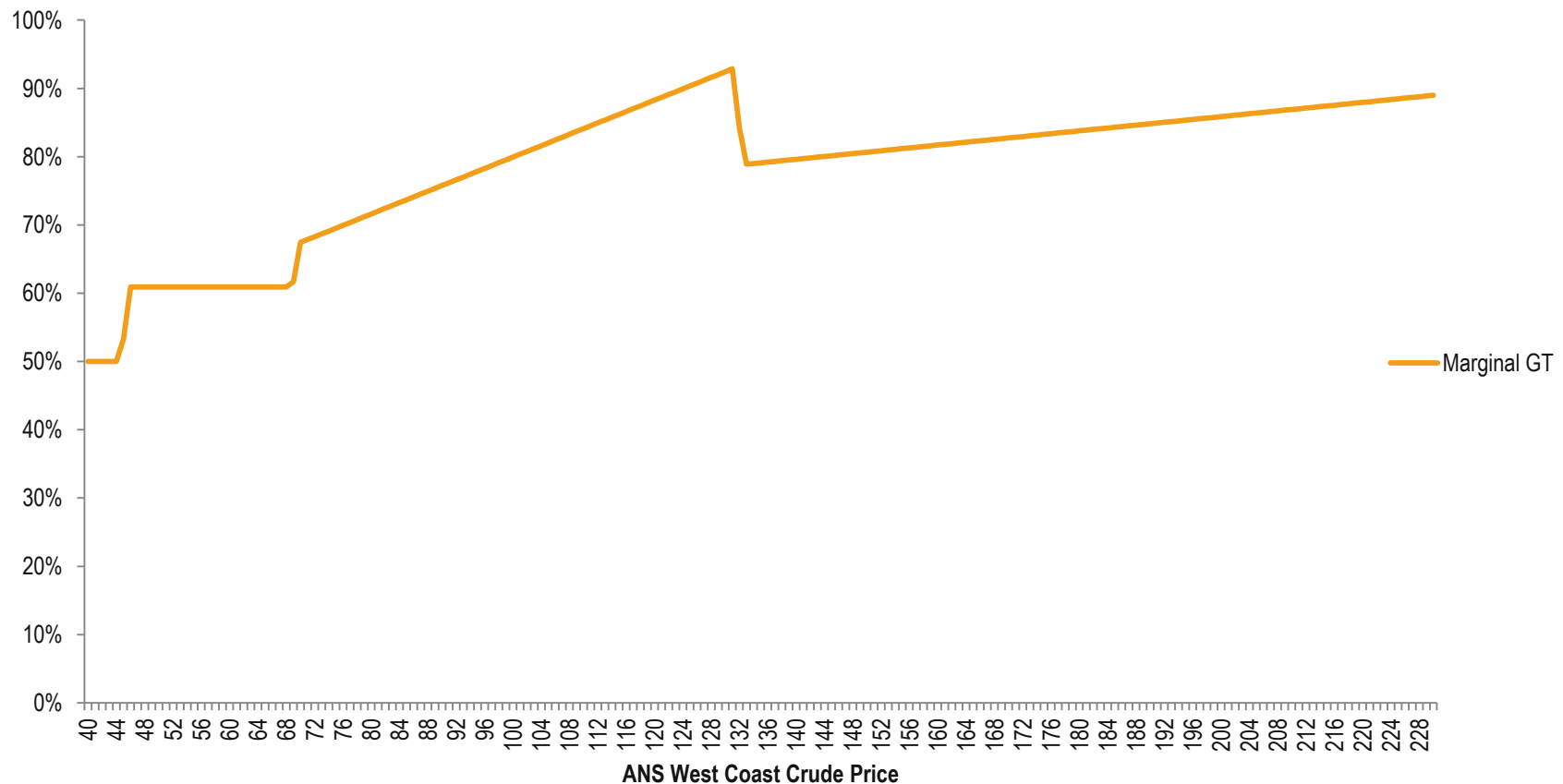


Total State Take under Different Options



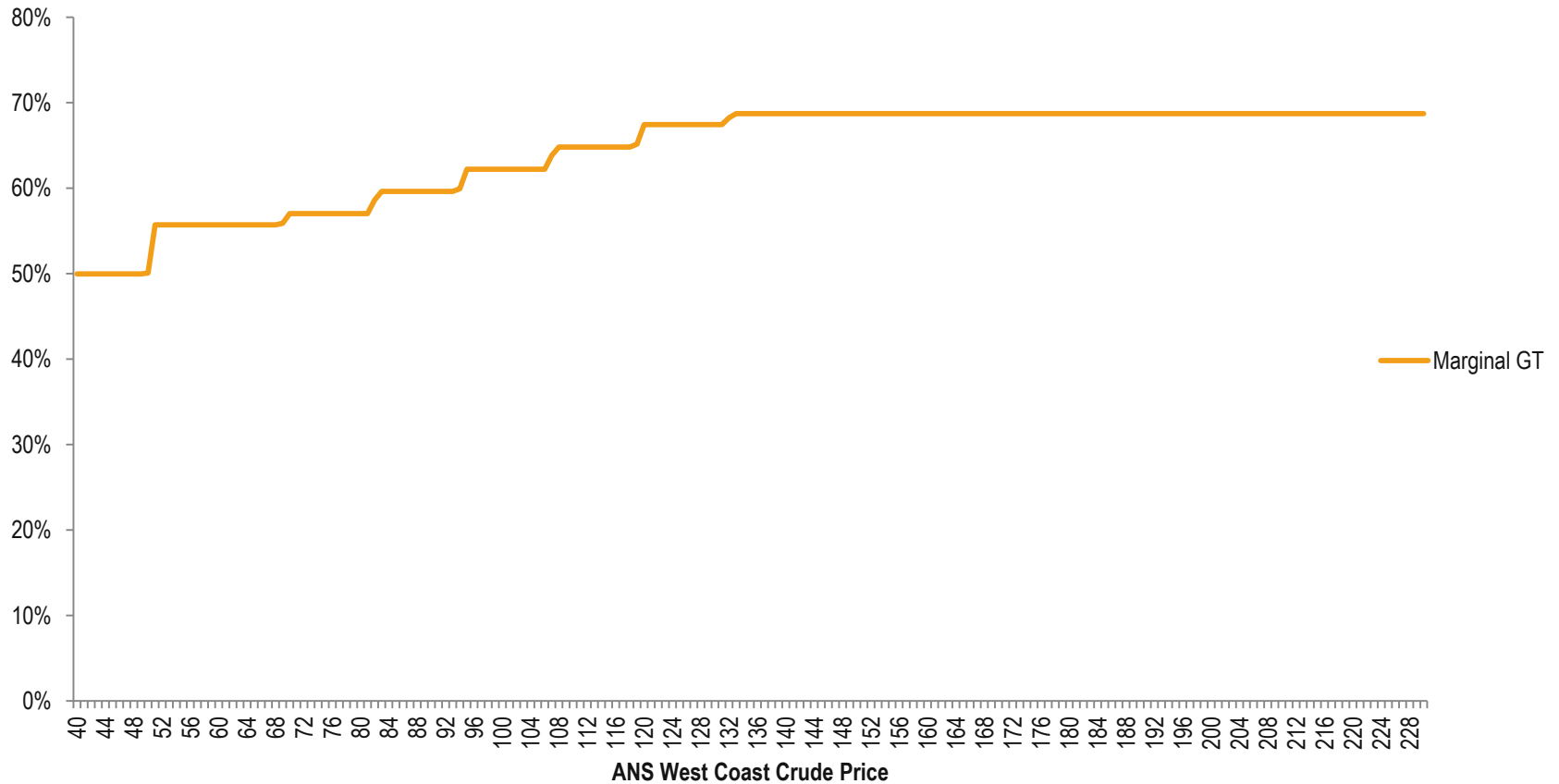
ACES – Marginal Take (FY 2013 Data)

ACES: Marginal Government Take



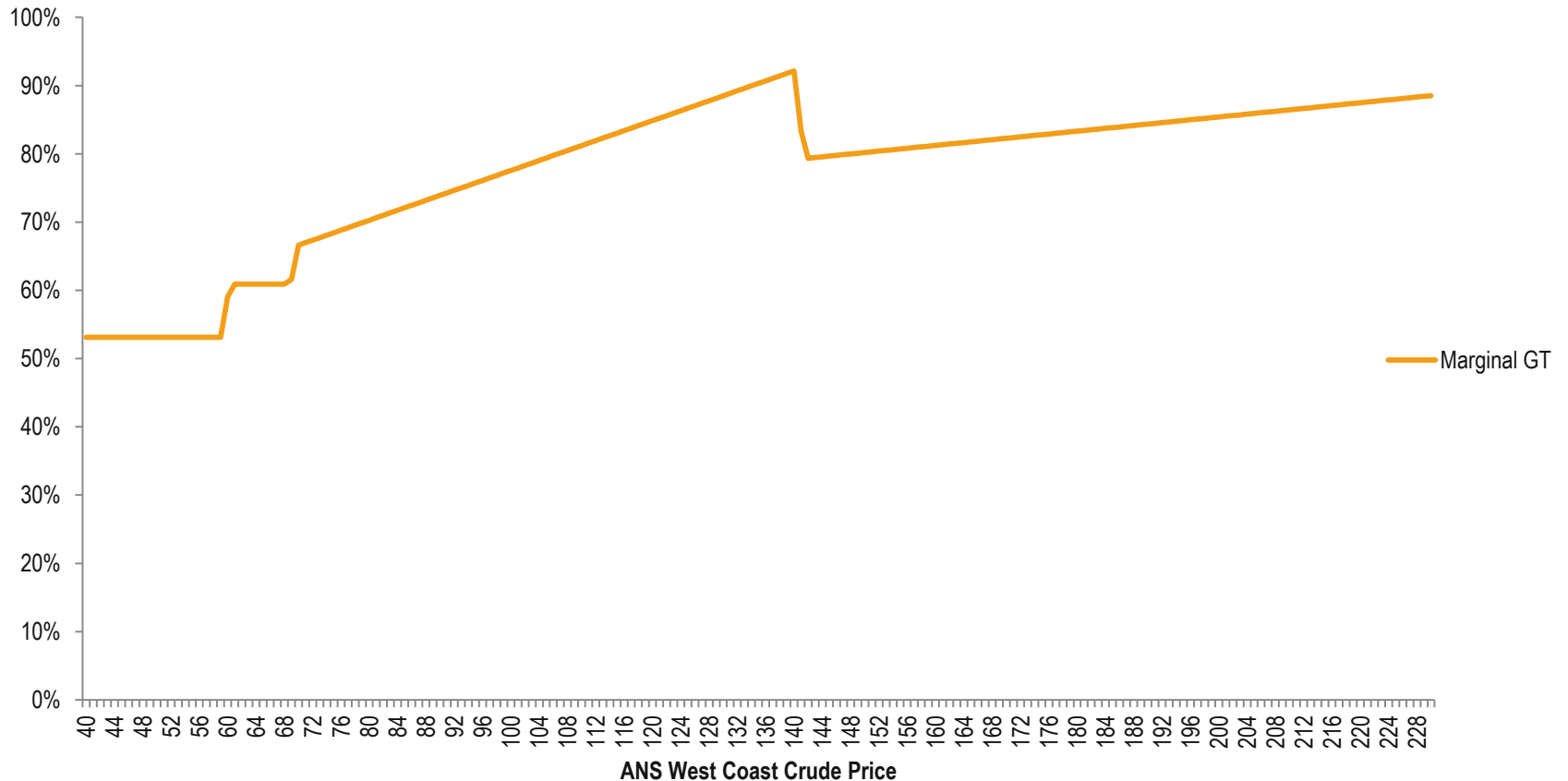
HB110 – Marginal Government Take (FY 2013 Data)

HB110: Marginal Government Take



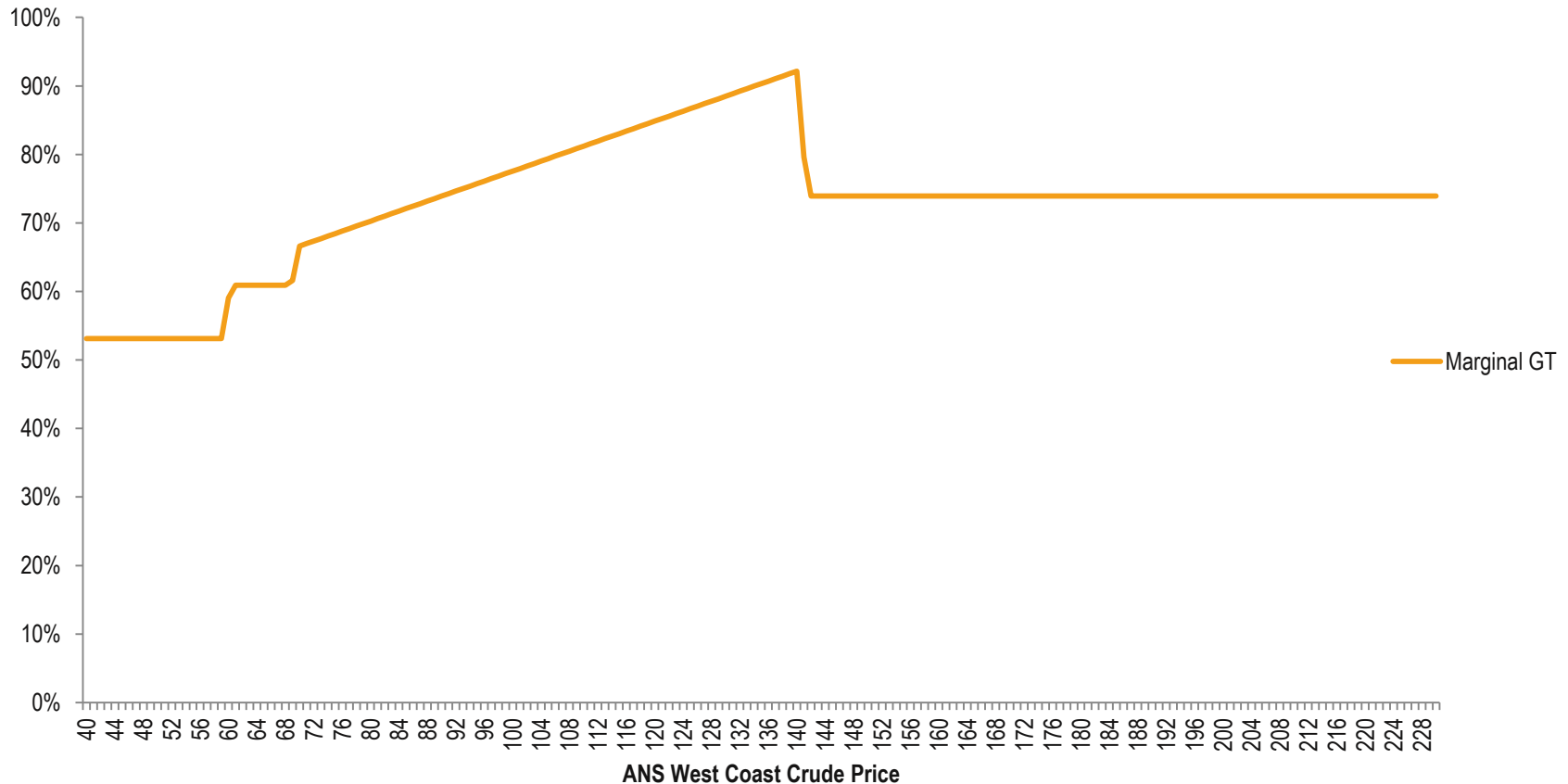
CSSB 192 – Marginal Government Take (FY 2013 Data)

CSSB 192: Marginal Government Take



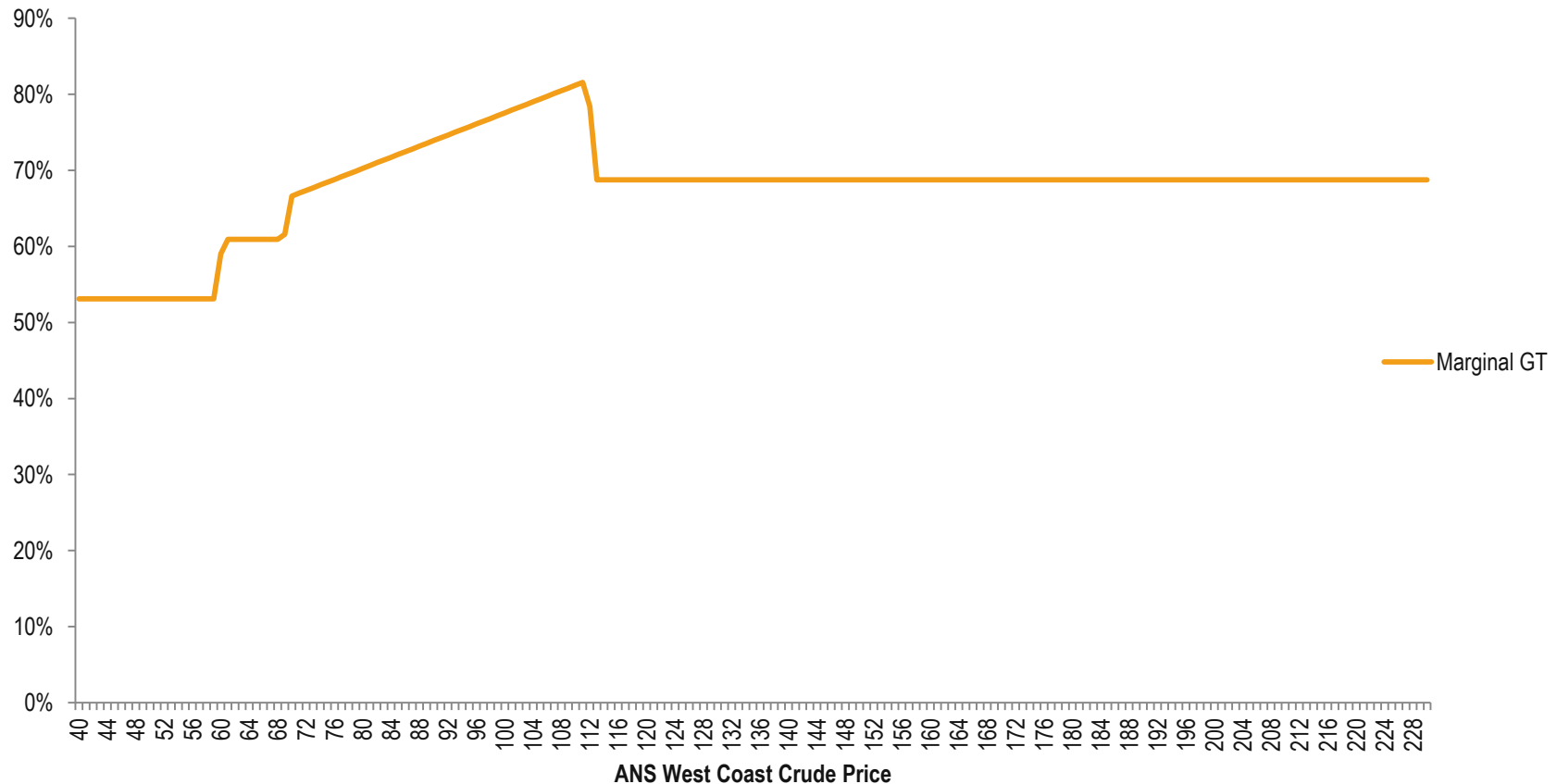
CSSB 192 with 50% Cap – Marginal Government Take (FY 2013 Data)

CSSB 192 (50% Maximum): Marginal Government Take



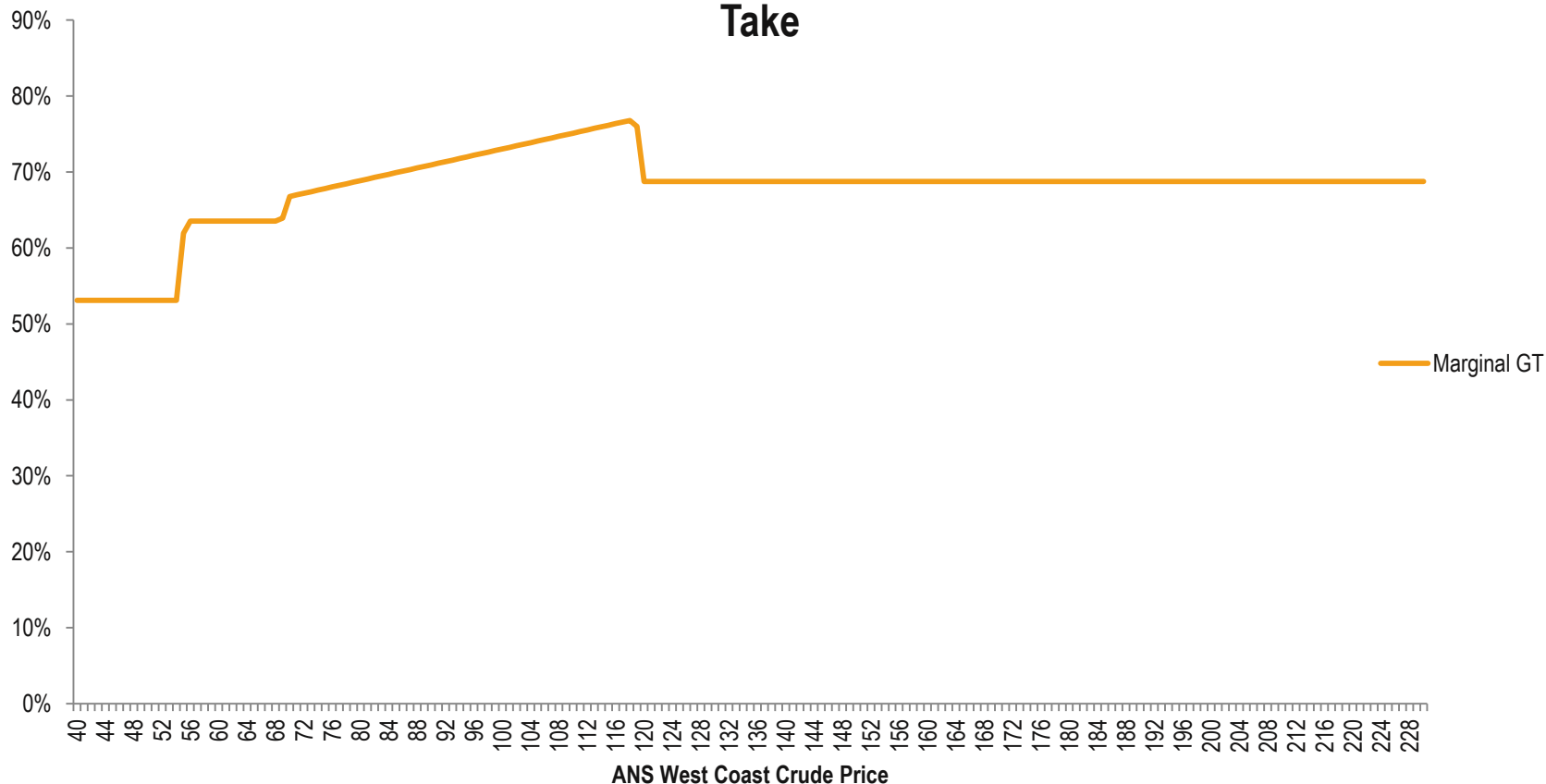
CSSB 192 with 40% Cap – Marginal Government Take (FY 2013 Data)

CSSB 192 (40% Maximum): Marginal Government Take



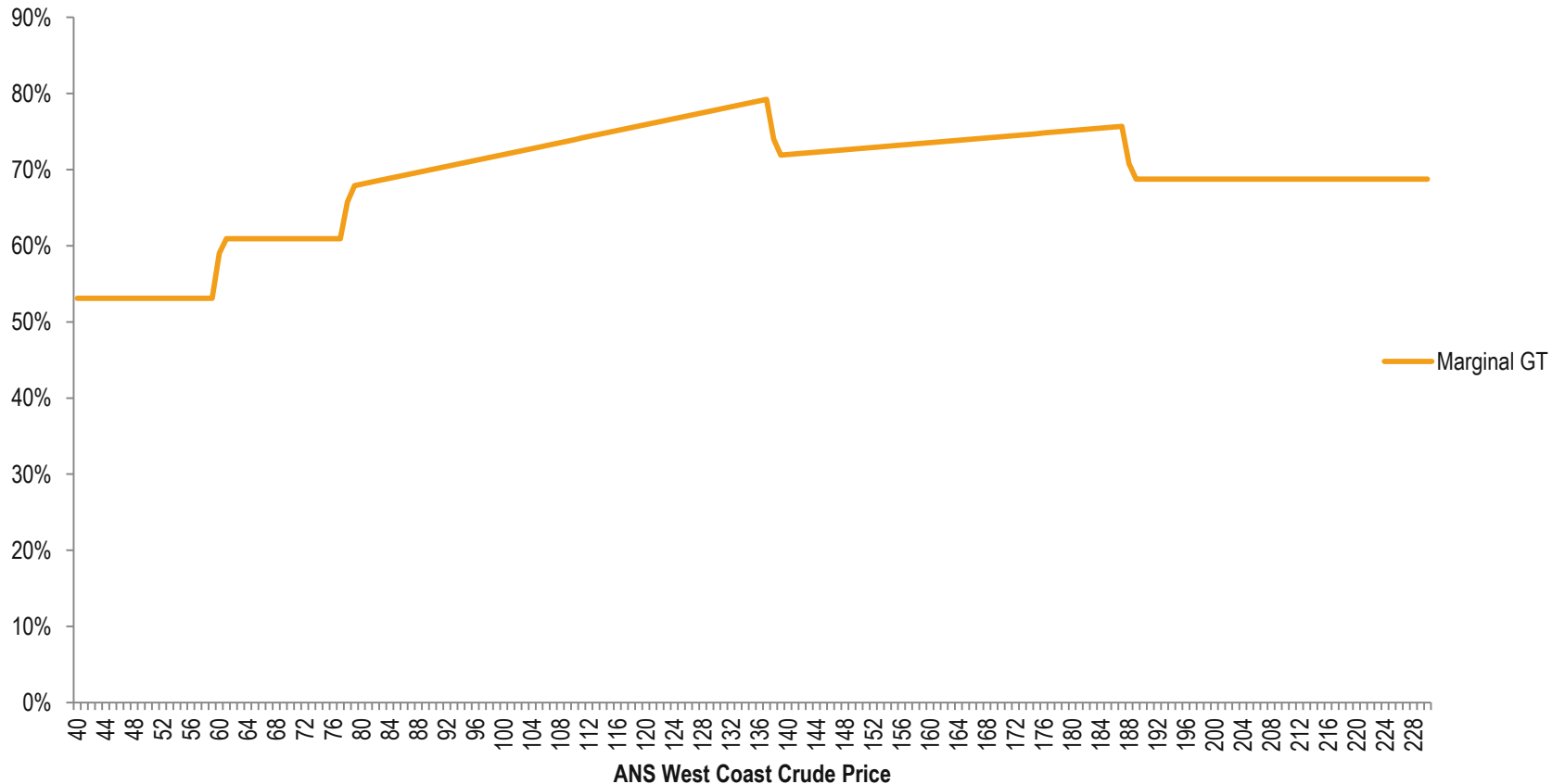
30% Base rate, 0.02% Progressivity, 40% Cap – Marginal Government Take (FY 2013 Data)

CSSB 192 (Base of 30% and 0.2% Progressivity): Marginal Government Take



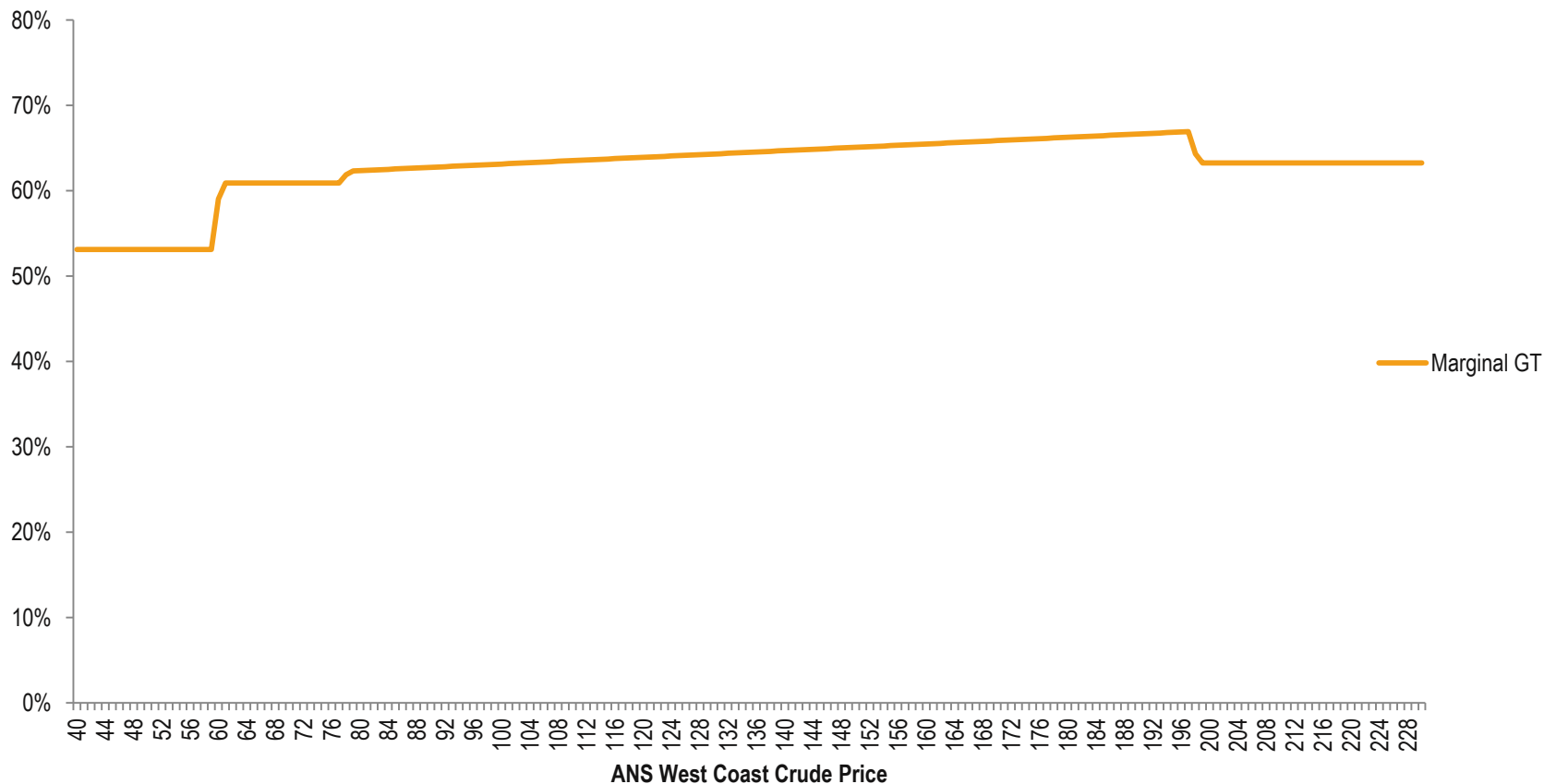
Severance Tax - 20% maximum – Marginal Government Take (FY 2013 Data)

Severance Tax - 20% maximum: Marginal Government Take



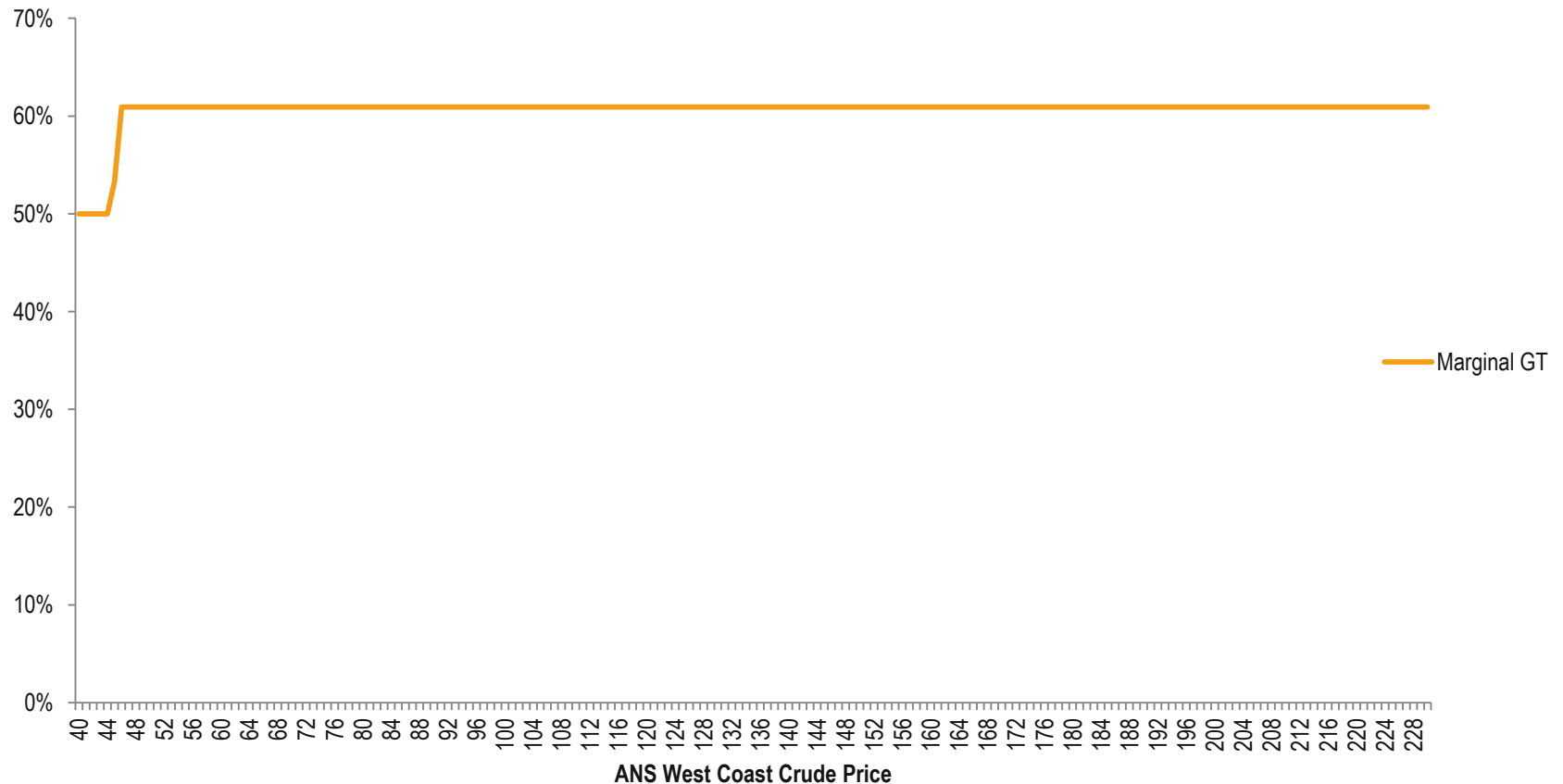
Severance Tax - 6% maximum – Marginal Government Take (FY 2013 Data)

Severance Tax - 6% maximum: Marginal Government Take



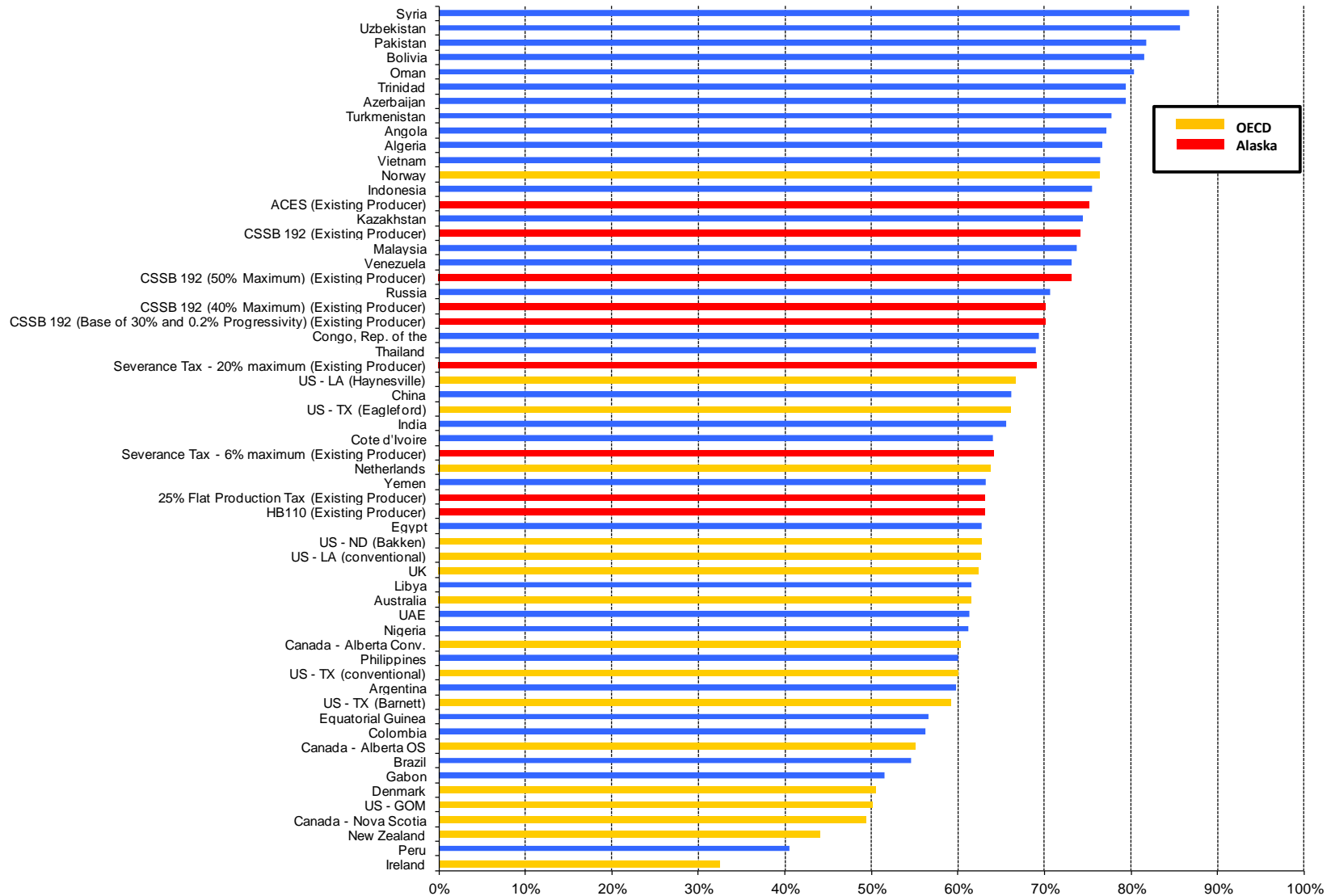
25% Flat Production Tax – Marginal Government Take (FY 2013 Data)

25% Flat Production Tax: Marginal Government Take



Regime Competitiveness: Average Government Take

Average Government Take of Global Fiscal Regimes at \$100/bbl



Regime Competitiveness: Average Government Take

Average Government Take of Global Fiscal Regimes at \$100/bbl

