

Discussion Slides: Alaska Senate Finance Committee

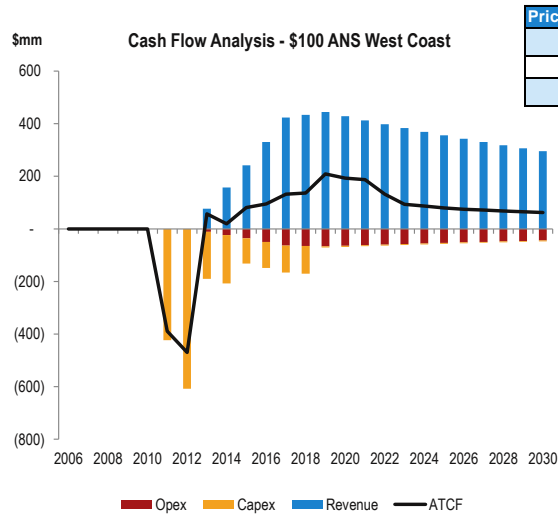
April 12, 2012

Janak Mayer

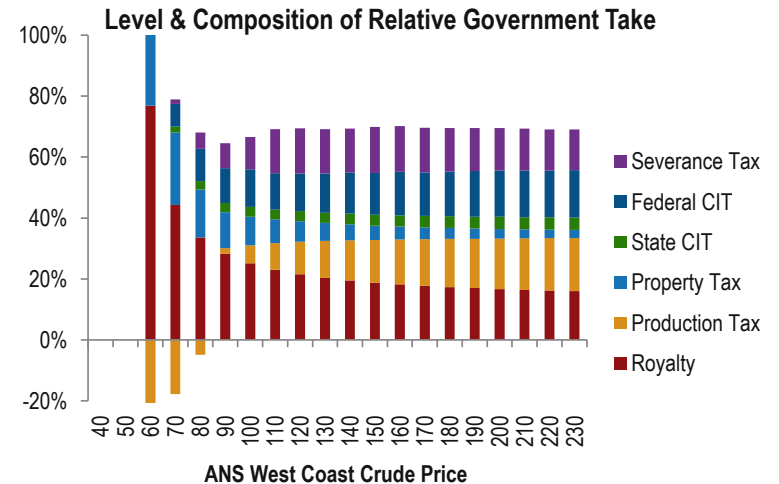
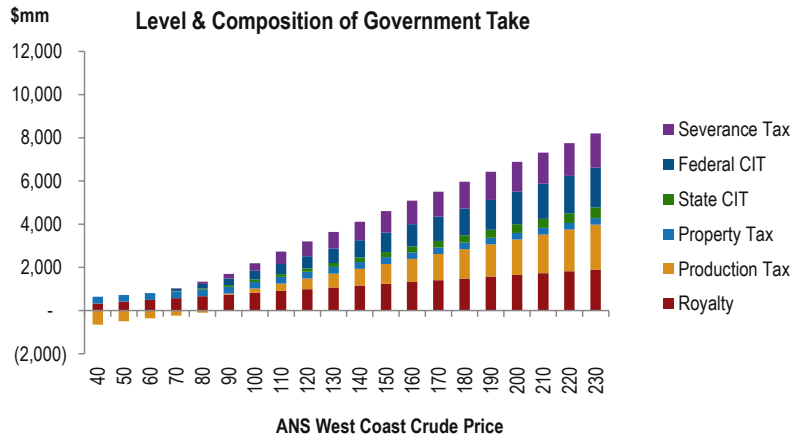
Manager, Upstream & Gas

PFC Energy

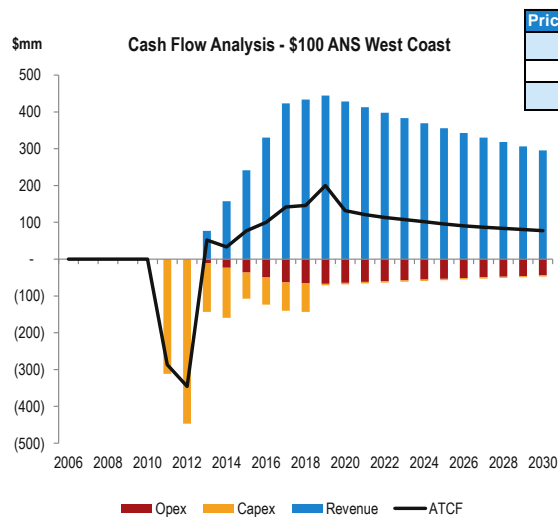
CSSB 192 5% Max Rate, \$90 Threshold, for 10 yrs (\$34/bbl Capex New Development)



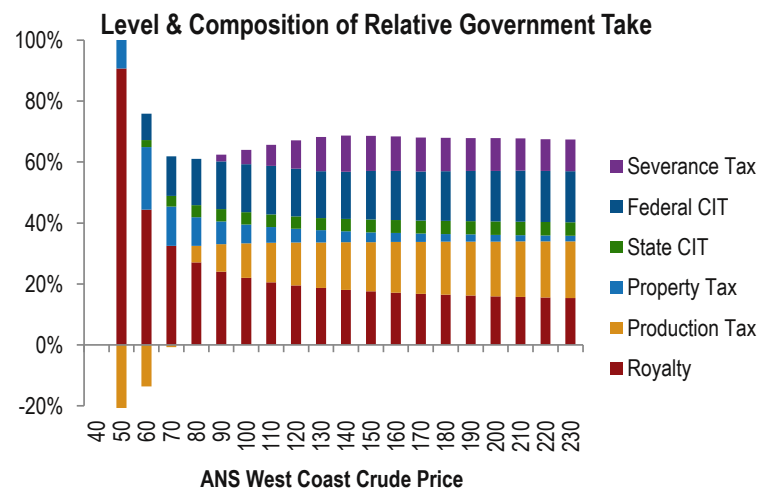
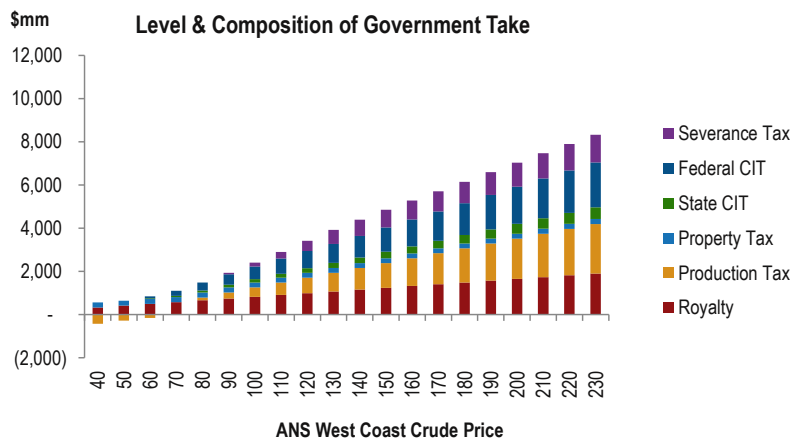
Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40							
50							
60	77%	-56%	48%	0%	69%	0%	69%
70	44%	-16%	24%	2%	54%	7%	61%
80	34%	0%	16%	3%	53%	11%	63%
90	28%	10%	12%	3%	53%	11%	65%
100	25%	17%	9%	3%	54%	12%	67%
110	23%	23%	8%	3%	57%	12%	69%
120	22%	26%	7%	3%	57%	12%	69%
130	20%	27%	6%	3%	56%	13%	69%
140	19%	28%	5%	4%	56%	14%	69%
150	19%	29%	5%	4%	56%	14%	70%
160	18%	30%	4%	4%	56%	14%	70%
170	18%	30%	4%	4%	55%	14%	70%
180	17%	30%	4%	4%	55%	15%	70%
190	17%	30%	3%	4%	55%	15%	70%
200	17%	30%	3%	4%	54%	15%	70%
210	16%	31%	3%	4%	54%	15%	69%
220	16%	31%	3%	4%	54%	15%	69%
230	16%	31%	3%	4%	54%	16%	69%



CSSB 192 10% Max Rate, \$75 Threshold (\$25/bbl Capex Incremental Development)



Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT
40							
50	91%	-61%	50%	0%	80%	0%	80%
60	44%	-14%	21%	2%	54%	9%	62%
70	33%	-1%	13%	3%	48%	13%	61%
80	27%	5%	9%	4%	46%	15%	61%
90	24%	11%	7%	4%	47%	16%	62%
100	22%	16%	6%	4%	48%	16%	64%
110	21%	20%	5%	4%	50%	16%	66%
120	20%	23%	5%	4%	51%	16%	67%
130	19%	26%	4%	4%	53%	15%	68%
140	18%	28%	4%	4%	53%	15%	69%
150	18%	28%	3%	4%	53%	16%	69%
160	17%	28%	3%	4%	52%	16%	68%
170	17%	28%	3%	4%	52%	16%	68%
180	16%	28%	3%	4%	52%	16%	68%
190	16%	29%	2%	4%	51%	16%	68%
200	16%	29%	2%	4%	51%	17%	68%
210	16%	29%	2%	4%	51%	17%	68%
220	16%	29%	2%	4%	51%	17%	68%
230	15%	29%	2%	4%	51%	17%	67%



Note: Modeling of incremental development does not include impact of minimum floor tax - see note on slide 5 for further detail

Cash to Government and Companies

Over 20 year timeframe, for hypothetical modeled 10 mb/d project

New Development, \$34 bbl Capex, \$90 threshold for progressivity

Undiscounted sum of cash over 20 year production timeframe								
Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT	Cash to Companies
40	330	(654)	310	-	(13)	-	(13)	(663)
50	413	(497)	310	-	227	-	227	(243)
60	496	(360)	310	-	446	-	446	199
70	578	(213)	310	25	701	97	798	508
80	661	10	310	54	1,035	208	1,243	724
90	743	261	310	79	1,393	302	1,695	932
100	826	543	310	106	1,785	404	2,189	1,099
110	909	917	310	124	2,260	472	2,732	1,216
120	991	1,177	310	150	2,628	571	3,200	1,410
130	1,074	1,403	310	178	2,964	679	3,643	1,627
140	1,156	1,631	310	211	3,309	804	4,113	1,818
150	1,239	1,919	310	236	3,704	901	4,605	1,986
160	1,322	2,154	310	270	4,056	1,031	5,087	2,165
170	1,404	2,369	310	296	4,379	1,129	5,507	2,406
180	1,487	2,583	310	329	4,709	1,256	5,964	2,610
190	1,569	2,797	310	363	5,039	1,384	6,423	2,811
200	1,652	3,012	310	396	5,370	1,512	6,882	3,013
210	1,734	3,227	310	424	5,696	1,619	7,316	3,241
220	1,817	3,447	310	452	6,026	1,724	7,750	3,467
230	1,900	3,665	310	483	6,358	1,844	8,202	3,676

Incremental Development, \$25 bbl Capex, \$75 threshold for progressivity

Undiscounted sum of cash over 20 year production timeframe								
Price	Royalty	Production Tax	Property Tax	State CIT	Total State Take	Federal CIT	Total GT	Cash to Companies
40	330	(420)	229	-	140	-	140	(345)
50	413	(279)	229	-	363	-	363	92
60	496	(152)	229	25	598	96	695	422
70	578	(13)	229	61	855	232	1,086	691
80	661	130	229	97	1,118	371	1,488	949
90	743	351	229	127	1,450	484	1,934	1,165
100	826	606	229	155	1,816	590	2,406	1,353
110	909	879	229	184	2,200	702	2,902	1,518
120	991	1,185	229	209	2,614	796	3,410	1,671
130	1,074	1,502	229	231	3,036	882	3,918	1,823
140	1,156	1,761	229	260	3,406	991	4,397	2,005
150	1,239	1,962	229	295	3,724	1,124	4,849	2,214
160	1,322	2,162	229	326	4,039	1,246	5,285	2,439
170	1,404	2,368	229	354	4,355	1,351	5,707	2,678
180	1,487	2,570	229	386	4,673	1,475	6,148	2,898
190	1,569	2,771	229	419	4,989	1,600	6,590	3,117
200	1,652	2,973	229	452	5,306	1,726	7,032	3,335
210	1,734	3,174	229	484	5,622	1,847	7,469	3,558
220	1,817	3,375	229	513	5,935	1,959	7,894	3,794
230	1,900	3,576	229	543	6,248	2,072	8,320	4,030

Note: Modeling of incremental development does not include impact of minimum floor tax - see note on slide 5 for further detail

Note on Modeling of Incremental Production

- To provide an indication of the stand-alone economics of an 'incremental' development in legacy fields, such a development has been modeled here on a stand-alone basis
- In providing the stand-alone analysis, it is difficult to properly account for the impact of the minimum floor level of tax, since this has a different impact at the overall portfolio level than the individual asset level.
 - As a result, the floor has not been included in this analysis.
 - With the application of the floor, actual levels of taxation at price levels below \$60 would be higher
- This issue does not impact the new development in the same way, as a new 10 mb/d development by a producer not currently producing would not be subject to the floor