Discussion Slides: Alaska Senate Finance Committee

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Cost Sensitivity – From April 3 Testimony and Discussion

Impact of Rising Operating Costs

![Chart showing the revenue difference between ACES and Progressive Severance Option under different Opex/bbl assumptions.]
FY 2013 v Lifecycle Analysis – Impact of Costs & 7 year Time Limit

Regime Competitiveness: Relative Government Take

From April 4 Slides

Total Government Take Comparison Including New Production Incentives

From April 5 Slides
Some Goals Are Mutually Exclusive

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at $100+ /bbl
- More even split between state and companies above $100/$120 / bbl
- Achieve “meaningful” reform as defined by industry and administration
Some Goals Are Mutually Exclusive

**ACES with 40% Cap**

- Achieve decoupling
- Reduce high levels of support for spending, and poor incentives for cost control
- Minimize complexity, including need for separate cost accounting
- Reduce government take on new/incremental production
- No increases on any taxpayers
- Revenue neutral at $100+/bbl
- More even split between state and companies above $100/$120 /bbl
- Achieve “meaningful” reform as defined by industry and administration
Some Goals Are Mutually Exclusive

ACES with 40% Cap & SB305-style decoupling

- Achieve decoupling
  - Reduce high levels of support for spending, and poor incentives for cost control
  - Minimize complexity, including need for separate cost accounting
  - Reduce government take on new/incremental production
  - No increases on any taxpayers
  - Revenue neutral at $100+ /bbl
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- Achieve “meaningful” reform as defined by industry and administration
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HB110

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• Achieve “meaningful” reform as defined by industry and administration
Some Goals Are Mutually Exclusive

CSSB192

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- Reduce government take on new/incremental production
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- Revenue neutral at $100+ /bbl
- More even split between state and companies above $100/$120 / bbl
- Achieve “meaningful” reform as defined by industry and administration
Regime Competitiveness: Relative Government Take

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

Note: CSSB 192 have not been adjusted for impact of indexing to inflation