Addendum to “Policy Options for Alaska Oil and Gas”

Pedro van Meurs

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Van Meurs Corporation
Nassau, Bahamas
Tel: (242) 324-4438
e-mail: info@vanmeurs.org
Possible Senate Bill

If all the Senate wants to do is make minor modifications to ACES in order to create a better bill than HB 110, the following easy proposal would achieve these goals:

- Change the current ACES to:
  - 0.35% per dollar increases to $90 and thereafter
  - 0.1% increases to a maximum additional rate of 25% at $130 per barrel,
- Establish a 20% of gross revenues allowance for new oil production for the purposes of calculating PPT, and
- Limit tax credits to 20% on exploration and development.
Possible Senate Bill

The results show that this achieves the recommended government take ranges at $100 per barrel.
This proposal would achieve the following improvements relative to HB 110:

- It does not create the “give away” on revenues from existing production as proposed under HB 110.
- It provides the same stimulus for new production as proposed under HB 110.
- It does not require ring fencing
- It solves four deficiencies of ACES:
  - excessive tax rates,
  - excessive price progressivity,
  - excessive exploration support,
  - the negative PPT issues
Possible Senate Bill

The proposal would not achieve:

- Dealing with the nonsensical BOE cross subsidization and therefore, in case of any proposal by the major oil companies on a Pacific LNG project, the PPT would have to be significantly modified again to make such a proposal work,
- Creating an “architecture” to which new Alaska resources can be added, such as heavy oil, shale oil and natural gas,
- The stimulus of investment in heavy oil, oil shale or natural gas and thereby the achievement of the one million bopd goal.