

Comments to Legislature on Gas Contract and Fiscal Interest Findings

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Returns to State and Producers

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Key Model Assumptions

▪ Production Rate of Gas (Excluding CO ₂)	~4.5 Bcf/d
▪ Delivery into Pipeline	4.3 Bcf/d
▪ Gas Delivered at Alberta	4.2 Bcf/d
▪ Pipeline, GTP Construction Costs (2005 \$M)	
-- to AECO (Most Likely Case)	\$13,600
-- to Chicago (Unlikely)	\$21,000
▪ Additional Upstream Investment Including PTU Capital, PT Feeder Line & YTF Gas Capital -- 80% Gas-Related (2005 \$M)	\$9,200
▪ Pipeline Commission Date	2015
▪ Full Capacity Date	2016

Key Model Assumptions

▪ Price of Chicago Citygate Gas (2005 \$ per MMBtu)	
-- Low	\$4.00
-- Base	\$6.00
-- High	\$8.00
▪ Average AECO / Chicago Differential per MMBtu	\$0.90
▪ WTI at Cushing per Barrel -- Base Case (Oil to Gas Price Ratio of 6:1)	\$36.00
▪ NGLs Extracted at AECO	~ 2 Gals/Mcf
-- Average Uplift to Gas Heat Value -- Base Case (2005 \$ per Mcf)	\$0.12

Key Model Assumptions

▪ Inflation	2.5%
▪ Borrowing Costs (Debt)	5.5%
▪ Allowed Equity Returns for Pipeline	
-- U.S.	14.0%
-- Canada	12.0%
▪ Pipeline / GTP Debt Ratio	80.0%
▪ Tariffs (Nominal \$ per MMBtu)	
-- to AECO	\$1.62
-- to Chicago	\$2.17
▪ Tariffs (2005 \$ per MMBtu)	
-- to AECO	\$0.90
-- to Chicago	\$1.21

Key Model Assumptions

- **State's Gas Marketing Costs (\$/MMBtu) \$0.055**
- **Potential RIV / RIK Difference 2%**
- **15% Federal Investment Credit on GTP and 35% State "Contribution" Credit on GTP & Feeder Lines are not Passed Through to Shippers in Tariff**
- **Includes Impacts on Incremental Oil Production**

Revenues & Investment Metrics Analyzed Under Alternative Fiscal Systems

- **ELF-Based System (2005)**

- **Proposed PPT Rates and Credits (2006)**

- **SGDA Contract Proposed**

Summary of Severance Tax Treatment Under Alternative Fiscal Systems

	<u>ELF System</u>	<u>PPT System*</u>	<u>SGDA Contract</u>
Nominal Rate	10%	20%	7.25%
Expected Average ELF	~.725	n/a	n/a
Gross Revenue Exclusion	n/a	0.67	n/a
Tax Rate at Wellhead	7%	13.33%	7.25%
Deduction of Costs	n/a	20%	20%
Capital Credits	n/a	20%	20%

* PPT Terms Offered by Administration SB2001

Severance Tax Mechanism Under Alternative Systems: New Gas Production

	ELF-Based System			PPT-Based System			Proposed Contract		
	\$2.00 Case	\$4.00 Case	\$6.00 Case	\$2.00 Case	\$4.00 Case	\$6.00 Case	\$2.00 Case	\$4.00 Case	\$6.00 Case
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Wellhead Value	\$2.00	\$4.00	\$6.00	\$2.00	\$4.00	\$6.00	\$2.00	\$4.00	\$6.00
Gross Revenue Exclusion (0.67 x Wellhead)	-	-	-	(\$0.67)	(\$1.33)	(\$2.00)	-	-	-
Taxable Wellhead Value	\$2.00	\$4.00	\$6.00	\$1.33	\$2.67	\$4.00	\$2.00	\$4.00	\$6.00
Operating Costs	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)	(\$0.15)
Property Taxes	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)
Capital Costs	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)	(\$0.35)
Total Costs	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)	(\$0.52)
Margin Before Severance Taxes	\$1.48	\$3.48	\$5.48	\$0.81	\$2.15	\$3.48	\$1.48	\$3.48	\$5.48
Nominal Tax Rate	10.00%	10.00%	10.00%	20.00%	20.00%	20.00%	7.25%	7.25%	7.25%
ELF	0.725	0.725	0.725	-	-	-	-	-	-
Tax Rate	7.25%	7.25%	7.25%	20.00%	20.00%	20.00%	7.25%	7.25%	7.25%
Deduction Rate on Costs	-	-	-	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tax on Wellhead Value	\$0.15	\$0.29	\$0.44	\$0.27	\$0.43	\$0.70	\$0.15	\$0.29	\$0.44
Less Deductions	-	-	-	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)
Less Capital Credit	-	-	-	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.07)	(\$0.07)
Total Tax	\$0.15	\$0.29	\$0.44	\$0.09	\$0.26	\$0.52	(\$0.03)	\$0.12	\$0.26
Effective Tax Rate	7.25%	7.25%	7.25%	4.63%	6.38%	8.70%	-1.45%	2.90%	4.35%

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract
	(1)
<i>-- 2005 Dollars --</i>	
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904
2. Property / Income Taxes	9,773
3. GTP / Feeder Credits	(896)
4. Revenue Before Oil Effects	\$45,781
5. Oil Effects	5,822
6. Revenues Before P/L Investment Income	\$51,603
7. P/L Investment Income	1,230
8. Total Revenues After P/L Investment	\$52,833

-- NPV (8) --

1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085
2. Property / Income Taxes	2,927
3. GTP / Feeder Credits	(611)
4. Revenue Before Oil Effects	\$13,401
5. Oil Effects	1,006
6. Revenues Before P/L Investment Income	\$14,407
7. P/L Investment Income	257
8. Total Revenues After P/L Investment	\$14,664

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System
	(1)	(2)
(Million Dollars)		
-- 2005 Dollars --		
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904	\$51,800
2. Property / Income Taxes	9,773	10,749
3. GTP / Feeder Credits	(896)	0
4. Revenue Before Oil Effects	\$45,781	\$62,549
5. Oil Effects	5,822	5,800
6. Revenues Before P/L Investment Income	\$51,603	\$68,349
7. P/L Investment Income	1,230	0
8. Total Revenues After P/L Investment	\$52,833	\$68,349
-- NPV (8) --		
1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085	\$15,419
2. Property / Income Taxes	2,927	3,521
3. GTP / Feeder Credits	(611)	0
4. Revenue Before Oil Effects	\$13,401	\$18,939
5. Oil Effects	1,006	996
6. Revenues Before P/L Investment Income	\$14,407	\$19,935
7. P/L Investment Income	257	0
8. Total Revenues After P/L Investment	\$14,664	\$19,935

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System
	(Million Dollars)		
	(1)	(2)	(3)
-- 2005 Dollars --			
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904	\$51,800	\$42,651
2. Property / Income Taxes	9,773	10,749	11,097
3. GTP / Feeder Credits	(896)	0	0
4. Revenue Before Oil Effects	<u>\$45,781</u>	<u>\$62,549</u>	<u>\$53,748</u>
5. Oil Effects	5,822	5,800	3,987
6. Revenues Before P/L Investment Income	<u>\$51,603</u>	<u>\$68,349</u>	<u>\$57,735</u>
7. P/L Investment Income	1,230	0	0
8. Total Revenues After P/L Investment	<u>\$52,833</u>	<u>\$68,349</u>	<u>\$57,735</u>
-- NPV (8) --			
1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085	\$15,419	\$12,869
2. Property / Income Taxes	2,927	3,521	3,618
3. GTP / Feeder Credits	(611)	0	0
4. Revenue Before Oil Effects	<u>\$13,401</u>	<u>\$18,939</u>	<u>\$16,487</u>
5. Oil Effects	1,006	996	1,041
6. Revenues Before P/L Investment Income	<u>\$14,407</u>	<u>\$19,935</u>	<u>\$17,527</u>
7. P/L Investment Income	257	0	0
8. Total Revenues After P/L Investment	<u>\$14,664</u>	<u>\$19,935</u>	<u>\$17,527</u>

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System
(Million Dollars)				
	(1)	(2)	(3)	(1) - (2) (4)
-- 2005 Dollars --				
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904	\$51,800	\$42,651	(\$14,896)
2. Property / Income Taxes	9,773	10,749	11,097	(976)
3. GTP / Feeder Credits	(896)	0	0	(896)
4. Revenue Before Oil Effects	\$45,781	\$62,549	\$53,748	(\$16,768)
5. Oil Effects	5,822	5,800	3,987	22
6. Revenues Before P/L Investment Income	\$51,603	\$68,349	\$57,735	(\$16,746)
7. P/L Investment Income	1,230	0	0	1,230
8. Total Revenues After P/L Investment	\$52,833	\$68,349	\$57,735	(\$15,516)
-- NPV (8) --				
1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085	\$15,419	\$12,869	(\$4,333)
2. Property / Income Taxes	2,927	3,521	3,618	(594)
3. GTP / Feeder Credits	(611)	0	0	(611)
4. Revenue Before Oil Effects	\$13,401	\$18,939	\$16,487	(\$5,538)
5. Oil Effects	1,006	996	1,041	10
6. Revenues Before P/L Investment Income	\$14,407	\$19,935	\$17,527	(\$5,528)
7. P/L Investment Income	257	0	0	257
8. Total Revenues After P/L Investment	\$14,664	\$19,935	\$17,527	(\$5,272)

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(Million Dollars)				
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904	\$51,800	\$42,651	(\$14,896)	(\$5,747)
2. Property / Income Taxes	9,773	10,749	11,097	(976)	(1,324)
3. GTP / Feeder Credits	(896)	0	0	(896)	(896)
4. Revenue Before Oil Effects	\$45,781	\$62,549	\$53,748	(\$16,768)	(\$7,967)
5. Oil Effects	5,822	5,800	3,987	22	1,835
6. Revenues Before P/L Investment Income	\$51,603	\$68,349	\$57,735	(\$16,746)	(\$6,132)
7. P/L Investment Income	1,230	0	0	1,230	1,230
8. Total Revenues After P/L Investment	\$52,833	\$68,349	\$57,735	(\$15,516)	(\$4,902)
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085	\$15,419	\$12,869	(\$4,333)	(\$1,784)
2. Property / Income Taxes	2,927	3,521	3,618	(594)	(691)
3. GTP / Feeder Credits	(611)	0	0	(611)	(611)
4. Revenue Before Oil Effects	\$13,401	\$18,939	\$16,487	(\$5,538)	(\$3,085)
5. Oil Effects	1,006	996	1,041	10	(35)
6. Revenues Before P/L Investment Income	\$14,407	\$19,935	\$17,527	(\$5,528)	(\$3,120)
7. P/L Investment Income	257	0	0	257	257
8. Total Revenues After P/L Investment	\$14,664	\$19,935	\$17,527	(\$5,272)	(\$2,864)

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(Million Dollars)			(Percent)	
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$36,904	\$51,800	\$42,651	-28.8%	-13.5%
2. Property / Income Taxes	9,773	10,749	11,097	-9.1%	-11.9%
3. GTP / Feeder Credits	(896)	0	0	-	-
4. Revenue Before Oil Effects	\$45,781	\$62,549	\$53,748	-26.8%	-14.8%
5. Oil Effects	5,822	5,800	3,987	0.4%	46.0%
6. Revenues Before P/L Investment Income	\$51,603	\$68,349	\$57,735	-24.5%	-10.6%
7. P/L Investment Income	1,230	0	0	-	-
8. Total Revenues After P/L Investment	\$52,833	\$68,349	\$57,735	-22.7%	-8.5%
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$11,085	\$15,419	\$12,869	-28.1%	-13.9%
2. Property / Income Taxes	2,927	3,521	3,618	-16.9%	-19.1%
3. GTP / Feeder Credits	(611)	0	0	-	-
4. Revenue Before Oil Effects	\$13,401	\$18,939	\$16,487	-29.2%	-18.7%
5. Oil Effects	1,006	996	1,041	1.0%	-3.3%
6. Revenues Before P/L Investment Income	\$14,407	\$19,935	\$17,527	-27.7%	-17.8%
7. P/L Investment Income	257	0	0	-	-
8. Total Revenues After P/L Investment	\$14,664	\$19,935	\$17,527	-26.4%	-16.3%

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Low \$4.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
(Million Dollars)					
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$18,416	\$27,768	\$23,915	(\$9,352)	(\$5,499)
2. Property / Income Taxes	6,734	7,920	8,067	(1,187)	(1,333)
3. GTP / Feeder Credits	(896)	0	0	(896)	(896)
4. Revenue Before Oil Effects	\$24,254	\$35,688	\$31,982	(\$11,434)	(\$7,728)
5. Oil Effects	3,385	3,375	2,417	11	968
6. Revenues Before P/L Investment Income	\$27,639	\$39,063	\$34,399	(\$11,424)	(\$6,760)
7. P/L Investment Income	1,230	0	0	1,230	1,230
8. Total Revenues After P/L Investment	\$28,870	\$39,063	\$34,399	(\$10,193)	(\$5,529)
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$5,353	\$8,034	\$7,042	(\$2,681)	(\$1,689)
2. Property / Income Taxes	2,017	2,674	2,712	(657)	(694)
3. GTP / Feeder Credits	(611)	0	0	(611)	(611)
4. Revenue Before Oil Effects	\$6,759	\$10,708	\$9,754	(\$3,949)	(\$2,994)
5. Oil Effects	550	546	628	4	(78)
6. Revenues Before P/L Investment Income	\$7,309	\$11,254	\$10,381	(\$3,945)	(\$3,072)
7. P/L Investment Income	257	0	0	257	257
8. Total Revenues After P/L Investment	\$7,566	\$11,254	\$10,381	(\$3,688)	(\$2,815)

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (Low \$4.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(Million Dollars)			(Percent)	
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$18,416	\$27,768	\$23,915	-33.7%	-23.0%
2. Property / Income Taxes	6,734	7,920	8,067	-15.0%	-16.5%
3. GTP / Feeder Credits	(896)	0	0	-	-
4. Revenue Before Oil Effects	\$24,254	\$35,688	\$31,982	-32.0%	-24.2%
5. Oil Effects	3,385	3,375	2,417	0.3%	40.1%
6. Revenues Before P/L Investment Income	\$27,639	\$39,063	\$34,399	-29.2%	-19.7%
7. P/L Investment Income	1,230	0	0	-	-
8. Total Revenues After P/L Investment	\$28,870	\$39,063	\$34,399	-26.1%	-16.1%
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$5,353	\$8,034	\$7,042	-33.4%	-24.0%
2. Property / Income Taxes	2,017	2,674	2,712	-24.6%	-25.6%
3. GTP / Feeder Credits	(611)	0	0	-	-
4. Revenue Before Oil Effects	\$6,759	\$10,708	\$9,754	-36.9%	-30.7%
5. Oil Effects	550	546	628	0.7%	-12.4%
6. Revenues Before P/L Investment Income	\$7,309	\$11,254	\$10,381	-35.1%	-29.6%
7. P/L Investment Income	257	0	0	-	-
8. Total Revenues After P/L Investment	\$7,566	\$11,254	\$10,381	-32.8%	-27.1%

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (High \$8.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
(Million Dollars)					
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$55,393	\$75,892	\$61,424	(\$20,499)	(\$6,031)
2. Property / Income Taxes	12,812	13,576	14,125	(763)	(1,313)
3. GTP / Feeder Credits	(896)	0	0	(896)	(896)
4. Revenue Before Oil Effects	\$67,309	\$89,468	\$75,550	(\$22,158)	(\$8,240)
5. Oil Effects	8,256	8,241	5,570	14	2,686
6. Revenues Before P/L Investment Income	\$75,565	\$97,709	\$81,120	(\$22,144)	(\$5,554)
7. P/L Investment Income	1,230	0	0	1,230	1,230
8. Total Revenues After P/L Investment	\$76,796	\$97,709	\$81,120	(\$20,914)	(\$4,324)
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$16,822	\$22,840	\$18,723	(\$6,018)	(\$1,902)
2. Property / Income Taxes	3,837	4,366	4,523	(530)	(686)
3. GTP / Feeder Credits	(611)	0	0	(611)	(611)
4. Revenue Before Oil Effects	\$20,047	\$27,206	\$23,246	(\$7,159)	(\$3,199)
5. Oil Effects	1,462	1,456	1,462	6	(0)
6. Revenues Before P/L Investment Income	\$21,509	\$28,662	\$24,708	(\$7,153)	(\$3,199)
7. P/L Investment Income	257	0	0	257	257
8. Total Revenues After P/L Investment	\$21,766	\$28,662	\$24,708	(\$6,896)	(\$2,943)

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (High \$8.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(Million Dollars)			(Percent)	
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$55,393	\$75,892	\$61,424	-27.0%	-9.8%
2. Property / Income Taxes	12,812	13,576	14,125	-5.6%	-9.3%
3. GTP / Feeder Credits	(896)	0	0	-	-
4. Revenue Before Oil Effects	\$67,309	\$89,468	\$75,550	-24.8%	-10.9%
5. Oil Effects	8,256	8,241	5,570	0.2%	48.2%
6. Revenues Before P/L Investment Income	\$75,565	\$97,709	\$81,120	-22.7%	-6.8%
7. P/L Investment Income	1,230	0	0	-	-
8. Total Revenues After P/L Investment	\$76,796	\$97,709	\$81,120	-21.4%	-5.3%
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$16,822	\$22,840	\$18,723	-26.3%	-10.2%
2. Property / Income Taxes	3,837	4,366	4,523	-12.1%	-15.2%
3. GTP / Feeder Credits	(611)	0	0	-	-
4. Revenue Before Oil Effects	\$20,047	\$27,206	\$23,246	-26.3%	-13.8%
5. Oil Effects	1,462	1,456	1,462	0.4%	0.0%
6. Revenues Before P/L Investment Income	\$21,509	\$28,662	\$24,708	-25.0%	-12.9%
7. P/L Investment Income	257	0	0	-	-
8. Total Revenues After P/L Investment	\$21,766	\$28,662	\$24,708	-24.1%	-11.9%

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (\$5.50 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(Million Dollars)				
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$32,260	\$45,811	\$37,994	(\$13,551)	(\$5,734)
2. Property / Income Taxes	9,014	10,041	10,338	(1,027)	(1,324)
3. GTP / Feeder Credits	(896)	0	0	(896)	(896)
4. Revenue Before Oil Effects	\$40,378	\$55,852	\$48,332	(\$15,474)	(\$7,954)
5. Oil Effects	5,206	5,198	3,600	9	1,606
6. Revenues Before P/L Investment Income	\$45,584	\$61,050	\$51,932	(\$15,466)	(\$6,348)
7. P/L Investment Income	1,230	0	0	1,230	1,230
8. Total Revenues After P/L Investment	\$46,815	\$61,050	\$51,932	(\$14,235)	(\$5,118)
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$9,641	\$13,581	\$11,424	(\$3,941)	(\$1,783)
2. Property / Income Taxes	2,700	3,309	3,391	(609)	(691)
3. GTP / Feeder Credits	(611)	0	0	(611)	(611)
4. Revenue Before Oil Effects	\$11,729	\$16,890	\$14,815	(\$5,160)	(\$3,085)
5. Oil Effects	889	885	940	3	(51)
6. Revenues Before P/L Investment Income	\$12,618	\$17,775	\$15,755	(\$5,157)	(\$3,137)
7. P/L Investment Income	257	0	0	257	257
8. Total Revenues After P/L Investment	\$12,875	\$17,775	\$15,755	(\$4,901)	(\$2,880)

Note: Assumes Project Construction to Alberta.

Estimated Project Revenues to State and Municipalities (\$5.50 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(Million Dollars)			(Percent)	
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- 2005 Dollars --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$32,260	\$45,811	\$37,994	-29.6%	-15.1%
2. Property / Income Taxes	9,014	10,041	10,338	-10.2%	-12.8%
3. GTP / Feeder Credits	(896)	0	0	-	-
4. Revenue Before Oil Effects	\$40,378	\$55,852	\$48,332	-27.7%	-16.5%
5. Oil Effects	5,206	5,198	3,600	0.2%	44.6%
6. Revenues Before P/L Investment Income	\$45,584	\$61,050	\$51,932	-25.3%	-12.2%
7. P/L Investment Income	1,230	0	0	-	-
8. Total Revenues After P/L Investment	\$46,815	\$61,050	\$51,932	-23.3%	-9.9%
-- NPV (8) --					
1. Gas Revenues (Royalties / Sev. Taxes)	\$9,641	\$13,581	\$11,424	-29.0%	-15.6%
2. Property / Income Taxes	2,700	3,309	3,391	-18.4%	-20.4%
3. GTP / Feeder Credits	(611)	0	0	-	-
4. Revenue Before Oil Effects	\$11,729	\$16,890	\$14,815	-30.6%	-20.8%
5. Oil Effects	889	885	940	0.4%	-5.5%
6. Revenues Before P/L Investment Income	\$12,618	\$17,775	\$15,755	-29.0%	-19.9%
7. P/L Investment Income	257	0	0	-	-
8. Total Revenues After P/L Investment	\$12,875	\$17,775	\$15,755	-27.6%	-18.3%

Note: Assumes Project Construction to Alberta.

Estimated Revenues and Investment Metrics for Producers* (Base \$6.00 Gas Case)

	Proposed Contract
	(1)

-- Upstream --

Revenues (2005 \$M)	\$122,273
NPV - 10 (\$M)	\$22,972
NPV - 10 / BOE (\$/BOE)	\$2.84
Profitability Ratio - 10	14.17
IRR (%)	59.6%

-- Midstream --

Revenues (2005 \$M)	\$5,180
NPV - 10 (\$M)	(\$1,744)
NPV - 10 / BOE (\$/BOE)	(\$0.22)
Profitability Ratio - 10	0.76
IRR (%)	6.2%

-- Combined Upstream and Midstream --

Revenues (2005 \$M)	\$127,452
NPV - 10 (\$M)	\$21,228
NPV - 10 / BOE (\$/BOE)	\$2.62
Profitability Ratio - 10	3.47
IRR (%)	27.0%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System
	(1)	(2)
-- Upstream --		
Revenues (2005 \$M)	\$122,273	\$111,860
NPV - 10 (\$M)	\$22,972	\$20,462
NPV - 10 / BOE (\$/BOE)	\$2.84	\$2.53
Profitability Ratio - 10	14.17	12.98
IRR (%)	59.6%	46.8%
-- Midstream --		
Revenues (2005 \$M)	\$5,180	\$6,745
NPV - 10 (\$M)	(\$1,744)	(\$2,214)
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)
Profitability Ratio - 10	0.76	0.70
IRR (%)	6.2%	6.2%
-- Combined Upstream and Midstream --		
Revenues (2005 \$M)	\$127,452	\$118,605
NPV - 10 (\$M)	\$21,228	\$18,248
NPV - 10 / BOE (\$/BOE)	\$2.62	\$2.26
Profitability Ratio - 10	3.47	2.77
IRR (%)	27.0%	22.5%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System
	(1)	(2)	(3)
-- Upstream --			
Revenues (2005 \$M)	\$122,273	\$111,860	\$118,695
NPV - 10 (\$M)	\$22,972	\$20,462	\$21,416
NPV - 10 / BOE (\$/BOE)	\$2.84	\$2.53	\$2.65
Profitability Ratio - 10	14.17	12.98	13.52
IRR (%)	59.6%	46.8%	46.0%
-- Midstream --			
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)
Profitability Ratio - 10	0.76	0.70	0.70
IRR (%)	6.2%	6.2%	6.2%
-- Combined Upstream and Midstream --			
Revenues (2005 \$M)	\$127,452	\$118,605	\$125,440
NPV - 10 (\$M)	\$21,228	\$18,248	\$19,202
NPV - 10 / BOE (\$/BOE)	\$2.62	\$2.26	\$2.37
Profitability Ratio - 10	3.47	2.77	2.86
IRR (%)	27.0%	22.5%	22.8%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System
	(1)	(2)	(3)	(1) - (2) (4)
-- Upstream --				
Revenues (2005 \$M)	\$122,273	\$111,860	\$118,695	\$10,412
NPV - 10 (\$M)	\$22,972	\$20,462	\$21,416	\$2,510
NPV - 10 / BOE (\$/BOE)	\$2.84	\$2.53	\$2.65	\$0.31
Profitability Ratio - 10	14.17	12.98	13.52	1.19
IRR (%)	59.6%	46.8%	46.0%	12.8%
-- Midstream --				
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	(\$1,565)
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	\$470
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	\$0.06
Profitability Ratio - 10	0.76	0.70	0.70	0.06
IRR (%)	6.2%	6.2%	6.2%	0.0%
-- Combined Upstream and Midstream --				
Revenues (2005 \$M)	\$127,452	\$118,605	\$125,440	\$8,847
NPV - 10 (\$M)	\$21,228	\$18,248	\$19,202	\$2,980
NPV - 10 / BOE (\$/BOE)	\$2.62	\$2.26	\$2.37	\$0.37
Profitability Ratio - 10	3.47	2.77	2.86	0.70
IRR (%)	27.0%	22.5%	22.8%	4.5%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers*

(Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$122,273	\$111,860	\$118,695	\$10,412	\$3,578
NPV - 10 (\$M)	\$22,972	\$20,462	\$21,416	\$2,510	\$1,556
NPV - 10 / BOE (\$/BOE)	\$2.84	\$2.53	\$2.65	\$0.31	\$0.19
Profitability Ratio - 10	14.17	12.98	13.52	1.19	0.64
IRR (%)	59.6%	46.8%	46.0%	12.8%	13.6%
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	(\$1,565)	(\$1,565)
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	\$470	\$470
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	\$0.06	\$0.06
Profitability Ratio - 10	0.76	0.70	0.70	0.06	0.06
IRR (%)	6.2%	6.2%	6.2%	0.0%	0.0%
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$127,452	\$118,605	\$125,440	\$8,847	\$2,013
NPV - 10 (\$M)	\$21,228	\$18,248	\$19,202	\$2,980	\$2,026
NPV - 10 / BOE (\$/BOE)	\$2.62	\$2.26	\$2.37	\$0.37	\$0.25
Profitability Ratio - 10	3.47	2.77	2.86	0.70	0.61
IRR (%)	27.0%	22.5%	22.8%	4.5%	4.3%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Base \$6.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(1)	(2)	(3)	$[(1) - (2)] / (2)$ (4)	$[(1) - (3)] / (3)$ (5)
-- Upstream --					
Revenues (2005 \$M)	\$122,273	\$111,860	\$118,695	9.3%	3.0%
NPV - 10 (\$M)	\$22,972	\$20,462	\$21,416	12.3%	7.3%
NPV - 10 / BOE (\$/BOE)	\$2.84	\$2.53	\$2.65	12.3%	7.3%
Profitability Ratio - 10	14.17	12.98	13.52	-	-
IRR (%)	59.6%	46.8%	46.0%	-	-
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	-23.2%	-23.2%
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	21.2%	21.2%
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	21.2%	21.2%
Profitability Ratio - 10	0.76	0.70	0.70	-	-
IRR (%)	6.2%	6.2%	6.2%	-	-
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$127,452	\$118,605	\$125,440	7.5%	1.6%
NPV - 10 (\$M)	\$21,228	\$18,248	\$19,202	16.3%	10.6%
NPV - 10 / BOE (\$/BOE)	\$2.62	\$2.26	\$2.37	16.3%	10.6%
Profitability Ratio - 10	3.47	2.77	2.86	-	-
IRR (%)	27.0%	22.5%	22.8%	-	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Low \$4.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$69,519	\$62,533	\$65,536	\$6,986	\$3,983
NPV - 10 (\$M)	\$12,521	\$10,707	\$11,015	\$1,814	\$1,506
NPV - 10 / BOE (\$/BOE)	\$1.55	\$1.32	\$1.36	\$0.22	\$0.19
Profitability Ratio - 10	8.16	7.36	7.54	0.79	0.62
IRR (%)	44.6%	34.0%	33.1%	10.6%	11.5%
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	(\$1,565)	(\$1,565)
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	\$470	\$470
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	\$0.06	\$0.06
Profitability Ratio - 10	0.76	0.70	0.70	0.06	0.06
IRR (%)	6.2%	6.2%	6.2%	0.0%	0.0%
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$74,699	\$69,278	\$72,281	\$5,421	\$2,418
NPV - 10 (\$M)	\$10,777	\$8,493	\$8,801	\$2,284	\$1,976
NPV - 10 / BOE (\$/BOE)	\$1.33	\$1.05	\$1.09	\$0.28	\$0.24
Profitability Ratio - 10	2.25	1.82	1.85	0.43	0.40
IRR (%)	20.3%	16.8%	16.9%	3.4%	3.4%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (Low \$4.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$69,519	\$62,533	\$65,536	11.2%	6.1%
NPV - 10 (\$M)	\$12,521	\$10,707	\$11,015	16.9%	13.7%
NPV - 10 / BOE (\$/BOE)	\$1.55	\$1.32	\$1.36	16.9%	13.7%
Profitability Ratio - 10	8.16	7.36	7.54	-	-
IRR (%)	44.6%	34.0%	33.1%	-	-
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	-23.2%	-23.2%
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	21.2%	21.2%
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	21.2%	21.2%
Profitability Ratio - 10	0.76	0.70	0.70	-	-
IRR (%)	6.2%	6.2%	6.2%	-	-
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$74,699	\$69,278	\$72,281	7.8%	3.3%
NPV - 10 (\$M)	\$10,777	\$8,493	\$8,801	26.9%	22.5%
NPV - 10 / BOE (\$/BOE)	\$1.33	\$1.05	\$1.09	26.9%	22.5%
Profitability Ratio - 10	2.25	1.82	1.85	-	-
IRR (%)	20.3%	16.8%	16.9%	-	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (High \$8.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$175,028	\$161,140	\$171,822	\$13,888	\$3,205
NPV - 10 (\$M)	\$33,421	\$30,193	\$31,797	\$3,228	\$1,623
NPV - 10 / BOE (\$/BOE)	\$4.13	\$3.73	\$3.93	\$0.40	\$0.20
Profitability Ratio - 10	20.18	18.57	19.50	1.61	0.68
IRR (%)	70.4%	56.3%	55.6%	14.2%	14.9%
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	(\$1,565)	(\$1,565)
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	\$470	\$470
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	\$0.06	\$0.06
Profitability Ratio - 10	0.76	0.70	0.70	0.06	0.06
IRR (%)	6.2%	6.2%	6.2%	0.0%	0.0%
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$180,207	\$167,885	\$178,567	\$12,323	\$1,640
NPV - 10 (\$M)	\$31,676	\$27,979	\$29,583	\$3,698	\$2,093
NPV - 10 / BOE (\$/BOE)	\$3.92	\$3.46	\$3.66	\$0.46	\$0.26
Profitability Ratio - 10	4.68	3.71	3.87	0.97	0.82
IRR (%)	32.4%	27.1%	27.5%	5.2%	4.9%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (High \$8.00 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$175,028	\$161,140	\$171,822	8.6%	1.9%
NPV - 10 (\$M)	\$33,421	\$30,193	\$31,797	10.7%	5.1%
NPV - 10 / BOE (\$/BOE)	\$4.13	\$3.73	\$3.93	10.7%	5.1%
Profitability Ratio - 10	20.18	18.57	19.50	-	-
IRR (%)	70.4%	56.3%	55.6%	-	-
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	-23.2%	-23.2%
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	21.2%	21.2%
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	21.2%	21.2%
Profitability Ratio - 10	0.76	0.70	0.70	-	-
IRR (%)	6.2%	6.2%	6.2%	-	-
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$180,207	\$167,885	\$178,567	7.3%	0.9%
NPV - 10 (\$M)	\$31,676	\$27,979	\$29,583	13.2%	7.1%
NPV - 10 / BOE (\$/BOE)	\$3.92	\$3.46	\$3.66	13.2%	7.1%
Profitability Ratio - 10	4.68	3.71	3.87	-	-
IRR (%)	32.4%	27.1%	27.5%	-	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (\$5.50 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$109,102	\$99,514	\$105,385	\$9,588	\$3,717
NPV - 10 (\$M)	\$20,367	\$18,018	\$18,809	\$2,349	\$1,558
NPV - 10 / BOE (\$/BOE)	\$2.52	\$2.23	\$2.33	\$0.29	\$0.19
Profitability Ratio - 10	12.67	11.57	12.02	1.10	0.65
IRR (%)	56.4%	44.0%	43.2%	12.4%	13.2%
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	(\$1,565)	(\$1,565)
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	\$470	\$470
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	\$0.06	\$0.06
Profitability Ratio - 10	0.76	0.70	0.70	0.06	0.06
IRR (%)	6.2%	6.2%	6.2%	0.0%	0.0%
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$114,282	\$106,259	\$112,130	\$8,023	\$2,152
NPV - 10 (\$M)	\$18,623	\$15,804	\$16,595	\$2,819	\$2,028
NPV - 10 / BOE (\$/BOE)	\$2.30	\$1.95	\$2.05	\$0.35	\$0.25
Profitability Ratio - 10	3.17	2.53	2.61	0.63	0.56
IRR (%)	25.5%	21.2%	21.4%	4.3%	4.1%

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Estimated Revenues and Investment Metrics for Producers* (\$5.50 Gas Case)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed % Change From PPT System	Proposed % Change From ELF System
	(1)	(2)	(3)	[(1) - (2)] / (2) (4)	[(1) - (3)] / (3) (5)
-- Upstream --					
Revenues (2005 \$M)	\$109,102	\$99,514	\$105,385	9.6%	3.5%
NPV - 10 (\$M)	\$20,367	\$18,018	\$18,809	13.0%	8.3%
NPV - 10 / BOE (\$/BOE)	\$2.52	\$2.23	\$2.33	13.0%	8.3%
Profitability Ratio - 10	12.67	11.57	12.02	-	-
IRR (%)	56.4%	44.0%	43.2%	-	-
-- Midstream --					
Revenues (2005 \$M)	\$5,180	\$6,745	\$6,745	-23.2%	-23.2%
NPV - 10 (\$M)	(\$1,744)	(\$2,214)	(\$2,214)	21.2%	21.2%
NPV - 10 / BOE (\$/BOE)	(\$0.22)	(\$0.27)	(\$0.27)	21.2%	21.2%
Profitability Ratio - 10	0.76	0.70	0.70	-	-
IRR (%)	6.2%	6.2%	6.2%	-	-
-- Combined Upstream and Midstream --					
Revenues (2005 \$M)	\$114,282	\$106,259	\$112,130	7.6%	1.9%
NPV - 10 (\$M)	\$18,623	\$15,804	\$16,595	17.8%	12.2%
NPV - 10 / BOE (\$/BOE)	\$2.30	\$1.95	\$2.05	17.8%	12.2%
Profitability Ratio - 10	3.17	2.53	2.61	-	-
IRR (%)	25.5%	21.2%	21.4%	-	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Cost Sensitivities

Est. Total Returns to State of Alaska and Municipalities (Base \$6.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected	Revenues	% Change From as Projected	Revenues	% Change From as Projected
	(Million \$)	(Percent)	(Million \$)	(Percent)	(Million \$)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
-- 2005 Dollars --						
-10% on Costs	\$53,526	1.3%	\$69,060	1.0%	\$58,193	0.8%
Costs as Projected	\$52,833	-	\$68,349	-	\$57,735	-
+10% on Costs	\$52,140	-1.3%	\$67,695	-1.0%	\$57,277	-0.8%
+25% on Costs	\$51,447	-2.6%	\$66,715	-2.4%	\$56,819	-1.6%
+50% on Costs	\$49,318	-6.7%	\$65,082	-4.8%	\$55,446	-4.0%
-- NPV (8) --						
-10% on Costs	\$14,943	1.9%	\$20,166	1.2%	\$17,665	0.8%
Costs as Projected	\$14,664	-	\$19,935	-	\$17,527	-
+10% on Costs	\$14,384	-1.9%	\$19,734	-1.0%	\$17,389	-0.8%
+25% on Costs	\$14,105	-3.8%	\$19,433	-2.5%	\$17,252	-1.6%
+50% on Costs	\$13,241	-9.7%	\$18,930	-5.0%	\$16,838	-3.9%

Note: Assumes Project Construction to Alberta.

Cost Sensitivities

Est. Total Returns to State of Alaska and Municipalities (Low \$4.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected	Revenues	% Change From as Projected	Revenues	% Change From as Projected
	(Million \$)	(Percent)	(Million \$)	(Percent)	(Million \$)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
-- 2005 Dollars --						
-10% on Costs	\$29,559	2.4%	\$39,714	1.7%	\$34,853	1.3%
Costs as Projected	\$28,870	-	\$39,063	-	\$34,399	-
+10% on Costs	\$28,153	-2.5%	\$38,383	-1.7%	\$33,945	-1.3%
+25% on Costs	\$27,120	-6.1%	\$37,408	-4.2%	\$33,234	-3.4%
+50% on Costs	\$25,375	-12.1%	\$35,731	-8.5%	\$32,073	-6.8%
-- NPV (8) --						
-10% on Costs	\$7,844	3.7%	\$11,454	1.8%	\$10,518	1.3%
Costs as Projected	\$7,566	-	\$11,254	-	\$10,381	-
+10% on Costs	\$7,276	-3.8%	\$11,042	-1.9%	\$10,245	-1.3%
+25% on Costs	\$6,860	-9.3%	\$10,743	-4.5%	\$10,029	-3.4%
+50% on Costs	\$6,157	-18.6%	\$10,224	-9.1%	\$9,680	-6.8%

Note: Assumes Project Construction to Alberta.



Cost Sensitivities

Est. Total Returns to State of Alaska and Municipalities (High \$8.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected	Revenues	% Change From as Projected	Revenues	% Change From as Projected
	(Million \$)	(Percent)	(Million \$)	(Percent)	(Million \$)	(Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
-- 2005 Dollars --						
-10% on Costs	\$77,490	0.9%	\$98,364	0.7%	\$81,579	0.6%
Costs as Projected	\$76,796	-	\$97,709	-	\$81,120	-
+10% on Costs	\$76,102	-0.9%	\$97,054	-0.7%	\$80,660	-0.6%
+25% on Costs	\$75,061	-2.3%	\$96,072	-1.7%	\$79,971	-1.4%
+50% on Costs	\$73,326	-4.5%	\$94,434	-3.4%	\$78,739	-2.9%
-- NPV (8) --						
-10% on Costs	\$22,046	1.3%	\$28,864	0.7%	\$24,847	0.6%
Costs as Projected	\$21,766	-	\$28,662	-	\$24,708	-
+10% on Costs	\$21,486	-1.3%	\$28,460	-0.7%	\$24,570	-0.6%
+25% on Costs	\$21,066	-3.2%	\$28,157	-1.8%	\$24,362	-1.4%
+50% on Costs	\$20,366	-6.4%	\$27,652	-3.5%	\$23,970	-3.0%

Note: Assumes Project Construction to Alberta.

Cost Sensitivities

Estimated Producer Economics*

(Base \$6.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected (Percent)	Revenues	% Change From as Projected (Percent)	Revenues	% Change From as Projected (Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
-- 2005 Dollars (\$M) --						
-10% on Costs	\$128,462	0.8%	\$119,512	0.8%	\$126,509	0.9%
Costs as Projected	\$127,452	-	\$118,605	-	\$125,440	-
+10% on Costs	\$126,443	-0.8%	\$117,662	-0.8%	\$124,370	-0.9%
+25% on Costs	\$124,929	-2.0%	\$116,246	-2.0%	\$122,766	-2.1%
+50% on Costs	\$122,438	-3.9%	\$113,887	-4.0%	\$120,092	-4.3%
-- NPV-10 (\$M) --						
-10% on Costs	\$21,790	2.6%	\$18,899	3.6%	\$19,896	3.6%
Costs as Projected	\$21,228	-	\$18,248	-	\$19,202	-
+10% on Costs	\$20,666	-2.6%	\$17,582	-3.7%	\$18,507	-3.6%
+25% on Costs	\$19,822	-6.6%	\$16,582	-9.1%	\$17,465	-9.0%
+50% on Costs	\$18,430	-13.2%	\$14,917	-18.3%	\$15,728	-18.1%
-- NPV-10 per BOE (\$/BOE) --						
-10% on Costs	\$2.69	2.6%	\$2.34	3.6%	\$2.46	3.6%
Costs as Projected	\$2.62	-	\$2.26	-	\$2.37	-
+10% on Costs	\$2.55	-2.6%	\$2.17	-3.7%	\$2.29	-3.6%
+25% on Costs	\$2.45	-6.6%	\$2.05	-9.1%	\$2.16	-9.0%
+50% on Costs	\$2.28	-13.2%	\$1.84	-18.3%	\$1.94	-18.1%
-- Profitability Ratio --						
-10% on Costs	3.74	-	2.99	-	3.10	-
Costs as Projected	3.47	-	2.77	-	2.86	-
+10% on Costs	3.23	-	2.58	-	2.66	-
+25% on Costs	2.93	-	2.34	-	2.41	-
+50% on Costs	2.55	-	2.03	-	2.09	-
-- IRR (%) --						
-10% on Costs	28.5%	-	23.8%	-	24.1%	-
Costs as Projected	27.0%	-	22.5%	-	22.8%	-
+10% on Costs	25.7%	-	21.4%	-	21.6%	-
+25% on Costs	24.0%	-	19.9%	-	20.1%	-
+50% on Costs	21.6%	-	18.0%	-	18.1%	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Cost Sensitivities

Estimated Producer Economics*

(Low \$4.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected (Percent)	Revenues	% Change From as Projected (Percent)	Revenues	% Change From as Projected (Percent)
	(1)	(2)	(3)	(4)	(5)	(6)
-- 2005 Dollars (\$M) --						
-10% on Costs	\$75,710	1.4%	\$70,223	1.4%	\$73,353	1.5%
Costs as Projected	\$74,699	-	\$69,278	-	\$72,281	-
+10% on Costs	\$73,705	-1.3%	\$68,351	-1.3%	\$71,209	-1.5%
+25% on Costs	\$72,187	-3.4%	\$66,932	-3.4%	\$69,620	-3.7%
+50% on Costs	\$69,672	-6.7%	\$64,601	-6.8%	\$66,957	-7.4%
-- NPV-10 (\$M) --						
-10% on Costs	\$11,340	5.2%	\$9,159	7.9%	\$9,496	7.9%
Costs as Projected	\$10,777	-	\$8,493	-	\$8,801	-
+10% on Costs	\$10,219	-5.2%	\$7,831	-7.8%	\$8,105	-7.9%
+25% on Costs	\$9,375	-13.0%	\$6,831	-19.6%	\$7,067	-19.7%
+50% on Costs	\$7,971	-26.0%	\$5,173	-39.1%	\$5,332	-39.4%
-- NPV-10 per BOE (\$/BOE) --						
-10% on Costs	\$1.40	5.2%	\$1.13	7.9%	\$1.17	7.9%
Costs as Projected	\$1.33	-	\$1.05	-	\$1.09	-
+10% on Costs	\$1.26	-5.2%	\$0.97	-7.8%	\$1.00	-7.9%
+25% on Costs	\$1.16	-13.0%	\$0.84	-19.6%	\$0.87	-19.7%
+50% on Costs	\$0.99	-26.0%	\$0.64	-39.1%	\$0.66	-39.4%
-- Profitability Ratio --						
-10% on Costs	2.43	-	1.97	-	2.00	-
Costs as Projected	2.25	-	1.82	-	1.85	-
+10% on Costs	2.10	-	1.70	-	1.73	-
+25% on Costs	1.91	-	1.55	-	1.57	-
+50% on Costs	1.67	-	1.36	-	1.37	-
-- IRR (%) --						
-10% on Costs	21.5%	-	17.9%	-	17.9%	-
Costs as Projected	20.3%	-	16.8%	-	16.9%	-
+10% on Costs	19.2%	-	15.9%	-	16.0%	-
+25% on Costs	17.8%	-	14.8%	-	14.8%	-
+50% on Costs	15.9%	-	13.2%	-	13.2%	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Cost Sensitivities

Estimated Producer Economics*

(High \$8.00 Gas Case)

	Proposed Contract		PPT-Based System		ELF-Based System	
	Revenues	% Change From as Projected	Revenues	% Change From as Projected	Revenues	% Change From as Projected
	(1)	(2) (Percent)	(3)	(4) (Percent)	(5)	(6) (Percent)
-- 2005 Dollars (\$M) --						
-10% on Costs	\$181,216	0.6%	\$168,827	0.6%	\$179,636	0.6%
Costs as Projected	\$180,207	-	\$167,885	-	\$178,567	-
+10% on Costs	\$179,199	-0.6%	\$166,942	-0.6%	\$177,499	-0.6%
+25% on Costs	\$177,685	-1.4%	\$165,528	-1.4%	\$175,896	-1.5%
+50% on Costs	\$175,163	-2.8%	\$163,172	-2.8%	\$173,278	-3.0%
-- NPV-10 (\$M) --						
-10% on Costs	\$32,238	1.8%	\$28,644	2.4%	\$30,277	2.3%
Costs as Projected	\$31,676	-	\$27,979	-	\$29,583	-
+10% on Costs	\$31,114	-1.8%	\$27,313	-2.4%	\$28,889	-2.3%
+25% on Costs	\$30,271	-4.4%	\$26,314	-5.9%	\$27,847	-5.9%
+50% on Costs	\$28,866	-8.9%	\$24,650	-11.9%	\$26,135	-11.7%
-- NPV-10 per BOE (\$/BOE) --						
-10% on Costs	\$3.99	1.8%	\$3.54	2.4%	\$3.74	2.3%
Costs as Projected	\$3.92	-	\$3.46	-	\$3.66	-
+10% on Costs	\$3.85	-1.8%	\$3.38	-2.4%	\$3.57	-2.3%
+25% on Costs	\$3.74	-4.4%	\$3.25	-5.9%	\$3.44	-5.9%
+50% on Costs	\$3.57	-8.9%	\$3.05	-11.9%	\$3.23	-11.7%
-- Profitability Ratio --						
-10% on Costs	5.06	-	4.02	-	4.19	-
Costs as Projected	4.68	-	3.71	-	3.87	-
+10% on Costs	4.36	-	3.45	-	3.59	-
+25% on Costs	3.95	-	3.13	-	3.25	-
+50% on Costs	3.43	-	2.71	-	2.81	-
-- IRR (%) --						
-10% on Costs	34.1%	-	28.6%	-	29.0%	-
Costs as Projected	32.4%	-	27.1%	-	27.5%	-
+10% on Costs	30.9%	-	25.8%	-	26.1%	-
+25% on Costs	28.9%	-	24.1%	-	24.4%	-
+50% on Costs	26.2%	-	21.8%	-	22.1%	-

Note: Assumes Project Construction to Alberta.

* Before Impacts of Financing, Though Tariff is Calculated Assuming 80% Debt / 20% Equity Structure.

Government Takes (2005 \$)

	Proposed Contract	PPT-Based System	ELF-Based System	Proposed Above/(Below) PPT System	Proposed Above/(Below) ELF System
	(Percent)				
	(1)	(2)	(3)	(1) - (2) (4)	(1) - (3) (5)
-- State of Alaska --					
1. Low Case (\$4.00 Gas)	20.3%	27.4%	24.1%	-7.1%	-3.8%
2. Base Case (\$6.00 Gas)	21.2%	27.4%	23.1%	-6.2%	-1.9%
3. High Case (\$8.00 Gas)	21.5%	27.4%	22.7%	-5.8%	-1.2%
-- All Governments --					
1. Low Case (\$4.00 Gas)	49.3%	53.7%	51.6%	-4.3%	-2.2%
2. Base Case (\$6.00 Gas)	50.0%	53.8%	51.1%	-3.9%	-1.1%
3. High Case (\$8.00 Gas)	50.2%	53.9%	50.9%	-3.7%	-0.7%

Note: Assumes Project Construction to Alberta.