

CS SB 2001 Testimony

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ConocoPhillips Alaska

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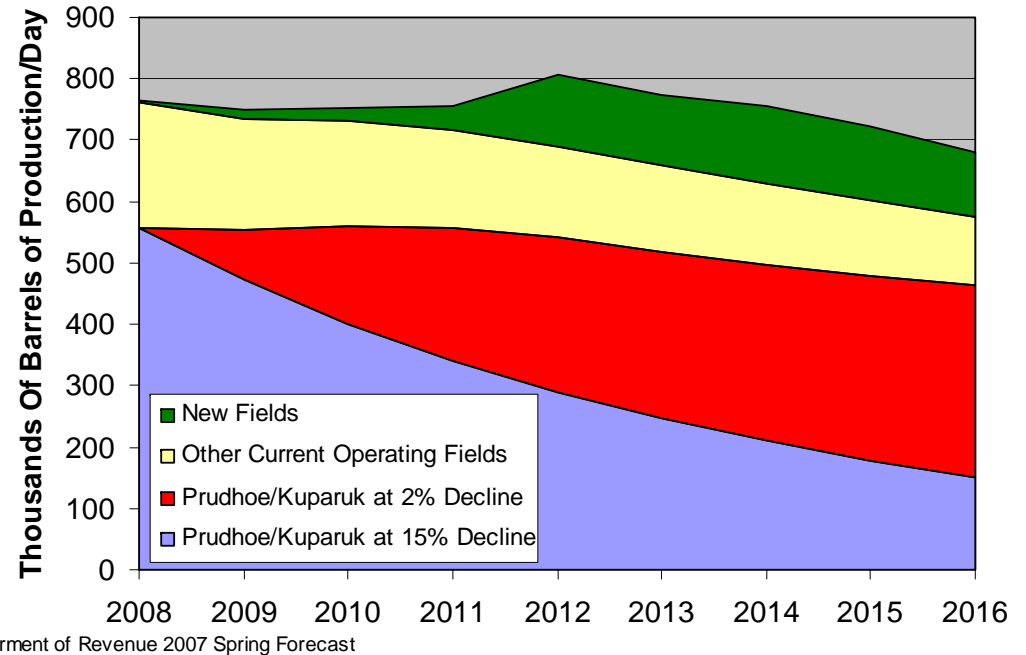
Vice President, Commercial Assets

Summary of CS Bill

- Less attractive climate for investors:
 - Increased base rate
 - Increased progressivity
 - Multiple changes to deductions and other provisions
- Will have an impact on decisions
- Will result in less investment

Tax System and Investments

- Base rate increase
- Progressivity increase
- Eliminated TIE credits



A tax system formulated on the most economic projects will deter investment on more marginal projects, including Heavy Oil

Other Provisions

- Closed list of deductions
- Out of State exclusion
- Maintenance exclusion
- Topping plant exclusion
- DR&R exclusion
- “Reasonable” transportation costs
- Exploration confidentiality
- 6 year statute of limitations
- Retroactive implementation
- Penalties

Impact on Investment Climate

- Base rate increase to 25% – Negative
- Increased progressivity – Negative
- Eliminated TIE credits – Negative
- Exclude out of State costs – Negative
- Exclude topping plant – Negative
- “Reasonable” transportation costs – Negative
- Exclude DR&R – Negative
- Exploration data confidentiality – Negative
- Retroactive implementation – Negative