Draft - Provisions in CSSB21(FIN) and their Estimated Fiscal Impact as compared to Fall 2012 Forecast ($millions)[1]

Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$800	-$1,500	-$1,700	-$1,800	-$1,750	-$1,650
2. Base tax rate changed to 30% of production tax value	$275	$525	$550	$550	$500	$475
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$700	$650	$550	$475	$400
4. Net operating loss credit rate increased to 30%, monetizable	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for certain wells	$0 to -$50	-$25 to -$175	-$25 to -$225	-$50 to -$250	-$50 to -$250	-$50 to -$250
6. Small producer credit extended to 2022	$0	$0	$0	-$25	-$25	-$50
7. Provision requiring credits be taken over 2 years eliminated[2]	-$250					
8. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
9. Allowance of $5 per taxable barrel	-$425	-$825	-$775	-$750	-$700	-$675
10. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$50 million annually)					
11. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
12. Exploration incentive credit extended to 2022; requirements changed[3]	Indeterminate (possibly up to -$100 million annually)					
Total Revenue Impact	**-$900 to -$1125**	**-$1125 to -$1450**	**-$1300 to -$1675**	**-$1525 to -$1900**	**-$1550 to -$1925**	**-$1550 to -$1925**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits		-$25	-$25	-$25	-$25	-$25
Total Fiscal Impact[4]	-$1050 to -$1275	-$1000 to -$1325	-$1175 to -$1550	-$1400 to -$1775	-$1425 to -$1800	-$1425 to -$1800

Gray shading indicates provisions that changed with the Finance Committee's CS.

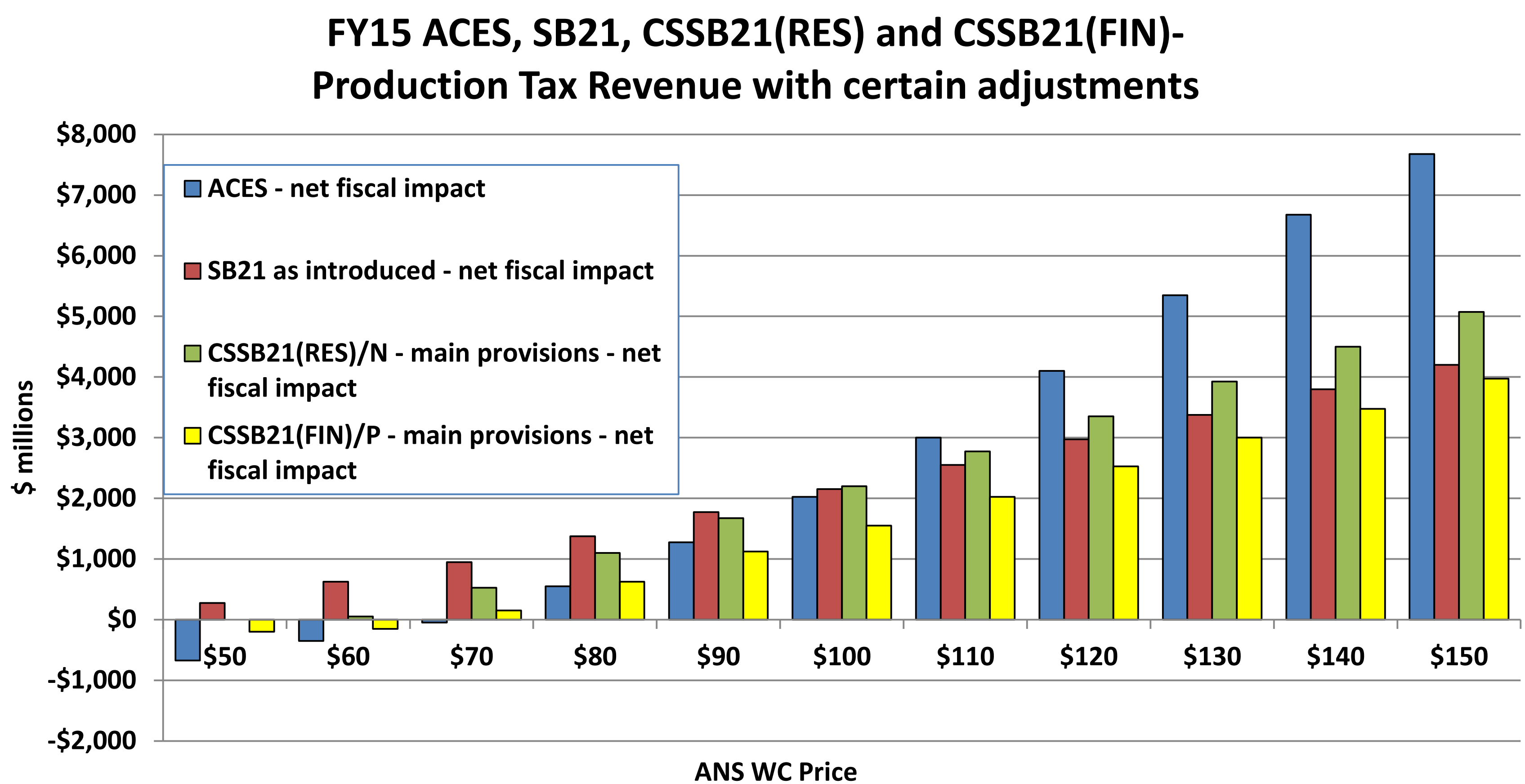
[1]The impacts listed are based on production and prices as forecasted in our Fall 2012 revenue forecast. The forecasted oil prices are between $109.61 and $118.29.
All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2]Provision 7 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $400 million, with $250 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

[3]Provision 12 above, which extends and changes requirements for exploration incentive credits, would increase both credits applied against tax liability and credits available for refund. To simplify presentation, the entire impact is shown here as a revenue impact.

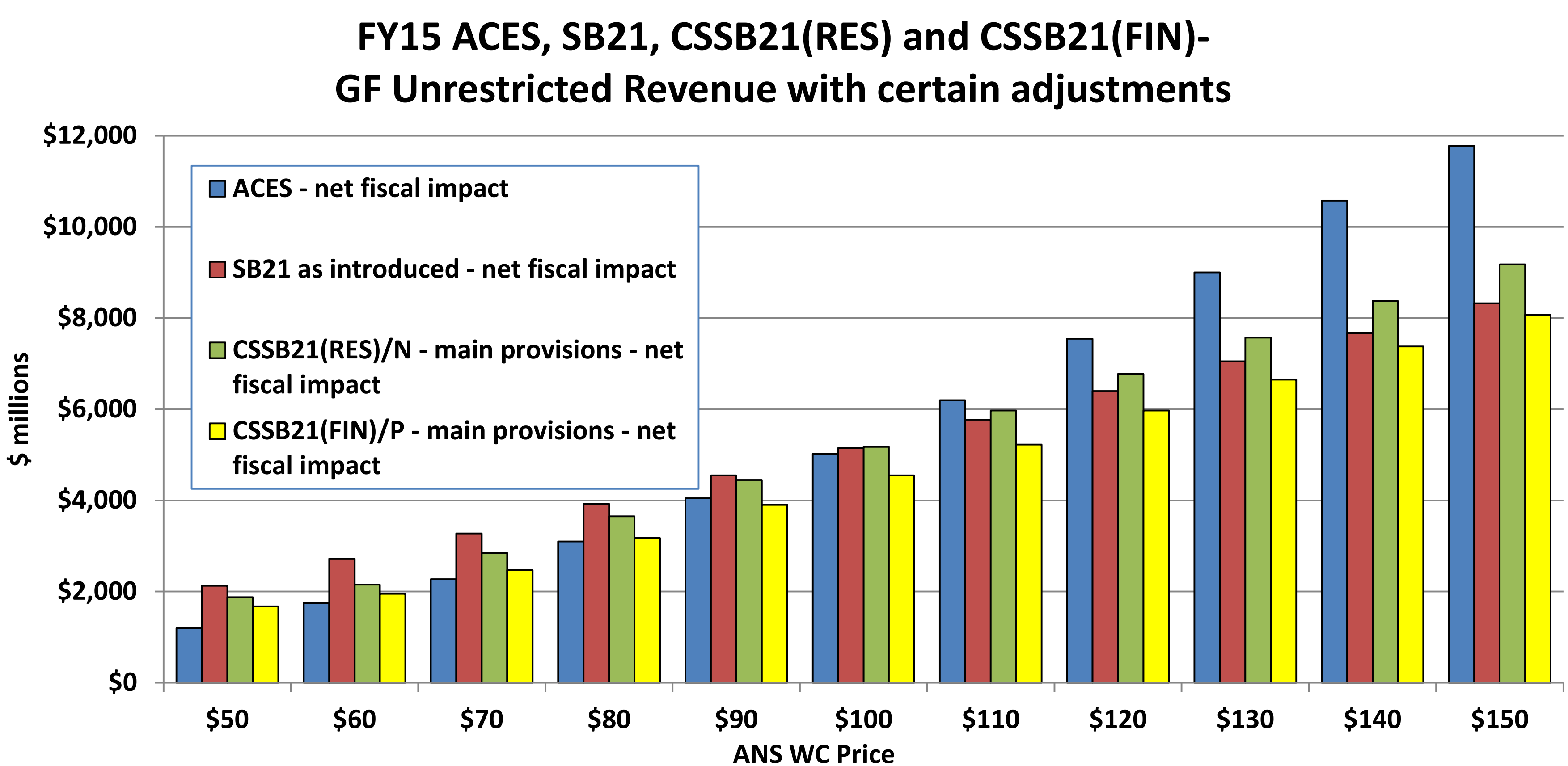
[4]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope.

Production Tax Revenue, less refunded and carried-forward credits



Source: Fall 2012 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. For $50, also includes expected liability for carried forward credits in excess tax liability for major producers. CSSB21(RES)/N "Main Provisions" does not include impact of new service industry CIT credit, or expansion of exploration credit. CSSB21(FIN)/P "Main Provisions" does not include impact of new service industry CIT credit, or expansion of exploration credit, or reduced interest rate for late payments and assessments on most taxes.

General Fund Unrestricted Revenue, less refunded and carried-forward credits



Source: Fall 2012 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. For $50, also includes expected liability for carried forward credits in excess tax liability for major producers. CSSB21(RES)/N "Main Provisions" does not include impact of new service industry CIT credit, or expansion of exploration credit. CSSB21(FIN)/P "Main Provisions" does not include impact of new service industry CIT credit, or expansion of exploration credit, or reduced interest rate for late payments and assessments on most taxes.

Production Scenarios

Scenario A:

- New 50 Million barrel field developed by small producer without tax liability
- Peak production = 10,000 bbls/day
- Development costs = $500,000,000
- Qualifies for GRE and NOL

Production Scenarios

Scenario B:

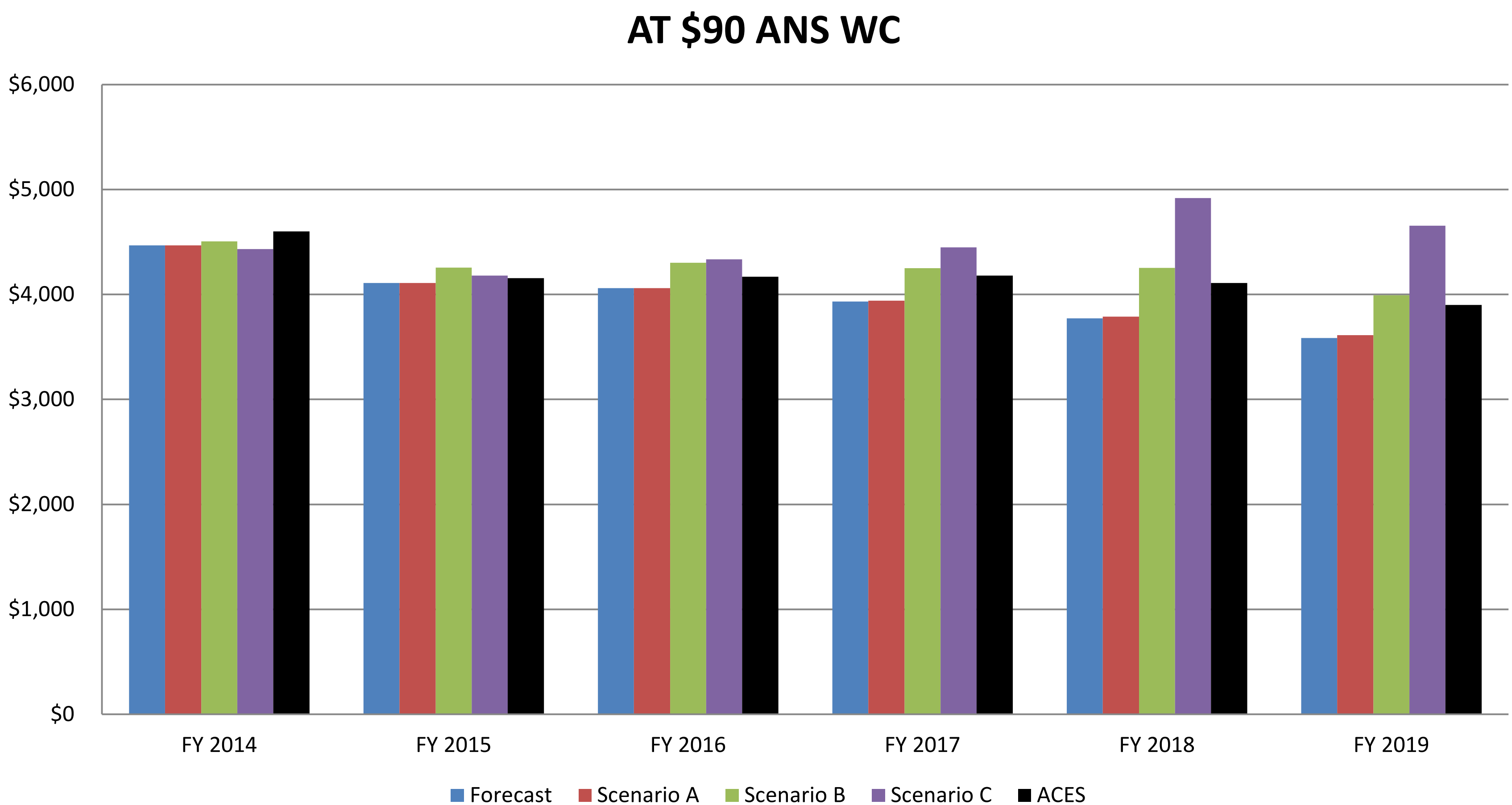
- Operators of existing units add 4 drill rigs to current plans
- Each rig adds 4,000 bbls/day in new production each year
  - Which each then decline at 15% per year
- Does not qualify for GRE

Production Scenarios

Scenario C:

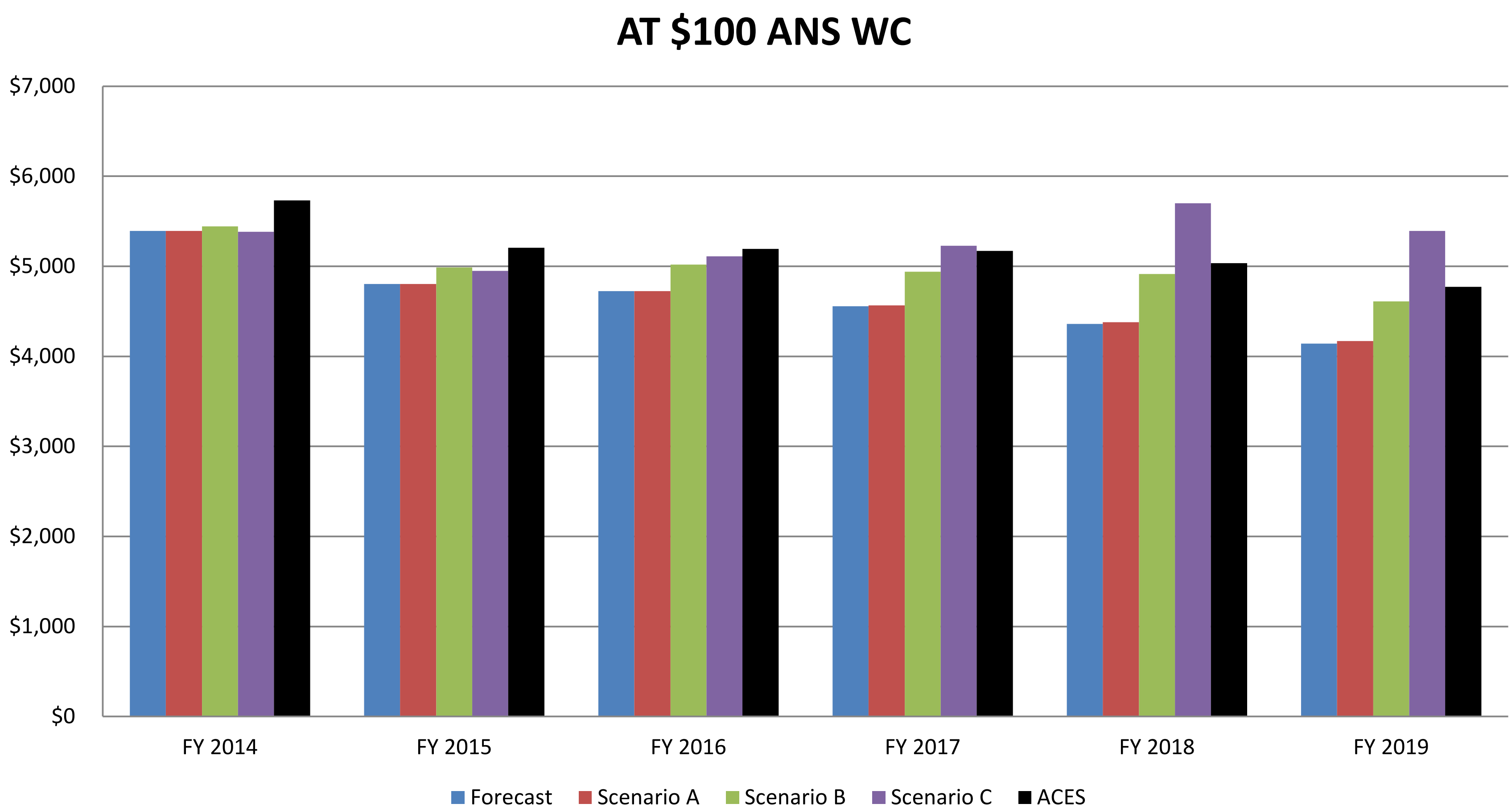
– Operator of existing legacy unit builds new drill pad
– Development cost = $5 billion
– Adds 15,000 bbls/day in 2014 increasing to peak rate of 90,000 bbls/day in 2018
– Does not qualify for GRE

Projected revenues under production scenarios – at $90 / barrel ANS



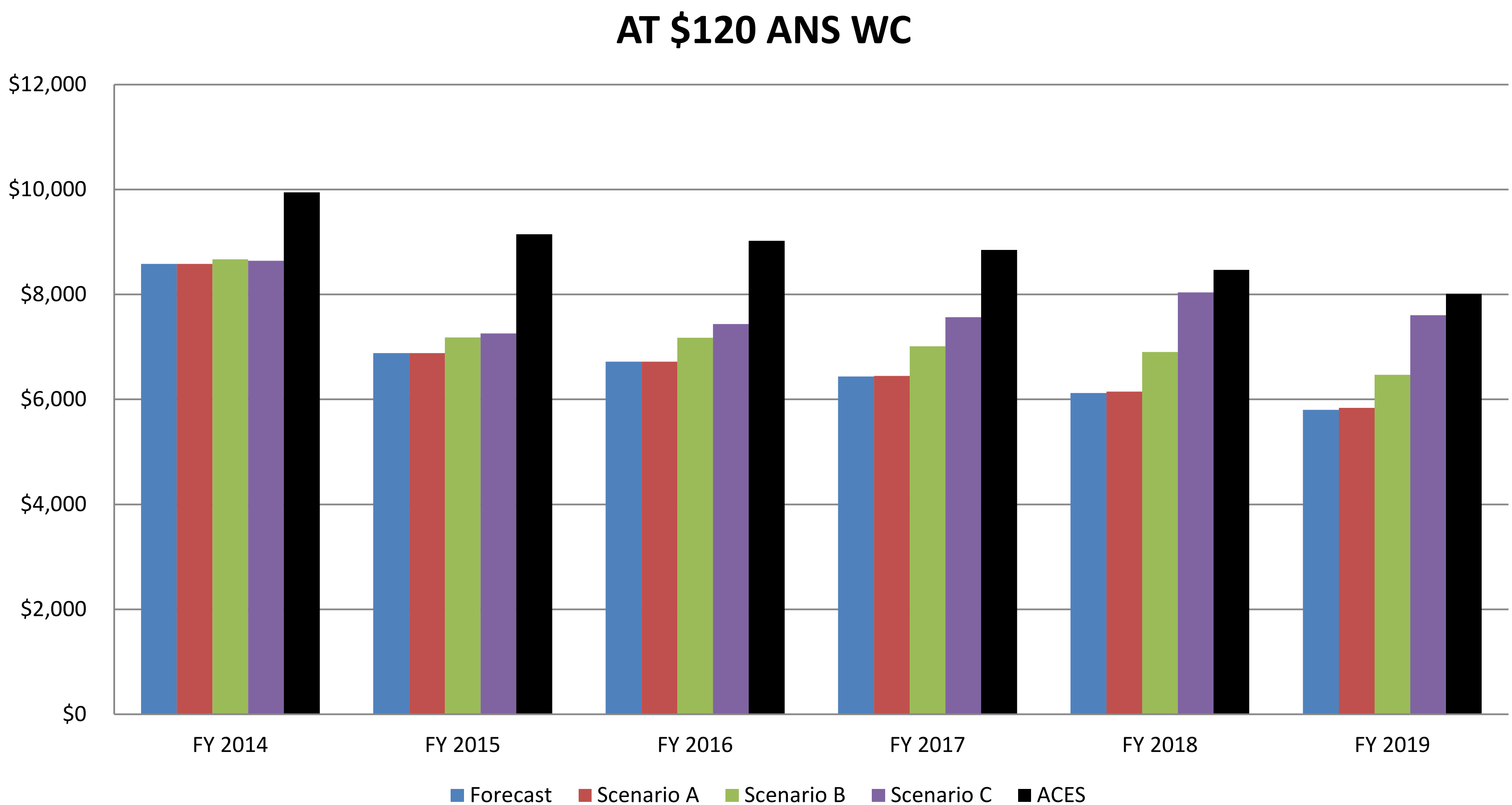
Note: Compares CSSB21(FIN) under several production scenarios, to ACES under forecast production.

Projected revenues under production scenarios – at $100 / barrel ANS



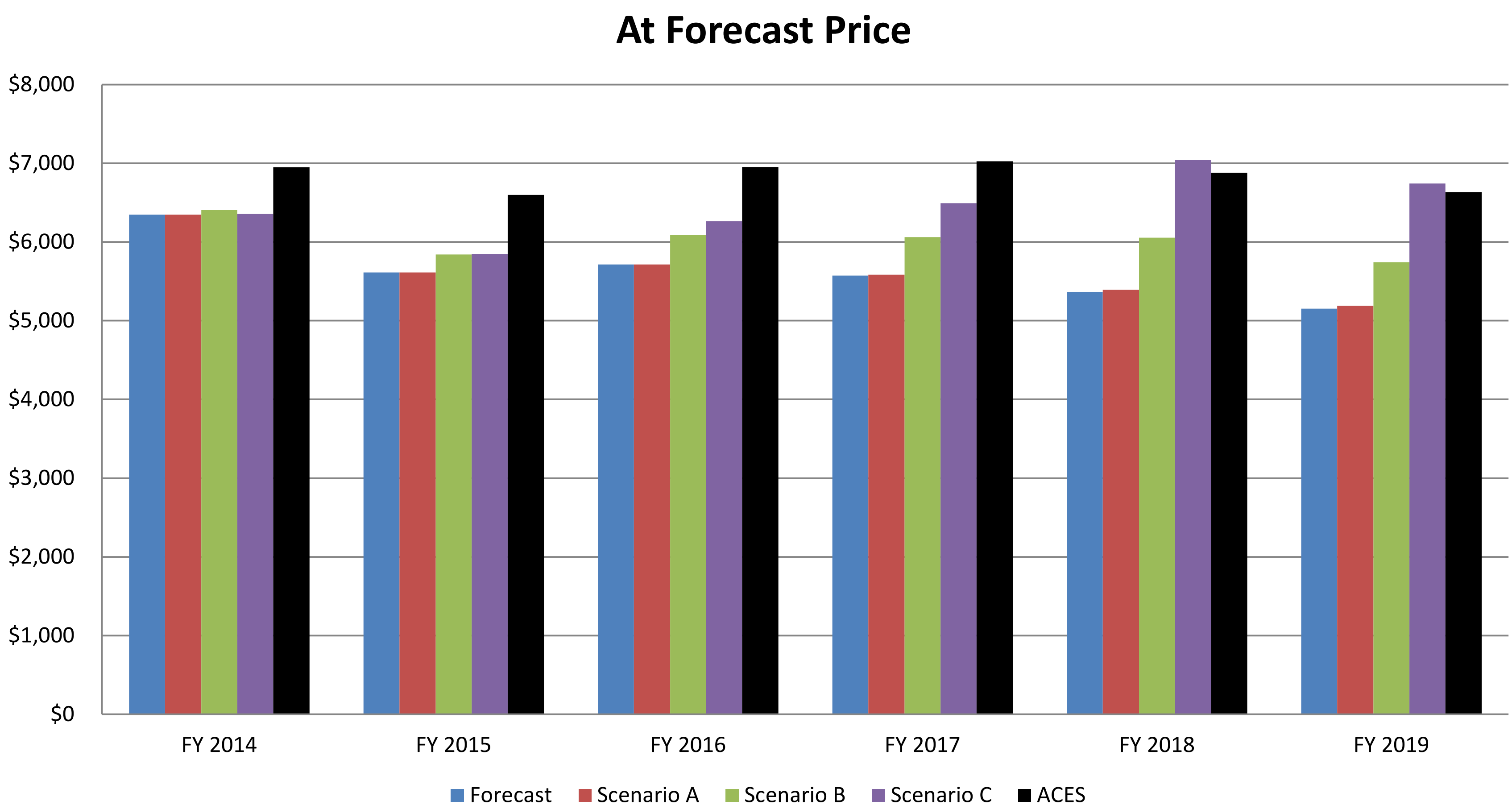
Note: Compares CSSB21(FIN) under several production scenarios, to ACES under forecast production.

Projected revenues under production scenarios – at $120 / barrel ANS



Note: Compares CSSB21(FIN) under several production scenarios, to ACES under forecast production.

Projected revenues under production scenarios – at forecast ANS price



Note: Compares CSSB21(FIN) under several production scenarios, to ACES under forecast production.

Thank You