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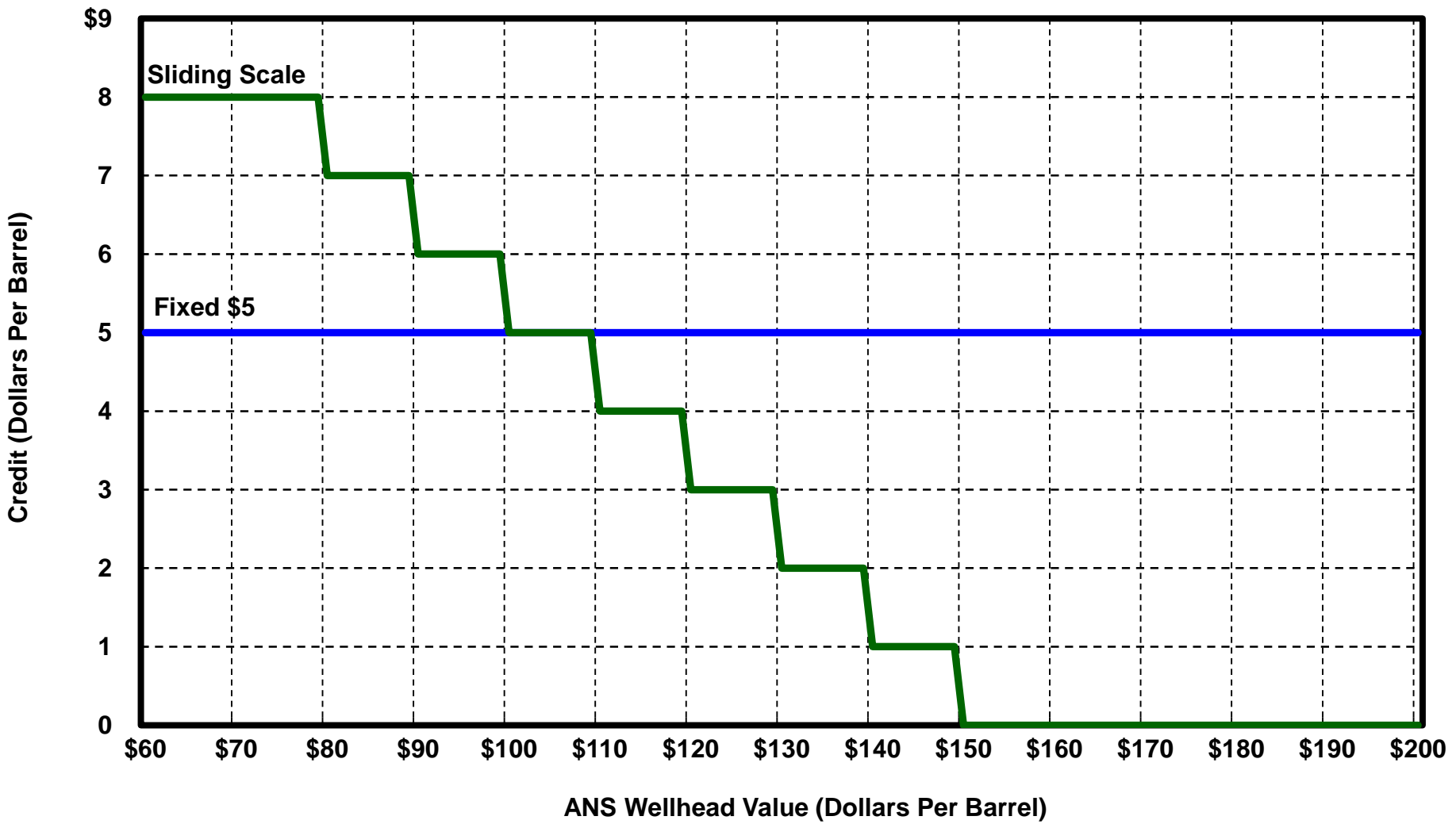
# **ACES, CS SB21 (FIN) and HCS SB21 (RES) Working Draft**

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# Per-Barrel Credits

## Non-GVR Volumes (Sliding Scale) v. GVR Volumes (Fixed)



# Tax Calculation Using Sliding Scale Production Credit (Volumes Not Subject to Gross Value Reduction)

|                                       |   |         |         |         |         |          |          |          |          |          |          |          |
|---------------------------------------|---|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| West Coast Price (\$/Bbl)             |   | \$60.00 | \$70.00 | \$80.00 | \$90.00 | \$100.00 | \$110.00 | \$120.00 | \$130.00 | \$140.00 | \$150.00 | \$160.00 |
| Transportation (\$/Bbl)               | - | 10.00   | 10.00   | 10.00   | 10.00   | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    |
| Gross Value (\$/Bbl)                  | = | \$50.00 | \$60.00 | \$70.00 | \$80.00 | \$90.00  | \$100.00 | \$110.00 | \$120.00 | \$130.00 | \$140.00 | \$150.00 |
| Lease Expenditures (\$/Bbl)           | - | 30.00   | 30.00   | 30.00   | 30.00   | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    |
| Per-Barrel Taxable Value (\$/Bbl)     | = | \$20.00 | \$30.00 | \$40.00 | \$50.00 | \$60.00  | \$70.00  | \$80.00  | \$90.00  | \$100.00 | \$110.00 | \$120.00 |
| Taxable Barrels (Bbls)                | x | 100     | 100     | 100     | 100     | 100      | 100      | 100      | 100      | 100      | 100      | 100      |
| Total Production Tax Value (\$)       | = | \$2,000 | \$3,000 | \$4,000 | \$5,000 | \$6,000  | \$7,000  | \$8,000  | \$9,000  | \$10,000 | \$11,000 | \$12,000 |
| Tax Rate (Percent)                    | x | 35%     | 35%     | 35%     | 35%     | 35%      | 35%      | 35%      | 35%      | 35%      | 35%      | 35%      |
| Production Tax Before Credit (\$)     | = | \$700   | \$1,050 | \$1,400 | \$1,750 | \$2,100  | \$2,450  | \$2,800  | \$3,150  | \$3,500  | \$3,850  | \$4,200  |
| Per Barrel Production Credit (\$/Bbl) |   | \$8.00  | \$8.00  | \$8.00  | \$7.00  | \$6.00   | \$5.00   | \$4.00   | \$3.00   | \$2.00   | \$1.00   | \$0.00   |
| Total Production Credit (\$)          | - | \$800   | \$800   | \$800   | \$700   | \$600    | \$500    | \$400    | \$300    | \$200    | \$100    | \$0      |
| Production Tax After Credit (\$)      | = | \$0     | \$250   | \$600   | \$1,050 | \$1,500  | \$1,950  | \$2,400  | \$2,850  | \$3,300  | \$3,750  | \$4,200  |
| Effective Tax Rate After Credit (%)   |   | 0.0%    | 8.3%    | 15.0%   | 21.0%   | 25.0%    | 27.9%    | 30.0%    | 31.7%    | 33.0%    | 34.1%    | 35.0%    |
| Effective Tax Rate on Gross Value (%) |   | 0.0%    | 4.2%    | 8.6%    | 13.1%   | 16.7%    | 19.5%    | 21.8%    | 23.8%    | 25.4%    | 26.8%    | 28.0%    |

# Tax Calculation Using Fixed \$5 Production Credit (Volumes Subject to Gross Value Reduction)

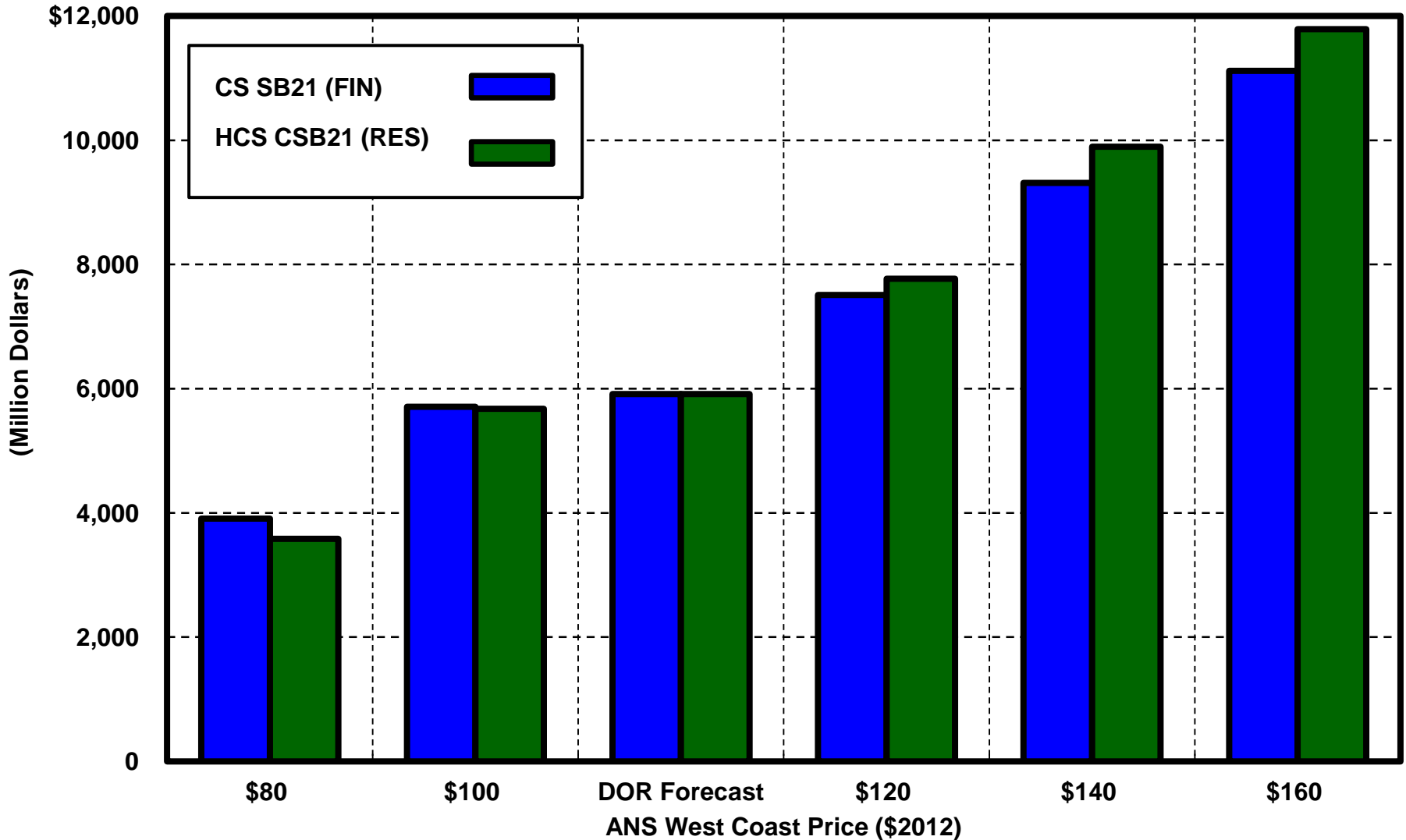
| West Coast Price (\$/Bbl)                    |   | \$60.00 | \$70.00 | \$80.00 | \$90.00 | \$100.00 | \$110.00 | \$120.00 | \$130.00 | \$140.00 | \$150.00 | \$160.00 |
|--|---|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| Transportation (\$/Bbl)                      | - | 10.00   | 10.00   | 10.00   | 10.00   | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    | 10.00    |
| Gross Value (\$/Bbl)                         | = | \$50.00 | \$60.00 | \$70.00 | \$80.00 | \$90.00  | \$100.00 | \$110.00 | \$120.00 | \$130.00 | \$140.00 | \$150.00 |
| Lease Expenditures (\$/Bbl)                  | - | 30.00   | 30.00   | 30.00   | 30.00   | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    |
| Per-Barrel Taxable Value (\$/Bbl)            | = | \$20.00 | \$30.00 | \$40.00 | \$50.00 | \$60.00  | \$70.00  | \$80.00  | \$90.00  | \$100.00 | \$110.00 | \$120.00 |
| Taxable Barrels (Bbls)                       | x | 100     | 100     | 100     | 100     | 100      | 100      | 100      | 100      | 100      | 100      | 100      |
| Total Production Tax Value (\$)              | = | \$2,000 | \$3,000 | \$4,000 | \$5,000 | \$6,000  | \$7,000  | \$8,000  | \$9,000  | \$10,000 | \$11,000 | \$12,000 |
| Gross Value Reduction (%)                    |   | 20%     | 20%     | 20%     | 20%     | 20%      | 20%      | 20%      | 20%      | 20%      | 20%      | 20%      |
| Gross Value Net of GVR (\$/Bbl)              |   | \$40.00 | \$48.00 | \$56.00 | \$64.00 | \$72.00  | \$80.00  | \$88.00  | \$96.00  | \$104.00 | \$112.00 | \$120.00 |
| Lease Expenditures (\$/Bbl)                  | - | 30.00   | 30.00   | 30.00   | 30.00   | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    | 30.00    |
| Per-Barrel Taxable Value Net of GVR (\$/Bbl) | = | \$10.00 | \$18.00 | \$26.00 | \$34.00 | \$42.00  | \$50.00  | \$58.00  | \$66.00  | \$74.00  | \$82.00  | \$90.00  |
| Taxable Barrels (Bbls)                       | x | 100     | 100     | 100     | 100     | 100      | 100      | 100      | 100      | 100      | 100      | 100      |
| Total Production Tax Value (\$)              | = | \$1,000 | \$1,800 | \$2,600 | \$3,400 | \$4,200  | \$5,000  | \$5,800  | \$6,600  | \$7,400  | \$8,200  | \$9,000  |
| Tax Rate (Percent)                           | x | 35%     | 35%     | 35%     | 35%     | 35%      | 35%      | 35%      | 35%      | 35%      | 35%      | 35%      |
| Production Tax Before Credit (\$)            | = | \$350   | \$630   | \$910   | \$1,190 | \$1,470  | \$1,750  | \$2,030  | \$2,310  | \$2,590  | \$2,870  | \$3,150  |
| Per Barrel Production Credit (\$/Bbl)        |   | \$5.00  | \$5.00  | \$5.00  | \$5.00  | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Total Production Credit (\$)                 | - | \$500   | \$500   | \$500   | \$500   | \$500    | \$500    | \$500    | \$500    | \$500    | \$500    | \$500    |
| Production Tax After Credit (\$)             | = | \$0     | \$130   | \$410   | \$690   | \$970    | \$1,250  | \$1,530  | \$1,810  | \$2,090  | \$2,370  | \$2,650  |
| Effective Tax Rate After Credit (%)          |   | 0.0%    | 4.3%    | 10.3%   | 13.8%   | 16.2%    | 17.9%    | 19.1%    | 20.1%    | 20.9%    | 21.5%    | 22.1%    |
| Effective Tax Rate on Gross Value (%)        |   | 0.0%    | 2.2%    | 5.9%    | 8.6%    | 10.8%    | 12.5%    | 13.9%    | 15.1%    | 16.1%    | 16.9%    | 17.7%    |

# Average Government Take for All Existing Producers (FY2015-FY2019)

| \$2012<br>ANS WC<br>Price<br>(\$2012 /Bbl) | Government Take       |           |       |
|--|-----------------------|-----------|-------|
|  | 35%/<br>Sliding Scale | 35% / \$5 | ACES  |
|  | (Percent)             |           |       |
| (1)  | (2)                   | (3)       | (4)   |
| \$60                                       | 57.8%                 | 63.0%     | 61.6% |
| \$70                                       | 59.8%                 | 63.7%     | 62.2% |
| \$80                                       | 61.6%                 | 64.1%     | 64.1% |
| \$90                                       | 63.1%                 | 64.3%     | 66.2% |
| \$100                                      | 64.4%                 | 64.5%     | 68.5% |
| \$110                                      | 65.3%                 | 64.7%     | 70.7% |
| \$120                                      | 65.8%                 | 64.8%     | 72.8% |
| \$130                                      | 66.4%                 | 64.9%     | 73.8% |
| \$140                                      | 66.8%                 | 65.0%     | 74.5% |
| \$150                                      | 67.0%                 | 65.0%     | 75.1% |
| \$160                                      | 66.9%                 | 65.1%     | 75.7% |
| \$170                                      | 66.8%                 | 65.1%     | 76.3% |
| \$180                                      | 66.7%                 | 65.2%     | 77.0% |
| \$190                                      | 66.7%                 | 65.2%     | 77.6% |
| \$200                                      | 66.6%                 | 65.2%     | 78.2% |

# State Revenues

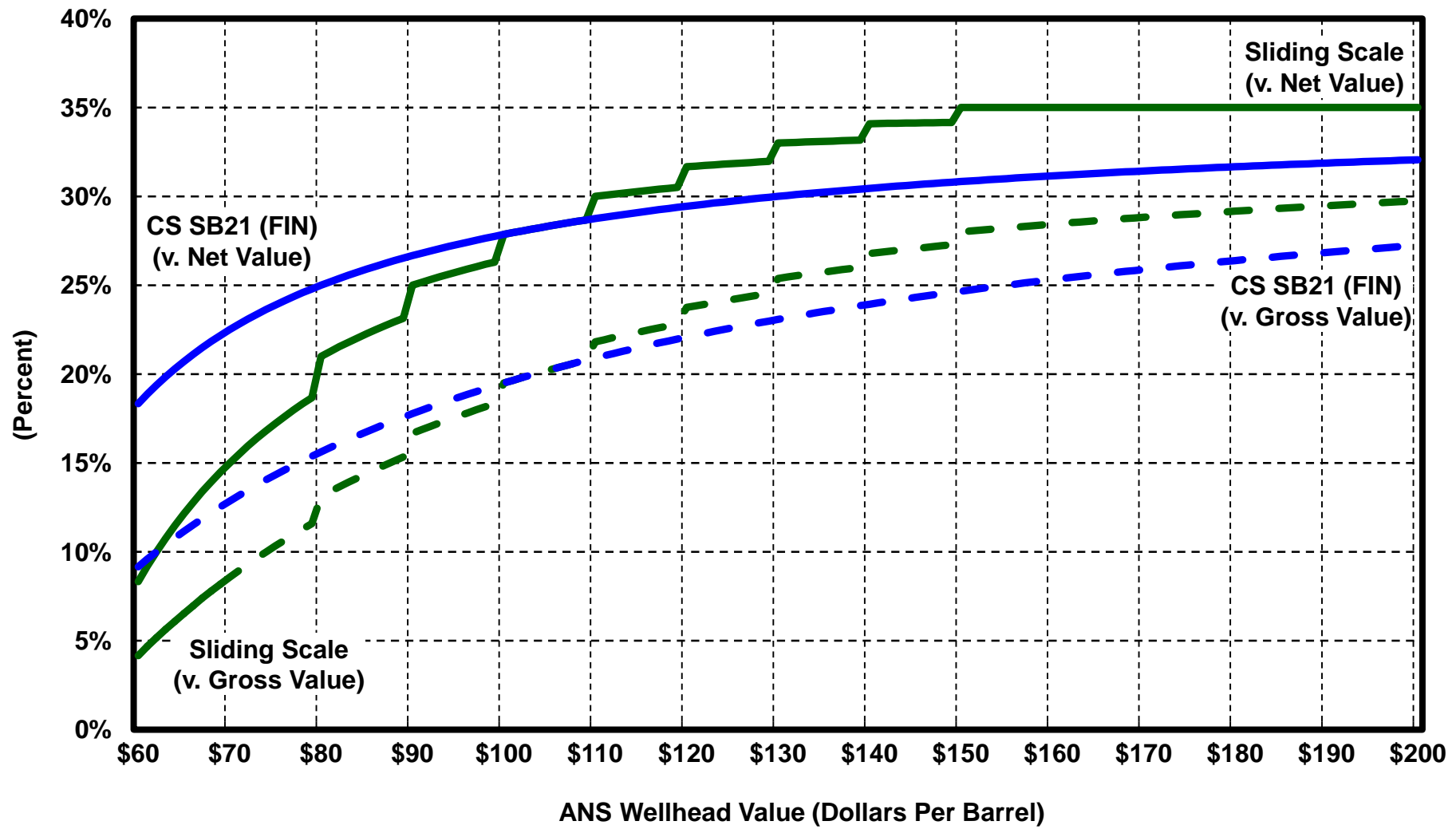
## CS SB21 (FIN) v. HCS CSB21 (RES) w/ Proposed Sliding Scale for All Existing Producers (Annual Average FY2015 - FY2019)



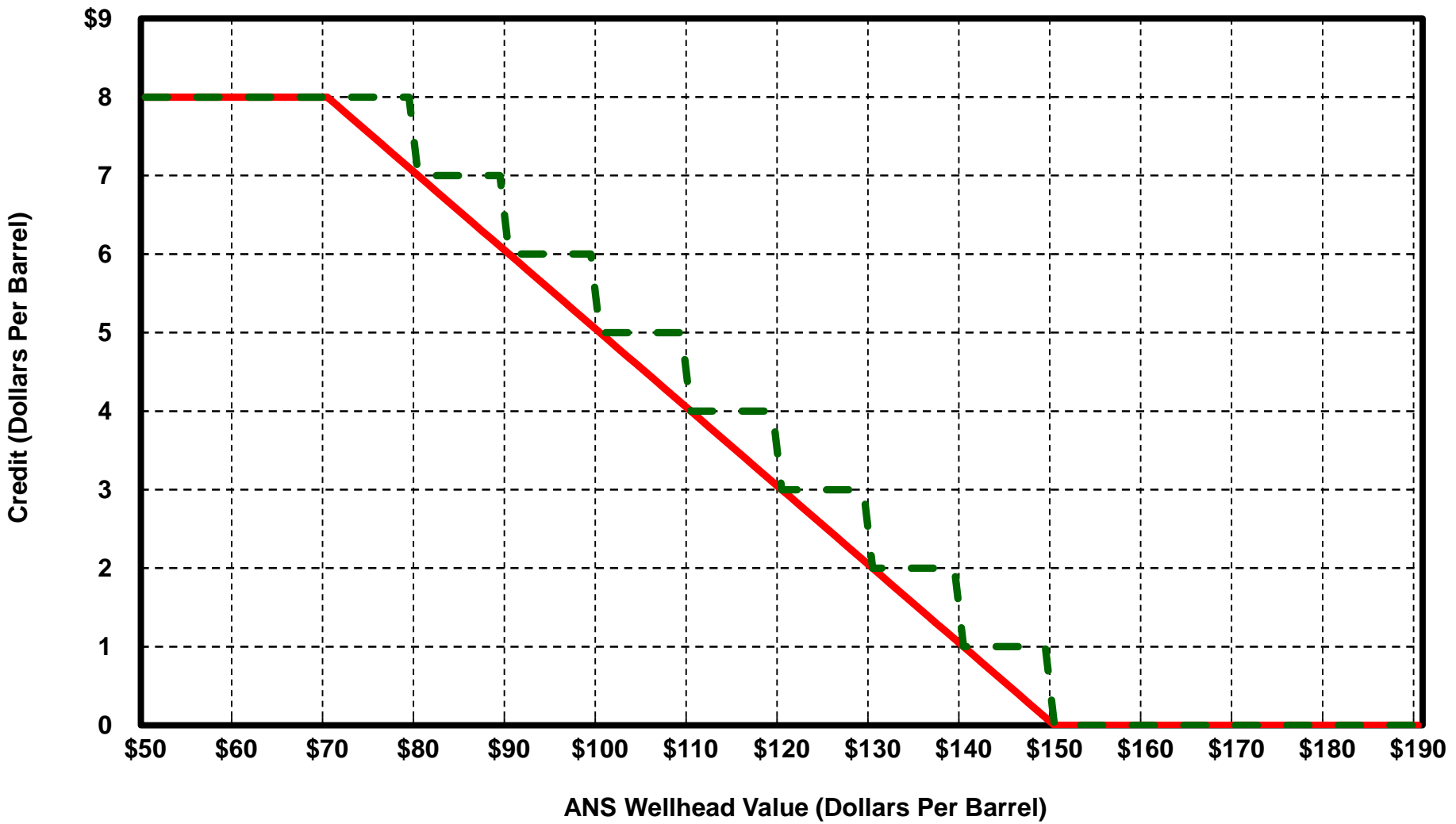
# Effective Tax Rate Comparison

## CS SB21 (FIN) v. CS SB21 (FIN) with Sliding Credit Scale

(Volumes Not Subject to Gross Value Reduction)

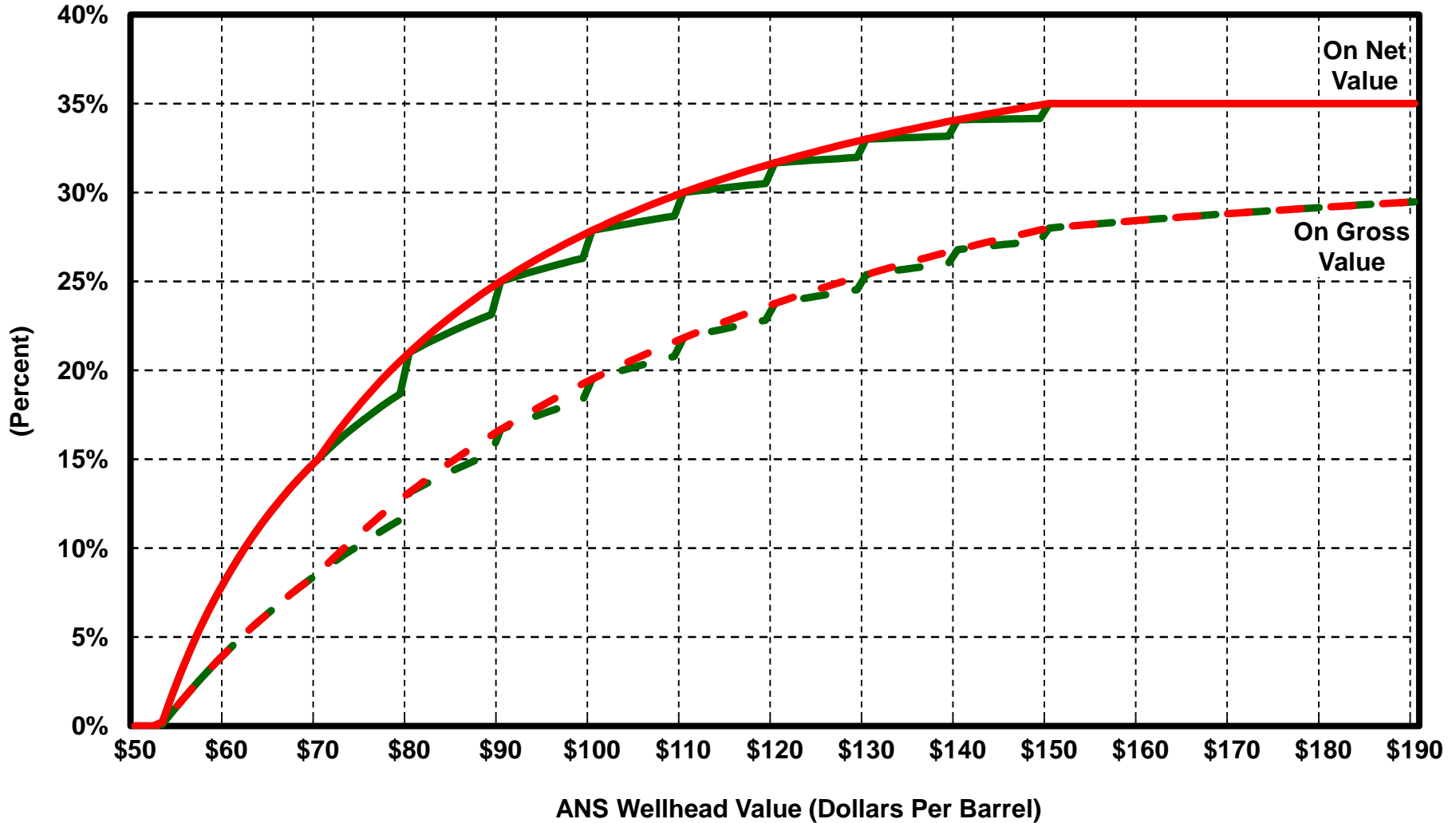


# Sliding Scale Credit Stair-Stepped v. Smoothed





# Tax Calculation Using Sliding Scale Production Credit (Volumes Not Subject to Gross Value Reduction) Effective Tax Rates



# Shares of Per-Barrel Values Under ACES and HCS CSB21 (RES) Using FY2012 Combined PBU/KPU Costs and Volumes

