

Alaska's Oil and Gas Taxes

Additional Roundtable Examples

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How did we get here – 4 fold increase in tax UPDATED

Fiscal Year	Production Taxes			X Check					Royalty		
	Prod Tax Rev (\$ 000 000)	Less CI gas (\$000 000)	Apples to Apples Rev (\$000 000)	2008\$ / 2004 \$	WC Price	Million bbls daily Prod	Million bbls annual Prod	Price times volume	2008\$ / 2004 \$	Royalty Rev (\$ 000 000)	2008\$ / 2004 \$
	(A1)	(A2)	(A)	(B)	(C)	(D)	(E) = (D) * 365	(F) = (C) *	(G)	(I)	(J)
2004	651.9	(24.7)	627.2		31.74	0.999	364.6	11,573.5		1,056.1	
2005	863.2	(24.4)	838.8		43.44	0.931	339.8	14,761.6		1,419.9	
2006	1,199.5	(33.2)	1,166.3		60.80	0.858	313.2	19,040.7		1,784.1	
2007	2,208.4	(6.0)	2,202.4		61.83	0.750	273.8	16,926.0		1,613.0	
2008	4,940.5	(6.0)	6,879.0	11.0	96.51	0.730	266.5	25,715.1	2.2	2,446.1	2.3

Tax Increase attributable to changes in rules= 11.0 /2.2 = 5

*Note: Tax revenues from some North Slope gas sales will be included in revenues with no corresponding volume effect. That adjustment (adding .004 to the daily volume) will not materially affect the outcome. NS NGL are in both vols and \$. Data from Fall 2008 Revenue Sources Book, from Appendix A-4a (royalty sum of royalty & Bonuses etc.), C-2a and B-1a. Cook Inlet Gas adjustment from Fall 2007 RSB, Appendix A-5a (CI data not broken out in Fall 2008 RSB)
 Note: Historical volume and price data in Fall 2008 RSB differ from same historical data series in Fall 2007 RSB and earlier.

Combined Progressivity Example 1

	Oil Only
Daily Vol	0.7 mmbbls
	365
Annual Volume	<hr/> 255.5 mmbbls
Annual Barrel Equivalent	255.5 Annual Boe
ANS Price	\$ 79.72
Transportation to Market	(6.34)
Gross Value at Point of Production	<hr/> 73.38
Value times Volume	\$ 18,749
Non Royalty %	<hr/> 87.5%
Taxable Wellhead	\$ 16,405
US Costs (millions \$)	4,337
Taxable Value or PTV (millions \$)	<hr/> <hr/> \$ 12,068
Non Royalty Fraction	87.5%
Taxable volumes	223.6
Prog Base (taxable value/volume)	\$ 53.98
Less \$30	<hr/> 30.00
Starting Point	\$ 23.98
Rate per dollar	<hr/> 0.4000%
Prog rate	9.5922%
base rate	<hr/> 25.0000%
Total Rate	34.5922%
Total (Tax Rate * PTV)	4,174.6

Combined Progressivity Example 2

	Oil Only	Incremental Gas
Daily Vol	0.7 mmbbbls	4.2 bcf
	365	365
Annual Volume	255.5 mmbbbls	1533 bcf
	Convert to boe	6
Annual Barrel Equivalents	255.5 Annual Boe	255.5 Ann B/e
ANS Price	\$ 79.72	Henry Hub Price 6.08
		Adj to Alberta (0.75)
Transportation to Market	(6.34)	(2.88)
Gross Value at Point of Production	73.38	2.45
Value times Volume	\$ 18,749	3,756
Non Royalty %	87.5%	87.5%
Taxable Wellhead	\$ 16,405	3,286.4
US Costs (millions \$)	4,337	
Taxable Value or PTV (millions \$)	\$ 12,068	3,286.4
Non Royalty Fraction	87.5%	87.5%
Taxable volumes	223.6	223.6
Prog Base (taxable value/volume)	\$ 53.98	\$ 14.70
Less \$30	30.00	30.00
Starting Point	\$ 23.98	NO PROG
Rate per dollar	0.4000%	
Prog rate	9.5922%	
base rate	25.0000%	
Total Rate	34.5922%	
Total (Tax Rate * PTV)	4,174.6	

Combined Progressivity Example 3

	Oil Only	Incremental Gas	Combined
Daily Vol	0.7 mmbbls	4.2 bcf	
	365	365	
Annual Volume	255.5 mmbbls	1533 bcf	
	Convert to boe		
Annual Barrel Equivalents	255.5 Annual Boe	255.5 Ann B/e	511.00 Ann B/e
ANS Price	\$ 79.72	Henry Hub Price Adj to Alberta	
		6.08	
		(0.75)	
Transportation to Market	(6.34)	(2.88)	
Gross Value at Point of Production	73.38	2.45	
Value times Volume	\$ 18,749	3,756	
Non Royalty %	87.5%	87.5%	
Taxable Wellhead	\$ 16,405	3,286.4	
US Costs (millions \$)	4,337		
Taxable Value or PTV (millions \$)	\$ 12,068	3,286.4	15,354.4
Non Royalty Fraction	87.5%	87.5%	87.5%
Taxable volumes	223.6	223.6	447.1
Prog Base (taxable value/volume)	\$ 53.98	\$ 14.70	34.34
Less \$30	30.00	30.00	30.00
Starting Point	\$ 23.98	NO PROG	4.34
Rate per dollar	0.4000%		0.4000%
Prog rate	9.5922%		1.7361%
base rate	25.0000%		25.0000%
Total Rate	34.5922%		26.7361%
			(Smaller rate times larger base)
Total (Tax Rate * PTV)	4,174.6	(69.4)	4,105.2

Combined Progressivity Example - Data

DATA:

Base Case: Oil & Gas Prices from 1/26/08 AND

Volumes assumed to be equal, with heating value of one:

Very close to:

DOR RSB for 2008 is .730 a day

TC AGIA Proposal 4.5 bcf a day

US Costs DOR 2008

Adj to Alberta - TC AGIA proposal (page 2.10-5)

Toll: "nominalized levelized toll including fuel"