

Exhibit 3.

Average Government Take

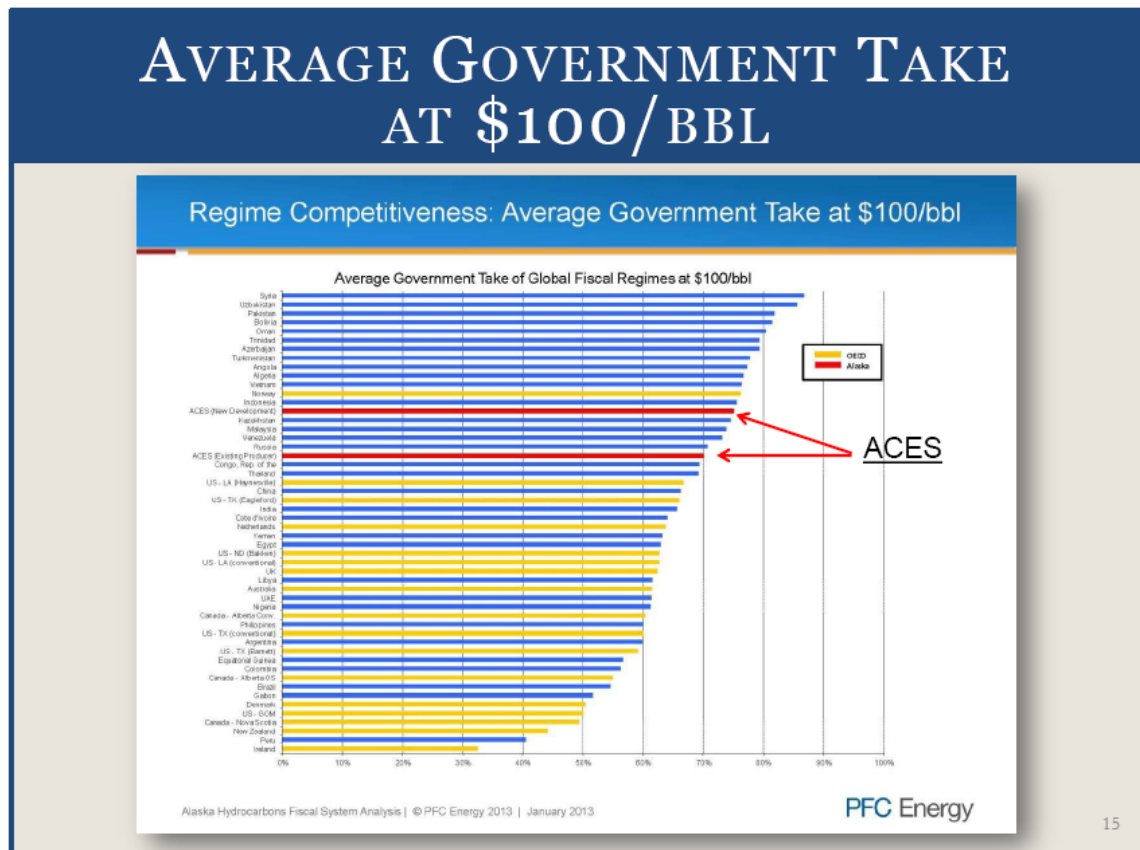
Average Government Take

Average Government Take at \$100 / bbl

Exhibit 3 (Sample Regime Competitiveness Slide)

Average Government Take at \$100 / bbl

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- PFC Energy, "Regime Competitiveness: Average Government Take at \$100 / bbl" (from PFC Energy, "Alaska Hydrocarbons Fiscal Systems Analysis," January 2013; presented to the Alaska House Resources Committee by Commissioners Daniel S. Sullivan [DNR] and Bryan Butcher [DOR], in "Oil Tax Reform – Arresting TAPS Throughput Decline" (slide presentation), March 28, 2013, Slide 15).

The red bars in this chart estimate average North Slope government take of 70% (Existing Production) and 75% (New Development). These estimates: (1) reflect greatly increased field costs, (2) assume a nominal 35% federal income tax rate and (3) treat TAPS and marine shipments as costs excluding estimates of transportation profits. All three factors affect regime competitiveness. For example:

- If escalating but essentially unaudited field costs contain overcharges, independent producers, who must pay these costs out of pocket, will be handicapped.
- At a market price of \$100 per barrel, 2% reduction from the assumed nominal federal income tax rate of 35% would reduce a producing company's government take by approximately 1%. (Therefore, a company paying a 21% federal income tax would see a reduction in net revenue take percentages of approximately 7% and a company that paid no federal income tax on current-year operations due to offsetting overseas tax payments would see a reduction in government take of approximately 17%).
- Inclusion of transportation profits would lower the average government take slightly at \$100.00 per barrel and would have greater effect at low oil prices by providing guaranteed profit. Producers who do not own these transportation systems pay these costs out of pocket and are therefore subject to competitive handicap.