

EXERCISE 1 - ONE STEP TAX SYSTEM

Parameters:

Royalty rate: 10% Tax: 40% Costs: 30%

CONTRACTOR SHARE	TAKE	GOVT SHARE
	100% gross revenue	
	- 5 % royalties	5%
	95% net revenue	
<i>30% (not part of government take calculation)</i>	- 30% costs	
	65% tax base	
	-19,5% tax	19,5%
Contractor share: $45,5/70 = 65\%$	45,5%	Government take: $(5+19,5)/70 = 35\%$

EXERCISE 2 - PROFIT OIL SPLIT

Parameters

Royalty: 20 % Tax: 30 % (of tax base) Costs: 20% Profit oil split: 70:30

Cost oil limit: 50 %

CONTRACTOR SHARE	TAKE	GOVT SHARE
	100% gross revenue	
	- 10 % royalties	10%
	90% net revenue	
<i>20% (not part of government take calculation)</i>	- 20% costs	
	70% profit oil	
	- 49% govt profit oil	49%
	21% contractor profit oil	
40 %	- 6,3% tax	6,3
Contractor share: $40/80 = 18,4\%$		Government take: $(10+49+6,3)/80 = 81,6\%$

EXERCISE 5 - PSAs with tranches/sliding scales

Tranches	Average daily (gross) production BOPD	Government share of profit oil	25 000 barrels per day	50 000 barrels per day
1	Up - 10 000	50 %	10 000/25 000 = 40% * 50 % = 20%	10 000/50 000 = 20% * 50 % = 10%
2	10 0001 - 20 000	60 %	10 000/25 000 = 40% * 60 % = 24%	10 000/50 000 = 20% * 60 % = 12%
3	20 001 - 30 000	70 %	5 000/25 000 = 20% * 70 % = 14,0%	10 000/50 000 = 20% * 70 % = 14,0%
4	➤ 30 000	80 %		20 000/50 000 = 40% * 80% = 32,0%
TOTAL			58 %	68 %