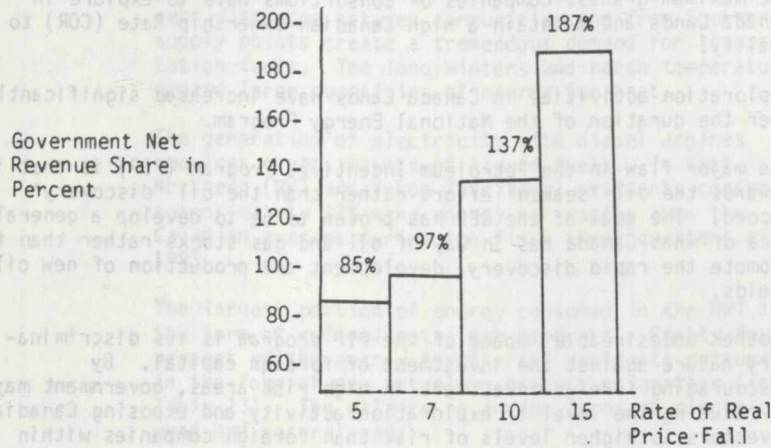


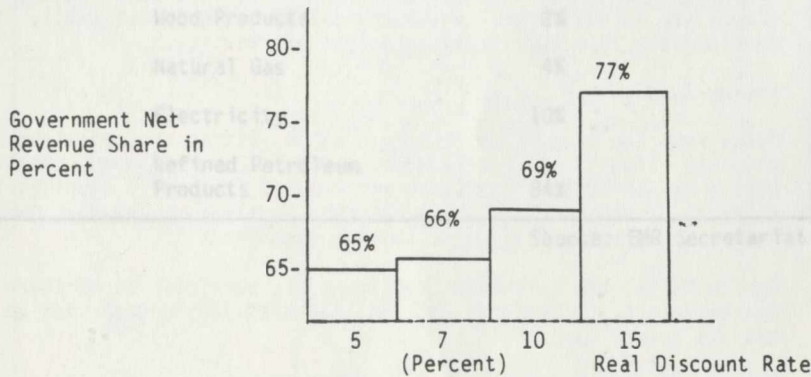
Graphs 9 and 10 illustrate the impact on the oil industry of the current NEP tax regime as applied to the Beaufort Sea area.

Graph 9 Petroleum Gas Revenue Tax Effect Government Revenues/Price Declines



Source: Economic Council of Canada

Graph 10 Petroleum Gas Revenue Tax Effect Government Revenues/Interest Rate Increases



Source: Economic Council of Canada

Notice that as oil prices drop, government revenue shares increase. The same holds true for interest rates; as rates increase government revenue shares also increase. Hence, industry development risks are aggravated rather than offset by government taxation policy. Under a scenario of increasing oil prices, government revenue share remain relatively constant.