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## Create Timing Conflicts in High Cost Fields

9. Government Take, by Fiscal Regime  
10. Effective Marginal Tax Rates;  
D. Price Volatility and Financial Risk;  
11. Risk Sharing (Coefficient of Variation in Net Present Value);  
12. Profitability Index versus Risk;  
E. Impact of Fiscal Design on the Optionality of Enhanced Oil Recovery;  
13. Net Present Value versus Risk;  
14. The Option to Implement Enhanced Oil Recovery;  
15. Value of Option to Cancel Enhanced Oil Recovery;  
F. Exploration Incentives and Performance;  
16. Impact of Price Simulations on International Oil Company Net Present Value;  
17. Maximum Exploratory Failures Before Abandonment  
5. Marginal Chance of Exploratory Success  
18. Full Cycle International Oil Company Net Present Value;  
19. Distorted Resource Exploration: Exploration and Development Stages;  
20. Tax Impact on Total Resource Value (Full Cycle);  
21. Government Take (Full Cycle);  
V. Conclusion;  
References

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### Sommario/riassunto

We present a simple model of petroleum exploration and development that can be applied to study the performance of alternative tax systems and identify potential distortions. Although the model is a highly simplified, it incorporates many factors and some of the key tradeoffs that would influence an investor's investment behavior. The model recognizes the role of enhanced oil recovery and treats the impact of taxation on exploration and development in an integrated manner consistent with an investor's joint optimization of investments at both stages of the process. The model is simple and user

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