

TABLE 2: COST OF CAPITAL ALLOWANCE FOR IMPROVEMENTS TO VESSELS CARRYING OIL OR COMMINGLED OIL AND NGLS

Year	Portion of Year in Service	Tax Rate	Weighted Average Cost Of Capital	Remaining Years	After-Tax Present Value (ATPV) of Future Tax Depreciation	Finance Cost	Finance Cost Minus Total After-Tax Cash Flow
1	25%	0.37	0.06	10.00	304,979	1,007,310	970,505
2	100%	0.38	0.05	9.75	324,895	1,001,742	853,959
3	100%	0.39	0.06	8.75	278,325	900,917	729,026
4	100%	0.40	0.07	7.75	210,295	776,404	602,806
5	100%	0.41	0.08	6.75	140,384	648,009	470,112
6	100%	0.42	0.09	5.75	63,360	510,066	350,112
7	100%	0.43	0.10	4.75	0	383,369	287,650
8	100%	0.44	0.11	3.75	0	317,850	220,589
9	100%	0.45	0.12	2.75	0	245,954	147,539
10	100%	0.44	0.13	1.75	0	165,980	66,813
11	75%	0.43	0.14	0.75	0	74,600	-23

TABLE 2: COST OF CAPITAL ALLOWANCE FOR IMPROVEMENTS TO VESSELS CARRYING OIL OR COMMINGLED OIL AND NGLS (cont.)

Year	Remaining Unrecovered Investment	Unrecovered Investment minus ATPV Future Tax Depreciation	Present Value Annuity	Initial Cash Flow	After-Tax Cash Flow Depreciation Benefits	Total After-Tax Cash Flow (TATCF)	Cost of Capital Allowance
1	977,600	695,021	30.31069	22,930	13,875	36,805	36,397
2	875,047	652,705	7.75802	84,133	63,650	147,783	135,698
3	750,578	596,722	6.85373	87,065	84,825	171,890	142,730
4	623,547	540,283	6.03005	89,598	84,000	173,598	149,331
5	488,555	483,163	5.26337	91,797	86,100	177,897	155,589
6	365,528	425,195	4.53280	93,804	66,150	159,954	161,731
7	301,690	365,528	3.81878	95,719	0	95,719	167,927
8	232,405	301,690	3.10186	97,261	0	97,261	173,681
9	156,140	232,405	2.36147	98,416	0	98,416	178,937
10	71,024	156,140	1.57453	99,166	0	99,166	177,082
11	-25	71,024	0.95175	74,624	0	74,624	130,919