

**A M E N D M E N T**

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: ~~CSHB 280( )~~, ~~Draft Version "C"~~ CSHB 280 (RES)

Page 15, following line 9:

Insert a new subsection to read:

"(o) For the purposes of (m) and (n) of this section, a Cook Inlet well lease expenditure is a lease expenditure that is incurred in the Cook Inlet sedimentary basin that is directly related to a well. A lease expenditure is directly related to a well if

(1) during exploration and development, the lease expenditure is characterized as an intangible drilling and development cost under 26 U.S.C. 263(c) (Internal Revenue Code) or 26 C.F.R. 1.612-4 regardless of any election made under those provisions;

(2) during production, the lease expenditure is an expenditure that is directly related to the processes of operating a well and moving fluids to the assembly of valves, pipes, and fittings used to control the flow of oil and gas from the casinghead, but does not include the processes of gathering, separating, and processing well fluids downstream from that assembly;

(3) it is an overhead expenditure authorized under AS 43.55.165(a)(2) for exploring for, developing, or producing, as applicable, the oil or gas deposits, or an expense for seismic work conducted within the boundaries of a production or exploration unit."