

Submitted by DMR

DESCRIPTIVE NAME	STATUTE	NORTH SLOPE	COOK INLET	NOTES AND EXCEPTIONS	BILL ID
<b>Exploration Incentive Credits (EICs)</b>  AS38.05.180(I)  AS41.09.010 -- expired Jul. 1, 2007	AS38.05.180(I)  AS41.09.010	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale  N/A	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale  N/A	N/A for unleased, Federal, or private-owned lands  up to 50% of drilling & seismic costs on unleased state land, 25% on non-state land, expired 7/1/2007	
<b>Exploration Tax Credit</b> AS43.55.025 Expires 7/1/2016	AS 43.55.025	Up to 40% of seismic costs 1) 30% of drill costs if > 25 miles from existing unit & <3mi from a well 2) 30% if pre-approved new target and >3 mi. & < 25 mi. from a unit 3) Up to 40% of drilling costs if both 1) & 2)	Up to 40% of seismic costs 1) 30% of drill costs if > 25 miles from existing unit & <3mi from a well 2) 30% if pre-approved new target and >3 mi. & < 25 mi. from a unit 3) Up to 40% of drilling costs if both 1) & 2)	[same as column 1] applies to all lands onshore or in state waters  outside of Cook Inlet	03.185 05.286 07.2001
AS43.20.043 -- expires 1-1-2013 for below 68° latitude*** <i>(see note at bottom)</i>	AS43.20.043	N/A if north of 68° latitude	10% of capital investment 10% of annual cost	[if below 68° latitude, same as column 2] applies to all lands onshore or in state waters	03.61
<b>Royalty Modification</b> AS38.05.180(I)  AS38.05.180(I)(6)	AS38.05.180(I)  AS38.05.180(I)(6)	Down to 5%, if new production Down to 3%, if producing or shut-in  N/A	Down to 5%, if new production Down to 3%, if producing or shut-in  As low as 5% for oil production from CI platforms if production falls below specified levels	N/A for unleased, Federal, or private-owned lands  N/A for unleased, Federal, or private-owned lands	03.28 03.185
<b>Discovery Royalty</b> Discov. Roy. South of T18N, Cook In.	AS38.05.180(I)(4)	N/A	5% royalty for 10 yrs.	N/A for unleased, Federal, or private-owned lands	
Discov. Roy. For Pre-1969 leases	[DL-1 Lease Form]	5% royalty for 10 yrs.	5% royalty for 10 yrs.	N/A for unleased, Federal, or private-owned lands	
Field specific, for the following fields only: Falls Creek, Nicolai Cr., Redoubt Shoals, & West Foreland North Fork & Starichkof not in prod. Before 1/1/2004.	AS38.05.180(I)(5)	N/A	5% on 1st 25 MM bbls for 10 yrs 5% on 1st 35 BCF for 10 yrs field must be in prod. by 1/1/2004	N/A for unleased, Federal, or private-owned lands	
<b>PPT/ACES Tax Credits</b> <b>Qualified CapEx Credits</b> <i>transferable credit against PPT paid out over 2 years</i>	AS43.55.023(a)	up to 20% of capital expenditures, max 50% of credit in any one calendar year	[same as column 1]		06.3001 07.2001

Exploration Incentives

<b>Loss Carry-Forward Credits</b> <i>transferable credit against PPT, but</i>	AS43.55.023(b)	up to 25% of capital expenditures	[same as column 1]	07.2001
<b>Transition Investment Expenditure Credits</b> <i>non-transferable credit against PPT, expires at the end of 2013</i>	AS43.55.023(i)	up to 20% of 2001-2006 capital expenditures for explorers with no commercial production prior to 1/1/2008	[same as column 1]	07.2001
<b>Frontier Basin Production Credit</b> <i>non-transferable credit against PPT, for production south of 68 lat. &amp; outside CI basin, expires at the end of 2013</i>	AS43.55.024(a)	N/A	N/A	07.2001
<b>Small Producer Credit</b> <i>non-transferable credit against PPT eligibility ends 9 years after 1st tax pmt.</i>	AS43.55.024(c)	\$12 MM for production <50,000 BOE/day, declining on a sliding scale to \$0 for production >100,000 BOE/day	[same as column 1]	07.2001
<b>Economic Limit Factor based Ceiling</b>	AS43.55.011(j)&(k)	No	Yes	07.2001
<b><u>INCENTIVES AS PART OF A PROGRAM</u></b>		<b><u>NORTH SLOPE</u></b>	<b><u>COOK INLET</u></b>	<b><u>NOTES AND EXCEPTIONS</u></b>
Exploration Licensing	AS38.05.132	N/A	N/A	Available only on state-owned lands not in sale areas Up to 500,000 acres per license One-time \$1/acre license fee No bonus bid or annual rental Sole right to convert to O & G leases
Nonconventional Gas Incentive	AS38.02.180(n)(2)	Reduced rental, 6.25% royalty if no competition with 12.5% leasee	[same as column 1]	Can apply to license areas after conversion to lease, then same as column 1 04.531

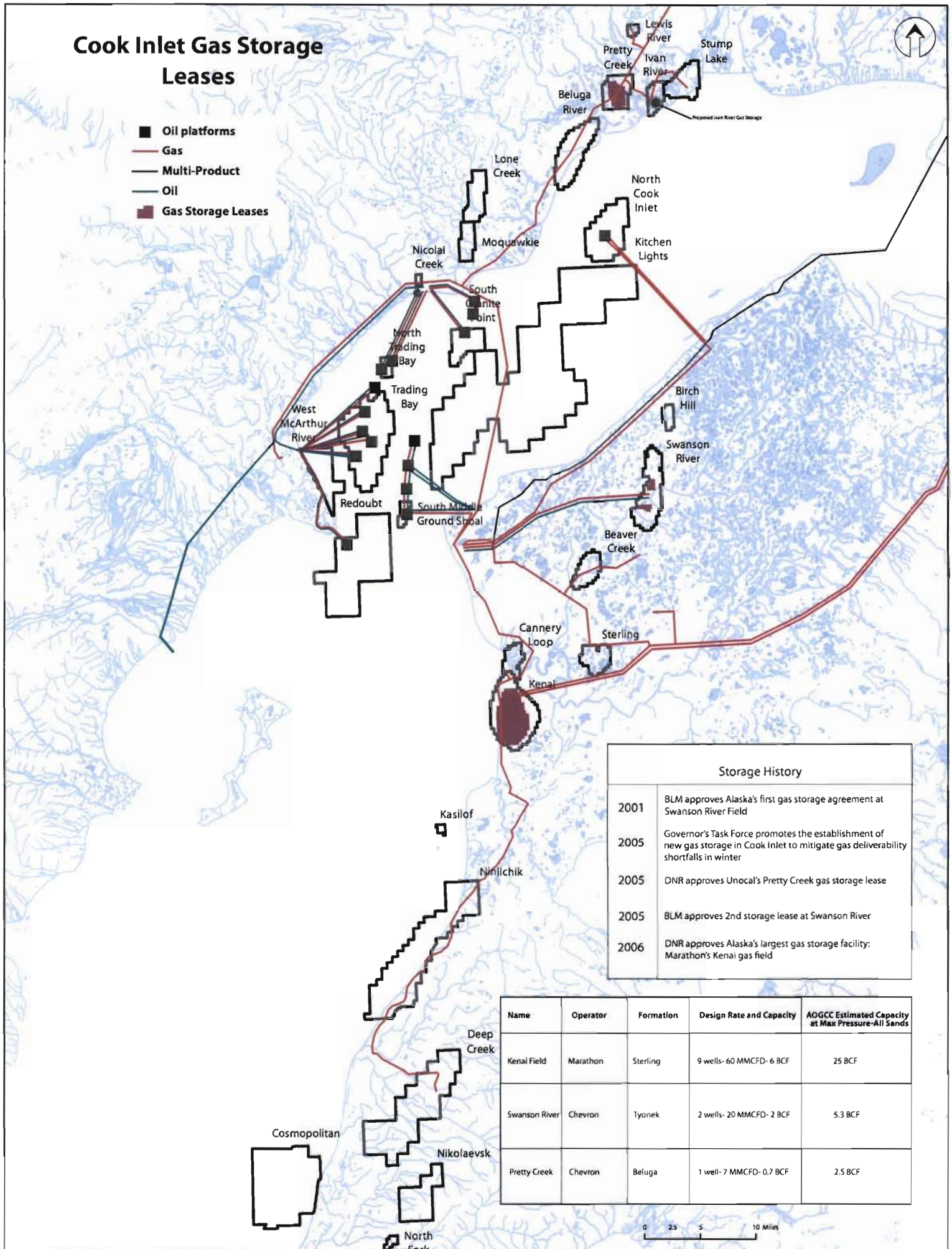
\*\*\* If requesting this credit, not eligible for any other tax credits or royalty modifications

Aggregate state land acreage holding increased from 500,000 to 750,000 acres on all land other than tide and submerged land, of which not more than 500,000 acres may be located north of the Umiat meridian.

Goal was to increase the opportunity of exploration companies to assemble acreage blocks outside of the North Slope producing area.

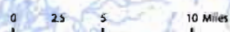
# Cook Inlet Gas Storage Leases

- Oil platforms
- Gas
- Multi-Product
- Oil
- Gas Storage Leases



Storage History	
2001	BLM approves Alaska's first gas storage agreement at Swanson River Field
2005	Governor's Task Force promotes the establishment of new gas storage in Cook Inlet to mitigate gas deliverability shortfalls in winter
2005	DNR approves Unocal's Pretty Creek gas storage lease
2005	BLM approves 2nd storage lease at Swanson River
2006	DNR approves Alaska's largest gas storage facility: Marathon's Kenai gas field

Name	Operator	Formation	Design Rate and Capacity	AOGCC Estimated Capacity at Max Pressure-All Sands
Kenai Field	Marathon	Sterling	9 wells- 60 MMCFD- 6 BCF	25 BCF
Swanson River	Chevron	Tyonek	2 wells- 20 MMCFD- 2 BCF	5.3 BCF
Pretty Creek	Chevron	Beluga	1 well- 7 MMCFD- 0.7 BCF	2.5 BCF



Submitted by Dave