

Alaska Oil and Gas Tax and Royalty Incentives

DESCRIPTIVE NAME	STATUTE	NORTH SLOPE	COOK INLET	NOTES AND EXCEPTIONS	BILL ID
Exploration Incentive Credits (EICs)					
AS38.05.180(i)	AS38.05.180(i)	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale	N/A for unleased, Federal-, or private-owned lands	
AS41.09.010 -- expired Jul. 1, 2007	AS41.09.010	N/A	N/A	up to 50% of drilling & seismic costs on unleased state land, 25% on non-state land, expired 7/1/2007	
Exploration Tax Credit					
AS43.55.025	AS 43.55.025	Up to 40% of seismic costs	Up to 40% of seismic costs	[same as column 1]	03.185
Expires 7/1/2016		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)	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)	applies to all lands onshore or in state waters outside of Cook Inlet	05.286 07.2001
Gas Exploration and Development Income Tax Credits					
AS43.20.043 -- expires 1-1-2013 for below 68° latitude***(see note at bottom)	AS43.20.043	N/A if north of 68° latitude	10% of qualified capital investment and qualified services	[if below 68° latitude, same as column 2] applies to all lands onshore or in state waters	03.61
Royalty Modifications					
AS38.05.180(j)	AS38.05.180(j)	Down to 5%, if new production Down to 3%, if producing or shut-in	Down to 5%, if new production Down to 3%, if producing or shut-in	N/A for unleased, Federal-, or private-owned lands	03.28
AS38.05.180(f)(6)	AS38.05.180(f)(6)	N/A	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	03.185
Discovery Royalty					
Discov. Roy. South of T18N, Cook In.	AS38.05.180(f)(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(f)(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	
Production Tax Credits					
Qualified CapEx Credits <i>transferable</i> credit paid out over 2 years	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
Loss Carry-Forward Credits <i>transferrable</i> credit	AS43.55.023(b)	up to 25% of capital expenditures; usable the following year	[same as column 1]		07.2001
Frontier Basin Production Credit non-transferrable credit, for production south of 68 lat. & outside CI basin, expires at the end of 2013	AS43.55.024(a)	N/A	N/A	Available only on non-CI and non-NS lands up to \$6MM	07.2001
Small Producer Credit <i>non-transferrable</i> credit, eligibility ends 9 years after 1st tax pmt.	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
Economic Limit Factor based Ceiling	AS43.55.011(j)&(k)	No	Approximately \$0.17/Mcf for gas and \$0/Bbl for oil		07.2001
INCENTIVES AS PART OF A PROGRAM					
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% lease	[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