

Natural Resources

Applicable Program

Oil and Gas

Indirect Expenditure Name

Waived Rent and Royalty for Shale Oil

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The Commissioner may waive payment of royalty and rental during the first five years of the lease.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 38.05.160

(4) Year Enacted

1959

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Provide Commissioner with discretion in rental fees for future shale development.

(7) Public Purpose

Encourage the production of petroleum products from shale.

(8) Estimated Revenue Impact

FY 2011 - \$0

FY 2012 - \$0

FY 2013 - \$0

FY 2014 - \$0

FY 2015 - \$0

Note: no activity has required authorization of this rental and royalty relief clause.

(9) Cost to Administer

None

(10) Number of Beneficiaries / Who Benefits

None known

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$0

(2) Estimate of Annual Monetary Benefit to Recipients

\$0

(3) Legislative Intent Met?

No, as the program has not been used.

(4) Should it be Continued, Modified or Terminated?

Recommend continuation. While the provision has not been used, it costs nothing to administer and still could be

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(4) Should it be Continued, Modified or Terminated? (cont.)

used in the future.