

Natural Resources

Applicable Program

Oil and Gas

Indirect Expenditure Name

Royalty Relief for Cook Inlet Small Discoveries

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Royalty Relief for small Cook Inlet discoveries.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 38.05.180(f)(5)

(4) Year Enacted

1998

(5) Sunset or Repeal Date

10 yrs. after restart of production

(6) Legislative Intent

Increase Cook Inlet oil and gas production from shut in wells and platforms.

(7) Public Purpose

Incentives to lessees to restart production from Cook Inlet leases that had been shut down prior to 1988.

(8) Estimated Revenue Impact

FY 2011 - \$844,851

FY 2012 - \$1,207,137

FY 2013 - Not available

FY 2014 - \$0

FY 2015 - \$0

(9) Cost to Administer

(10) Number of Beneficiaries / Who Benefits

12 companies

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?

Yes

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

Recommend reconsideration. It is unclear how the State benefits from oil production for which it receives no royalties or taxes.