

# Natural Resources

## Applicable Program

Oil and Gas

## Indirect Expenditure Name

Royalty Modification for Ooguruk Unit

### Department of Revenue Submission per AS 43.05.095

#### (1) Description of Provision

Royalty modification for Ooguruk Unit

#### (2) Type

Discount

#### (3) Authorizing Statute, Regulation or Other Authority

AS 38.05.180(f)(1)(A), (2), (3), (4)(A), (5)

#### (4) Year Enacted

2006

#### (5) Sunset or Repeal Date

None

#### (6) Legislative Intent

To provide reduced royalty to enable Ooguruk Unit to begin production.

#### (7) Public Purpose

Stimulate increased production on ANS.

#### (8) Estimated Revenue Impact

FY 2011 - \$22,031,229

FY 2012 - \$20,722,222

FY 2013 - \$18,379,884

FY 2014 - \$22,499,833

FY 2015 - \$26,192,088

#### (9) Cost to Administer

#### (10) Number of Beneficiaries / Who Benefits

2 companies

### Legislative Finance Analysis per AS 24.20.235

#### (1) Estimate of Annual Revenue Foregone by the State

\$26,192,088

#### (2) Estimate of Annual Monetary Benefit to Recipients

\$13,096,044

#### (3) Legislative Intent Met?

Yes

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

Recommend reconsideration. This provision has a significant cost and the benefits are not clear from information provided by the department.