

## 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.