



February 18, 2026

To Senator Cathy Giessel, chair of the Senate Resources Committee,

The committee substitute for SB 227 that was introduced on Monday was an extensive rewrite of the bill. While elements of these provisions were discussed in prior hearings, those discussions occurred without full project-level modeling and before several major developments advanced to their current stages. As such, prior review cannot substitute for full and detailed modeling under new conditions. Tax policy stability benefits both the State and investors, and updated modeling helps ensure that stability. Oil prices have continued to drop, and the outlook on the potential gas pipeline and export plant has become clearer and closer to reality. As such, we are requesting that the Resources Committee hold onto SB 227 until we can get the following modeling done.

First, the Department of Revenue recently published modeling on taxes and other government take for the Pikka and Willow projects. We are requesting that DoR rewrite those analyses under the proposed changes in the new CS. Because the proposed changes modify key fiscal terms, they have the potential to materially impact project-level economics. While Pikka Phase 1 is nearing production, subsequent phases remain dependent on forward-looking investment decisions. Santos has indicated that Phase 2 could increase production at Pikka to approximately 120,000 barrels per day, placing it among the largest producing fields in Alaska in recent decades. Future developments in the Pikka unit, including prospects such as Quokka, would also be evaluated under these fiscal terms. Willow remains under significant construction with first production expected later in the decade, and updated modeling would help clarify how the proposed tax changes interact with projects at this stage of development.

Second, we request that the Resources Committee ask GaffneyCline, as the committee's consultant, to provide an assessment of how the proposed fiscal changes could interact with gasoline economics. As discussed in committee, Glenfarne would be subject to the S-corporation provision. Additionally, because Alaska's production tax system applies taxation to oil differently than to gas, changes that increase upstream oil production costs can influence the overall cost structure of producing associated gas. An evaluation by GaffneyCline would help clarify how these fiscal interactions may affect gasoline economic assumptions for both in-state resident use and potential export markets.

We hope that the Resources Committee will be able to complete this modeling before this bill is released to the next committee of referral.

Sincerely,

Senator Robert Myers

Senator George Raucher