

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



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The Honorable Bert Stedman
Alaska State Senator
State Capitol, Room 516
Juneau, Alaska 99801

March 30, 2012

Dear Senator Stedman:

This letter is in response to a request from your office to provide a summary of all state revenues generated from oil and gas activities in Cook Inlet, and all deductible lease expenditures and applicable tax credits from oil and gas activities in Cook Inlet. You had requested that we provide this information as forecasted for FY 2012 and FY 2013.

The Department of Revenue forecasts oil and gas production from Cook Inlet, and royalties attributable to that production. The Department also forecasts property tax revenue by property, and therefore has Cook Inlet-specific projections. The Department does not forecast other revenues attributable specifically to Cook Inlet, for two reasons: (1) production tax received for Cook Inlet production is less than one percent of the total production tax received by the State; and (2) companies do not separate out state corporate income tax paid for Cook Inlet operations from other oil and gas operations in the state. Credit activity for Cook Inlet is also difficult to determine, as some companies have oil and gas operations in Cook Inlet and other parts of the state, and credits are not always identified by the region in which they were earned.

We can, however, provide your office with a summary of estimates for the items you requested, for historical years. It is important to note that this summary was compiled manually from various sources, including monthly information reports, annual tax returns, property tax records, and credit spreadsheets. Most of these sources contain unaudited, company-reported data that may or may not be accurate. As such, the information in the enclosed table should be viewed as estimates only.

The attached table shows estimated actual data for the fiscal years 2009, 2010, and 2011.

I hope this answer addresses your questions about Cook Inlet. Please let me know if you need further information.

Sincerely,

Bruce Tangeman
Deputy Commissioner

Estimated Lease Expenditures, Credits, and Revenue related to Cook Inlet Oil and Gas Activity, FY 2009 - FY 2011 in \$Millions			
	FY 2009	FY 2010	FY 2011
Lease Expenditures			
Operating Expenditures	\$201.31	\$164.44	\$190.14
Capital Expenditures	\$297.29	\$161.94	\$109.55
Total Lease Expenditures	\$498.60	\$326.38	\$299.69
Production Tax Credits	\$11.17	\$9.13	\$43.11
Production Tax Revenue after Credits	<\$10.00	<\$10.00	<\$10.00
Royalty Revenue	\$81.31	\$78.24	\$78.63
Property Tax Revenue	\$3.51	\$3.57	\$3.49
Corporate Income Tax Revenue	-- indeterminate --		
Total Revenue after Credits excluding State Corporate Income Tax	<\$95.00	<\$92.00	<\$93.00
<p>Sources: Monthly Information Forms, Annual Tax Filings, Credit spreadsheets, property tax records.</p> <p>Notes: This information was compiled manually from unaudited, company-reported data. Some of the information, such as the production tax credit information, is not reported separately when companies have oil and gas operations in Cook Inlet and other parts of the state. As such, this information should be used for illustration only and be considered estimates.</p>			