

DESCRIPTIVE NAME	STATUTE	NORTH SLOPE	COOK INLET	NOTES AND EXCEPTIONS
Exploration Incentive Credits (EICs) AS38.05.180(i) AS41.09.010 -- expired Jul. 1, 2007	AS38 05 180(i) AS41.09.010	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale N/A	up to 50% of drilling based on depth & location up to 50% of geophys. costs if within 2 yrs. of lease sale N/A	N/A for unleased, Federal- or private-owned lands up to 50% of drilling & seismic costs on unleased state land, 25% on non-state land, expired 7/1/2007
Exploration Tax Credit AS43.55.025 Expires 7/1/2016 AS43.20.043 -- expires 1-1-2013 for below 68° latitude *** (see note at bottom)	AS 43.55.025 AS43 20.043	Up to 40% of seismic costs 1) 30% of drill costs if > 25 miles from existing unit & < 3mi from a well 2) 30% if pre-approved new target and > 3 mi. & < 25 mi. from a unit 3) Up to 40% of drilling costs if both 1) & 2) N/A if north of 68° latitude	Up to 40% of seismic costs 1) 30% of drill costs if > 25 miles from existing unit & < 3mi from a well 2) 30% if pre-approved new target and > 3 mi. & < 25 mi. from a unit 3) Up to 40% of drilling costs if both 1) & 2) 10% of capital investment 10% of annual cost	[same as column 1] applies to all lands onshore or in state waters outside of Cook Inlet [if below 68° latitude, same as column 2] applies to all lands onshore or in state waters
Royalty Modification AS38.05.180(j) AS38.05.180(f)(6)	AS38.05.180(j) AS38.05.180(f)(6)	Down to 5%, if new production Down to 3%, if producing or shut-in N/A	Down to 5%, if new production Down to 3%, if producing or shut-in As low as 5% for oil production from CI platforms if production falls below specified levels	N/A for unleased, Federal- or private-owned lands N/A for unleased, Federal- or private-owned lands
Discovery Royalty Discov. Roy. South of T18N, Cook In. Discov. Roy. For Pre-1969 leases Field specific, for the following fields only: Falls Creek, Nicolai Cr., Redoubt Shoals, & West Foreland, North Fork & Starichkof not in prod. Before 1/1/2004.	AS38 05 180(f)(4) [DL-1 Lease Form] AS38 05.180(f)(5)	N/A 5% royalty for 10 yrs. N/A	5% royalty for 10 yrs. 5% royalty for 10 yrs. 5% on 1st 25 MM bbls for 10 yrs 5% on 1st 35 BCF for 10 yrs field must be in prod. by 1/1/2004	N/A for unleased, Federal- or private-owned lands N/A for unleased, Federal- or private-owned lands N/A for unleased, Federal- or private-owned lands
PPT/ACES Tax Credits Qualified CapEx Credits transferrable credit against PPT paid out over 2 years Loss Carry-Forward Credits transferrable credit against PPT, but Transition Investment Expenditure Credits non-transferrable credit against PPT, expires at the end of 2013 Frontier Basin Production Credit non-transferrable credit against PPT, for production south of 68 lat. & outside CI basin, expires at the end of 2013 Small Producer Credit non-transferrable credit against PPT eligibility ends 9 years after 1st tax pmt. Economic Limit Factor based Ceiling	AS43.55.023(a) AS43.55.023(b) AS43 55.023(i) AS43.55.024(a) AS43 55.024(c) AS43 55 011(j)&(k)	up to 20% of capital expenditures, max 50% of credit in any one calendar year up to 25% of capital expenditures up to 20% of 2001-2006 capital expenditures for explorers with no commercial production prior to 1/1/2008 N/A \$12 MM for production < 50,000 BOE/day, declining on a sliding scale to \$0 for production > 100,000 BOE/day No	[same as column 1] [same as column 1] [same as column 1] N/A [same as column 1] Yes	Available only on state-owned lands not in sale areas up to \$6MM
INCENTIVES AS PART OF A PROGRAM		NORTH SLOPE	COOK INLET	NOTES AND EXCEPTIONS
Exploration Licensing	AS38 05 132	N/A	N/A	Available only on state-owned lands not in sale areas Up to 500,000 acres per license One-time \$1/acre license fee No bonus bid or annual rental Sole right to convert to O & G leases
Nonconventional Gas Incentive	AS38 02 180(n)(2)	Reduced rental, 6.25% royalty if no competition with 12.5% leasee	[same as column 1]	Can apply to license areas after conversion to lease, then same as column 1

*** If requesting this credit, not eligible for any other tax credits or royalty modifications

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