

SB 305 CONCEPTUAL AMENDMENT

We believe the following language addresses the concerns raised by the producers regarding the ability to recognize costs as they are incurred. This can be added to AS 43.55.165(h) in Section 8 of the Current CS (Version W.A):

Costs incurred to explore for, develop or produce oil or gas either

(1) on a lease or property that include land north of 68 degrees North latitude and which did not produce commercial quantities of oil or gas in the calendar year in which the costs were occurred; or

(2) outside of a lease or property, but that include land north of 68 degrees North latitude , will be allocated between

(A) each lease or property producing gas subject to AS 43.55.011(o) that include land north of 68 degrees North latitude and

(B) all other producing leases or properties that include land north of 68 degrees North latitude.

Costs incurred to explore for, develop or produce oil or gas either

(1) on a lease or property outside the Cook Inlet Sedimentary Basin, no part of which is north of 68 degrees North latitude and which did not produce commercial quantities of oil or gas in the calendar year in which the costs were occurred; or

(2) outside of a lease or property, but outside the Cook Inlet Sedimentary Basin, no part of which is north of 68 degrees North latitude, will be allocated between

(A) each lease or property producing gas subject to AS 43.55.011(o) outside the Cook Inlet Sedimentary Basin, no part of which is north of 68 degrees North latitude and

(B) all other producing leases or properties that outside the Cook Inlet Sedimentary Basin, no part of which is north of 68 degrees North latitude.