

**CS FOR HOUSE BILL NO. 276(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/9/12

Referred: Rules

Sponsor(s): REPRESENTATIVES THOMPSON, DICK, MILLETT, TUCK, AND MILLER, Tammie Wilson, Kawasaki, Feige, Joule, Edgmon, Gутtenberg, Johnson

SENATORS Thomas, Olson, Coghill, Dyson, Meyer, Menard, Paskvan, McGuire, Wagoner

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act providing for a credit against the oil and gas production tax for costs incurred**  
2   **for conducting seismic exploration and drilling certain oil or natural gas exploration**  
3   **wells in certain basins; relating to the determination of the production tax value of oil**  
4   **and gas production; and relating to a special tax rate for new oil or gas production south**  
5   **of 68 degrees North latitude."**

6   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7    \* **Section 1.** AS 43.55.011(e) is amended to read:

8           (e) There is levied on the producer of oil or gas a tax for all oil and gas  
9           produced each calendar year from each lease or property in the state, less any oil and  
10          gas the ownership or right to which is exempt from taxation or constitutes a  
11          landowner's royalty interest. Except as otherwise provided under (f), (j), (k), [AND]  
12          (o), and (p) of this section, the tax is equal to the sum of  
13               (1) the annual production tax value of the taxable oil and gas as

1 calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

2 (2) the sum, over all months of the calendar year, of the tax amounts  
3 determined under (g) of this section.

4 \* **Sec. 2.** AS 43.55.011 is amended by adding a new subsection to read:

5 (p) For the seven years immediately following the commencement of  
6 commercial production of oil or gas produced from leases or properties in the state  
7 that are outside the Cook Inlet sedimentary basin and that do not include land located  
8 north of 68 degrees North latitude, where that commercial production began after  
9 December 31, 2012, and before January 1, 2022, the levy of tax under (e) of this  
10 section for oil and gas may not exceed four percent of the gross value at the point of  
11 production.

12 \* **Sec. 3.** AS 43.55.020(a) is amended to read:

13 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)  
14 **or (p)** shall pay the tax as follows:

15 (1) an installment payment of the estimated tax levied by  
16 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each  
17 month of the calendar year on the last day of the following month; except as otherwise  
18 provided under (2) of this subsection, the amount of the installment payment is the  
19 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be  
20 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount  
21 of the installment payment may not be less than zero:

22 (A) for oil and gas produced from leases or properties in the  
23 state outside the Cook Inlet sedimentary basin but not subject to  
24 AS 43.55.011(o) **or (p)**, other than leases or properties subject to  
25 AS 43.55.011(f), the greater of

26 (i) zero; or

27 (ii) the sum of 25 percent and the tax rate calculated for  
28 the month under AS 43.55.011(g) multiplied by the remainder obtained  
29 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
30 calendar year of production under AS 43.55.165 and 43.55.170 that are  
31 deductible for the leases or properties under AS 43.55.160 from the

1 gross value at the point of production of the oil and gas produced from  
 2 the leases or properties during the month for which the installment  
 3 payment is calculated;

4 (B) for oil and gas produced from leases or properties subject  
 5 to AS 43.55.011(f), the greatest of

6 (i) zero;

7 (ii) zero percent, one percent, two percent, three  
 8 percent, or four percent, as applicable, of the gross value at the point of  
 9 production of the oil and gas produced from all leases or properties  
 10 during the month for which the installment payment is calculated; or

11 (iii) the sum of 25 percent and the tax rate calculated for  
 12 the month under AS 43.55.011(g) multiplied by the remainder obtained  
 13 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
 14 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 15 deductible for those leases or properties under AS 43.55.160 from the  
 16 gross value at the point of production of the oil and gas produced from  
 17 those leases or properties during the month for which the installment  
 18 payment is calculated;

19 (C) for oil and gas produced from each lease or property  
 20 subject to AS 43.55.011(j), (k), [OR] (o), or (p), the greater of

21 (i) zero; or

22 (ii) the sum of 25 percent and the tax rate calculated for  
 23 the month under AS 43.55.011(g) multiplied by the remainder obtained  
 24 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
 25 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 26 deductible under AS 43.55.160 for oil or gas, as applicable  
 27 [RESPECTIVELY], produced from the lease or property from the  
 28 gross value at the point of production of the oil or gas, as applicable  
 29 [RESPECTIVELY], produced from the lease or property during the  
 30 month for which the installment payment is calculated;

31 (2) an amount calculated under (1)(C) of this subsection for oil or gas

1 produced from a lease or property

2 (A) subject to AS 43.55.011(j), (k), or (o) may not exceed the  
 3 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1)  
 4 or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1)  
 5 or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A)  
 6 or 43.55.011(o), as applicable, the amount of taxable gas produced during the  
 7 month for the amount of taxable gas produced during the calendar year and  
 8 substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of  
 9 taxable oil produced during the month for the amount of taxable oil produced  
 10 during the calendar year;

11 **(B) subject to AS 43.55.011(p) may not exceed four percent**  
 12 **of the gross value at the point of production of the oil or gas;**

13 (3) an installment payment of the estimated tax levied by  
 14 AS 43.55.011(i) for each lease or property is due for each month of the calendar year  
 15 on the last day of the following month; the amount of the installment payment is the  
 16 sum of

17 (A) the applicable tax rate for oil provided under  
 18 AS 43.55.011(i), multiplied by the gross value at the point of production of the  
 19 oil taxable under AS 43.55.011(i) and produced from the lease or property  
 20 during the month; and

21 (B) the applicable tax rate for gas provided under  
 22 AS 43.55.011(i), multiplied by the gross value at the point of production of the  
 23 gas taxable under AS 43.55.011(i) and produced from the lease or property  
 24 during the month;

25 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any  
 26 credits applied as allowed by law, that exceeds the total of the amounts due as  
 27 installment payments of estimated tax is due on March 31 of the year following the  
 28 calendar year of production.

29 \* **Sec. 4.** AS 43.55.025(a) is amended to read:

30 (a) Subject to the terms and conditions of this section, a credit against the  
 31 production tax levied by AS 43.55.011(e) is allowed for exploration expenditures that

1 qualify under (b) of this section in an amount equal to one of the following:

2 (1) 30 percent of the total exploration expenditures that qualify only  
3 under (b) and (c) of this section;

4 (2) 30 percent of the total exploration expenditures that qualify only  
5 under (b) and (d) of this section;

6 (3) 40 percent of the total exploration expenditures that qualify under  
7 (b), (c), and (d) of this section;

8 (4) 40 percent of the total exploration expenditures that qualify only  
9 under (b) and (e) of this section; [OR]

10 (5) 80, 90, or 100 percent, or a lesser amount described in (l) of this  
11 section, of the total exploration expenditures described in (b)(1) and (2) of this section  
12 and not excluded by (b)(3) and (4) of this section that qualify only under (l) of this  
13 section;

14 **(6) the lesser of \$25,000,000 or 80 percent of the total exploration**  
15 **drilling expenditures described in (n) of this section and that qualify under (b)**  
16 **and (c) of this section; or**

17 **(7) the lesser of \$7,500,000 or 75 percent of the total seismic**  
18 **exploration expenditures described in (o) of this section and that qualify under**  
19 **(b) of this section.**

20 \* **Sec. 5.** AS 43.55.025(c) is amended to read:

21 (c) To be eligible for **a** [THE 30 PERCENT] production tax credit authorized  
22 by (a)(1), **(3), or (6)** of this section [OR THE 40 PERCENT PRODUCTION TAX  
23 CREDIT AUTHORIZED BY (a)(3) OF THIS SECTION], exploration expenditures  
24 must

25 (1) qualify under (b) of this section; and

26 (2) be for an exploration well, subject to the following:

27 (A) before the well is spudded,

28 (i) the explorer shall submit to the commissioner of  
29 natural resources the information necessary to determine whether the  
30 geological objective of the well is a potential oil or gas trap that is  
31 distinctly separate from any trap that has been tested by a preexisting

1 well;

2 (ii) at the time of the submittal of information under (i)  
3 of this subparagraph, the commissioner of natural resources may  
4 request from the explorer that specific data sets, ancillary data, and  
5 reports including all results, and copies of well data collected and data  
6 analyses for the well be provided to the Department of Natural  
7 Resources upon completion of the drilling; in this sub-subparagraph,  
8 well data include all analyses conducted on physical material, and well  
9 logs collected from the well and sample analyses; testing geophysical  
10 and velocity data including vertical seismic profiles and check shot  
11 surveys; testing data and analyses; age data; geochemical analyses; and  
12 access to tangible material; and

13 (iii) the commissioner of natural resources must make  
14 an affirmative determination as to whether the geological objective of  
15 the well is a potential oil or gas trap that is distinctly separate from any  
16 trap that has been tested by a preexisting well and what information  
17 under (ii) of this subparagraph must be submitted by the explorer after  
18 completion, abandonment, or suspension under AS 31.05.030; the  
19 commissioner of natural resources shall make that determination within  
20 60 days after receiving all the necessary information from the explorer  
21 based on the information received and on other information the  
22 commissioner of natural resources considers relevant;

23 (B) for an exploration well other than a well to explore a Cook  
24 Inlet prospect, the well must be located and drilled in such a manner that the  
25 bottom hole is located not less than three miles away from the bottom hole of a  
26 preexisting well drilled for oil or gas, irrespective of whether the preexisting  
27 well has been completed, suspended, or abandoned;

28 (C) after completion, suspension, or abandonment under  
29 AS 31.05.030 of the exploration well, the commissioner of natural resources  
30 must determine that the well was consistent with achieving the explorer's  
31 stated geological objective.

1 \* **Sec. 6.** AS 43.55.025 is amended by adding new subsections to read:

2 (n) The persons that drill the first four exploration wells in the state and within  
3 the areas described in (p) of this section on state lands, private lands, or federal  
4 onshore lands for the purpose of discovering oil or gas that penetrate and evaluate a  
5 prospect in a basin described in (p) of this section are eligible for a credit under (a)(6)  
6 of this section. A credit under this subsection may not be taken for more than two  
7 exploration wells in a single area described in (p)(1) - (6) of this section. Exploration  
8 expenditures eligible for the credit in this subsection must be incurred for work  
9 performed after June 1, 2012, and before July 1, 2016. A person planning to drill an  
10 exploration well on private land and to apply for a credit under this subsection shall  
11 obtain written consent from the owner of the oil and gas interest for the full public  
12 release of all well data after the expiration of the confidentiality period applicable to  
13 information collected under (f) of this section. The written consent of the owner of the  
14 oil and gas interest must be submitted to the commissioner of natural resources before  
15 approval of the proposed exploration well. In addition to the requirements in (c) of this  
16 section and submission of the written consent of the owner of the oil and gas interest, a  
17 person planning to drill an exploration well shall obtain approval from the  
18 commissioner of natural resources before the well is spudded. The commissioner of  
19 natural resources shall make a written determination approving or rejecting an  
20 exploration well within 60 days after receiving the request for approval or as soon as is  
21 practicable thereafter. Before approving the exploration well, the commissioner of  
22 natural resources shall consider the following: the location of the well; the proximity  
23 to a community in need of a local energy source; the proximity of existing  
24 infrastructure; the experience and safety record of the explorer in conducting  
25 operations in remote or roadless areas; the projected cost schedule; whether seismic  
26 mapping and seismic data sufficiently identify a particular trap for exploration;  
27 whether the targeted and planned depth and range are designed to penetrate and fully  
28 evaluate the hydrocarbon potential of the proposed prospect and reach the level below  
29 which economic hydrocarbon reservoirs are likely to be found, or reach 12,000 feet or  
30 more true vertical depth; and whether the exploration plan provides for a full  
31 evaluation of the wellbore below surface casing to the depth of the well. Whether the

1 exploration well for which a credit is requested under this subsection is located within  
2 an area and a basin described under (p) of this section shall be determined by the  
3 commissioner of natural resources and reported to the commissioner. A taxpayer that  
4 obtains a credit under this subsection may not claim a tax credit under AS 43.55.023  
5 or another provision in this section for the same exploration expenditure.

6 (o) The persons that conduct the first four seismic exploration projects in the  
7 state and within the areas described in (p) of this section for the purpose of discovering  
8 oil or gas in a basin are eligible for the credit under (a)(7) of this section. A credit  
9 under this subsection may not be taken for more than one seismic exploration project  
10 in a single area described in (p)(1) - (6) of this section. Exploration expenditures  
11 eligible for the credit in this subsection must be incurred for work performed after  
12 June 1, 2012, and before July 1, 2016. A person planning to conduct a seismic  
13 exploration project on private land and to apply for a credit under this subsection shall  
14 obtain written consent from the owner of the oil and gas interest for the full public  
15 release of all geophysical data and compliance with the data submission requirements  
16 in (f)(2) of this section. Notwithstanding (f)(2)(C)(ii) of this section, to qualify for a  
17 credit under this subsection, a person shall submit the written consent of the owner of  
18 the oil and gas interest for the release of data if applicable, and all data required under  
19 (f)(2) of this section to the Department of Natural Resources and shall agree in writing  
20 that all seismic data requirements submitted under the requirements of (f)(2) of this  
21 section may be made public two years after receiving a credit under this subsection. A  
22 person intending to qualify for the tax credit under this subsection shall obtain  
23 approval from the commissioner of natural resources before the commencement of the  
24 seismic exploration activities. The commissioner of natural resources shall make a  
25 written determination approving or rejecting a seismic project within 60 days after  
26 receiving the request for approval or as soon as is practicable thereafter. Before  
27 approving a seismic exploration project, the commissioner shall consider the  
28 following: the location of the project; the projected cost schedule; the data acquisition  
29 and data processing plan; the reasons for choosing the particular area for seismic  
30 exploration; and the experience and safety record of the person in conducting seismic  
31 exploration operations in remote or roadless areas. Whether the seismic exploration

1 project for which a credit is requested under this subsection is located in a basin  
 2 described in (p) of this section shall be determined by the commissioner of natural  
 3 resources and reported to the commissioner. A taxpayer that obtains a credit under this  
 4 subsection may not claim a tax credit under AS 43.55.023 or another provision in this  
 5 section for the same exploration expenditure.

6 (p) The activity that is the basis for a credit claimed under (a)(6) and (n) of  
 7 this section or (a)(7) and (o) of this section must be for the exploration of a basin and  
 8 within the following areas whose central points are determined using the World  
 9 Geographic System of 1984 datum,

10 (1) 100 miles from 66.896128 degrees North, -162.598187 degrees  
 11 West;

12 (2) 150 miles from 64.839474 degrees North, -147.72094 degrees  
 13 West;

14 (3) 50 miles from 62.776428 degrees North, -164.495201 degrees  
 15 West;

16 (4) 50 miles from 62.110357 degrees North, -145.530551 degrees  
 17 West;

18 (5) 100 miles from 58.189868 degrees North, -157.371104 degrees  
 19 West;

20 (6) 100 miles from 56.005988 degrees North, -160.56083 degrees  
 21 West.

22 \* **Sec. 7.** AS 43.55.160(a) is amended to read:

23 (a) Except as provided in (b) of this section, for the purposes of

24 (1) AS 43.55.011(e), the annual production tax value of the taxable **oil,**  
 25 **gas, or** [(A)] oil and gas **subject to this paragraph** produced during a calendar year  
 26 [FROM LEASES OR PROPERTIES IN THE STATE THAT INCLUDE LAND  
 27 NORTH OF 68 DEGREES NORTH LATITUDE] is the gross value at the point of  
 28 production of the **oil, gas, or** oil and gas taxable under AS 43.55.011(e) [AND  
 29 PRODUCED BY THE PRODUCER FROM THOSE LEASES OR PROPERTIES],  
 30 less the producer's lease expenditures under AS 43.55.165 for the calendar year  
 31 applicable to the **oil, gas, or** oil and gas, **as applicable,** produced by the producer from

1 [THOSE] leases or properties, as adjusted under AS 43.55.170; **this paragraph**  
 2 **applies to**

3 **(A) oil and gas produced from leases or properties in the**  
 4 **state that include land north of 68 degrees North latitude, other than gas**  
 5 **produced before 2022 and used in the state;** [THIS SUBPARAGRAPH  
 6 DOES NOT APPLY TO GAS SUBJECT TO AS 43.55.011(o);]

7 (B) oil and gas produced [DURING A CALENDAR YEAR]  
 8 from leases or properties in the state outside the Cook Inlet sedimentary basin,  
 9 no part of which is north of 68 degrees North latitude [, IS THE GROSS  
 10 VALUE AT THE POINT OF PRODUCTION OF THE OIL AND GAS  
 11 TAXABLE UNDER AS 43.55.011(e) AND PRODUCED BY THE  
 12 PRODUCER FROM THOSE LEASES OR PROPERTIES, LESS THE  
 13 PRODUCER'S LEASE EXPENDITURES UNDER AS 43.55.165 FOR THE  
 14 CALENDAR YEAR APPLICABLE TO THE OIL AND GAS PRODUCED  
 15 BY THE PRODUCER FROM THOSE LEASES OR PROPERTIES, AS  
 16 ADJUSTED UNDER AS 43.55.170]; this subparagraph does not apply to gas

17 **(i) produced before 2022 and used in the state; or**

18 **(ii) oil and gas subject to AS 43.55.011(p)** [SUBJECT

19 TO AS 43.55.011(o)];

20 (C) oil produced **before 2022** [DURING A CALENDAR  
 21 YEAR] from a lease or property in the Cook Inlet sedimentary basin [IS THE  
 22 GROSS VALUE AT THE POINT OF PRODUCTION OF THE OIL  
 23 TAXABLE UNDER AS 43.55.011(e) AND PRODUCED BY THE  
 24 PRODUCER FROM THAT LEASE OR PROPERTY, LESS THE  
 25 PRODUCER'S LEASE EXPENDITURES UNDER AS 43.55.165 FOR THE  
 26 CALENDAR YEAR APPLICABLE TO THE OIL PRODUCED BY THE  
 27 PRODUCER FROM THAT LEASE OR PROPERTY, AS ADJUSTED  
 28 UNDER AS 43.55.170];

29 (D) gas produced **before 2022** [DURING A CALENDAR  
 30 YEAR] from a lease or property in the Cook Inlet sedimentary basin [IS THE  
 31 GROSS VALUE AT THE POINT OF PRODUCTION OF THE GAS

1 TAXABLE UNDER AS 43.55.011(e) AND PRODUCED BY THE  
 2 PRODUCER FROM THAT LEASE OR PROPERTY, LESS THE  
 3 PRODUCER'S LEASE EXPENDITURES UNDER AS 43.55.165 FOR THE  
 4 CALENDAR YEAR APPLICABLE TO THE GAS PRODUCED BY THE  
 5 PRODUCER FROM THAT LEASE OR PROPERTY, AS ADJUSTED  
 6 UNDER AS 43.55.170];

7 (E) gas produced before 2022 [DURING A CALENDAR  
 8 YEAR] from a lease or property in the state outside the Cook Inlet  
 9 sedimentary basin and used in the state [IS THE GROSS VALUE AT THE  
 10 POINT OF PRODUCTION OF THAT GAS TAXABLE UNDER  
 11 AS 43.55.011(e) AND PRODUCED BY THE PRODUCER FROM THAT  
 12 LEASE OR PROPERTY, LESS THE PRODUCER'S LEASE  
 13 EXPENDITURES UNDER AS 43.55.165 FOR THE CALENDAR YEAR  
 14 APPLICABLE TO THAT GAS PRODUCED BY THE PRODUCER FROM  
 15 THAT LEASE OR PROPERTY, AS ADJUSTED UNDER AS 43.55.170];

16 (F) oil and gas subject to AS 43.55.011(p) produced from  
 17 leases or properties in the state;

18 (G) oil and gas produced from a lease or property no part  
 19 of which is north of 68 degrees North latitude, other than oil or gas  
 20 described in (B), (C), (D), (E), or (F) of this paragraph;

21 (2) AS 43.55.011(g), the monthly production tax value of the taxable

22 (A) oil and gas produced during a month from leases or  
 23 properties in the state that include land north of 68 degrees North latitude is the  
 24 gross value at the point of production of the oil and gas taxable under  
 25 AS 43.55.011(e) and produced by the producer from those leases or properties,  
 26 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the  
 27 calendar year applicable to the oil and gas produced by the producer from  
 28 those leases or properties, as adjusted under AS 43.55.170; this subparagraph  
 29 does not apply to gas subject to AS 43.55.011(o);

30 (B) oil and gas produced during a month from leases or  
 31 properties in the state outside the Cook Inlet sedimentary basin, no part of

1 which is north of 68 degrees North latitude, is the gross value at the point of  
2 production of the oil and gas taxable under AS 43.55.011(e) and produced by  
3 the producer from those leases or properties, less 1/12 of the producer's lease  
4 expenditures under AS 43.55.165 for the calendar year applicable to the oil and  
5 gas produced by the producer from those leases or properties, as adjusted under  
6 AS 43.55.170; this subparagraph does not apply to gas subject to  
7 AS 43.55.011(o);

8 (C) oil produced during a month from a lease or property in the  
9 Cook Inlet sedimentary basin is the gross value at the point of production of  
10 the oil taxable under AS 43.55.011(e) and produced by the producer from that  
11 lease or property, less 1/12 of the producer's lease expenditures under  
12 AS 43.55.165 for the calendar year applicable to the oil produced by the  
13 producer from that lease or property, as adjusted under AS 43.55.170;

14 (D) gas produced during a month from a lease or property in  
15 the Cook Inlet sedimentary basin is the gross value at the point of production  
16 of the gas taxable under AS 43.55.011(e) and produced by the producer from  
17 that lease or property, less 1/12 of the producer's lease expenditures under  
18 AS 43.55.165 for the calendar year applicable to the gas produced by the  
19 producer from that lease or property, as adjusted under AS 43.55.170;

20 (E) gas produced during a month from a lease or property  
21 outside the Cook Inlet sedimentary basin and used in the state is the gross  
22 value at the point of production of that gas taxable under AS 43.55.011(e) and  
23 produced by the producer from that lease or property, less 1/12 of the  
24 producer's lease expenditures under AS 43.55.165 for the calendar year  
25 applicable to that gas produced by the producer from that lease or property, as  
26 adjusted under AS 43.55.170.

27 \* **Sec. 8.** AS 43.55.160(e) is amended to read:

28 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that  
29 would otherwise be deductible by a producer in a calendar year but whose deduction  
30 would cause an annual production tax value calculated under (a)(1) of this section of  
31 taxable oil or gas produced during the calendar year to be less than zero may be used

1 to establish a carried-forward annual loss under AS 43.55.023(b). However, the  
2 department shall provide by regulation a method to ensure that, for a period for which  
3 a producer's tax liability is limited by AS 43.55.011(j), (k), [OR] (o), or (p), any  
4 adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would otherwise  
5 be deductible by a producer for that period but whose deduction would cause a  
6 production tax value calculated under (a)(1)(C), (D), [OR] (E), or (F) of this section to  
7 be less than zero are accounted for as though the adjusted lease expenditures had first  
8 been used as deductions in calculating the production tax values of oil or gas subject to  
9 any of the limitations under AS 43.55.011(j), (k), [OR] (o), or (p) that have positive  
10 production tax values so as to reduce the tax liability calculated without regard to the  
11 limitation to the maximum amount provided for under the applicable provision of  
12 AS 43.55.011(j), (k), [OR] (o), or (p). Only the amount of those adjusted lease  
13 expenditures remaining after the accounting provided for under this subsection may be  
14 used to establish a carried-forward annual loss under AS 43.55.023(b). In this  
15 subsection, "producer" includes "explorer."