

**HOUSE BILL NO. 223**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTY-THIRD LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES RAUSCHER, Allard, Josephson, Carpenter, Saddler**

**Introduced: 1/16/24**

**Referred: Resources, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the production tax and royalty rates on certain gas; and providing**  
2 **for an effective date."**

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

4 **\* Section 1.** AS 38.05.180(f) is amended to read:

5 (f) Except as provided by AS 38.05.131 - 38.05.134 **and (mm) of this**  
6 **section**, the commissioner may issue oil and gas leases or leases for gas only on state  
7 land to the highest responsible qualified bidder as follows:

8 (1) the commissioner shall issue an oil and gas lease or a gas only  
9 lease, as appropriate, to the successful bidder determined by competitive bidding  
10 under regulations adopted by the commissioner; bidding may be by sealed bid or  
11 according to any other bidding procedure the commissioner determines is in the best  
12 interests of the state;

13 (2) whenever, under any of the leasing methods listed in this  
14 subsection, a royalty share is reserved to the state, it shall be delivered in pipeline

1 quality and free of all lease or unit expenses, including but not limited to separation,  
2 cleaning, dehydration, gathering, salt water disposal, and preparation for transportation  
3 off the lease or unit area;

4 (3) following a pre-sale analysis, the commissioner may choose at least  
5 one of the following leasing methods:

6 (A) a cash bonus bid with a fixed royalty share reserved to the  
7 state of not less than 12.5 percent in amount or value of the production  
8 removed or sold from the lease;

9 (B) a cash bonus bid with a fixed royalty share reserved to the  
10 state of not less than 12.5 percent in amount or value of the production  
11 removed or sold from the lease and a fixed share of the net profit derived from  
12 the lease of not less than 30 percent reserved to the state;

13 (C) a fixed cash bonus with a royalty share reserved to the state  
14 as the bid variable but **not** [NO] less than 12.5 percent in amount or value of  
15 the production removed or sold from the lease;

16 (D) a fixed cash bonus with the share of the net profit derived  
17 from the lease reserved to the state as the bid variable;

18 (E) a fixed cash bonus with a fixed royalty share reserved to the  
19 state of not less than 12.5 percent in amount or value of the production  
20 removed or sold from the lease with the share of the net profit derived from the  
21 lease reserved to the state as the bid variable;

22 (F) a cash bonus bid with a fixed royalty share reserved to the  
23 state based on a sliding scale according to the volume of production or other  
24 factor but in no event less than 12.5 percent in amount or value of the  
25 production removed or sold from the lease;

26 (G) a fixed cash bonus with a royalty share reserved to the state  
27 based on a sliding scale according to the volume of production or other factor  
28 as the bid variable but not less than 12.5 percent in amount or value of the  
29 production removed or sold from the lease;

30 (4) notwithstanding a requirement in the leasing method chosen of a  
31 minimum fixed royalty share, on and after March 3, 1997, the lessee under a lease

1 issued in the Cook Inlet sedimentary basin who is the first to file with the  
2 commissioner a nonconfidential sworn statement claiming to be the first to have  
3 drilled a well discovering oil or gas in a previously undiscovered oil or gas pool and  
4 who is certified by the commissioner within one year of completion of that discovery  
5 well to have drilled a well in that pool that is capable of producing in paying quantities  
6 shall pay a royalty of five percent on all production of oil or gas from that pool  
7 attributable to that lease for a period of 10 years following the date of discovery of that  
8 pool, and thereafter the royalty payable on all production of oil or gas from the pool  
9 attributable to that lease shall be determined and payable as specified in the lease; for  
10 purposes of this paragraph, the reduced royalty authorized by this paragraph is subject  
11 to the following:

12 (A) only one reduction of royalty authorized by this paragraph  
13 may be allowed on each lease that qualifies for reduction of royalty under this  
14 paragraph;

15 (B) if, under this paragraph, application is made for a royalty  
16 reduction for a lease that was entered into before March 3, 1997, the  
17 commissioner may approve the application only if, on that date, the lease was a  
18 nonproducing lease that was not committed to a unit approved by the  
19 commissioner under (m) of this section, that is not part of a unit under (p) or  
20 (q) of this section, and that has not been made part of a unit under AS 31.05;

21 (C) if application for a royalty reduction is made under this  
22 paragraph for a lease on which a discovery royalty was claimed or may be  
23 claimed under the discovery royalty provisions of former AS 38.05.180(a) in  
24 effect before May 6, 1969, the commissioner shall disallow the application  
25 under this paragraph unless the applicant waives the right to claim the right to  
26 a reduced royalty under the discovery royalty provisions of former  
27 AS 38.05.180(a) in effect before May 6, 1969; and

28 (D) the commissioner shall adopt regulations setting out the  
29 standards, criteria, and definitions of terms that apply to implement the filing  
30 of applications for, and the review and certification of, discovery certifications  
31 under this paragraph;

1                   (5) notwithstanding and in lieu of a requirement in the leasing method  
 2 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases  
 3 unitized as described in (p) of this section, leases subject to an agreement described in  
 4 (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or part of  
 5 an oil or gas field identified in this section that has been granted approval of a written  
 6 plan submitted to the Alaska Oil and Gas Conservation Commission under  
 7 AS 31.05.030(i) shall, subject to (dd) of this section, pay a royalty of five percent on  
 8 the first 25,000,000 barrels of oil and the first 35,000,000,000 cubic feet of gas  
 9 produced for sale from that field that occurs in the 10 years following the date on  
 10 which the production for sale commences; the fields eligible for royalty reduction  
 11 under this paragraph, all of which are located within the Cook Inlet sedimentary basin,  
 12 were discovered before January 1, 1988, and have been undeveloped or shut in from at  
 13 least January 1, 1988, through December 31, 1997, are

- 14                   (A) Falls Creek;
- 15                   (B) Nicolai Creek;
- 16                   (C) North Fork;
- 17                   (D) Point Starichkof;
- 18                   (E) Redoubt Shoal; and
- 19                   (F) West Foreland;

20                   (6) notwithstanding and in lieu of a requirement in the leasing method  
 21 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases  
 22 unitized as described in (p) of this section, leases subject to an agreement described in  
 23 (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or part of  
 24 an oil field located offshore in Cook Inlet on which an oil production platform  
 25 specified in (A), (C), or (E) of this paragraph operates, or the lessee of all or part of the  
 26 field located offshore in Cook Inlet and described in (G) of this paragraph,

27                   (A) shall pay a royalty of five percent on oil produced from the  
 28 platform if oil production that equaled or exceeded a volume of 1,200 barrels a  
 29 day declines to less than that amount for a period of at least one calendar  
 30 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for  
 31 as long as the volume of oil produced from the platform remains less than

1 1,200 barrels a day; the provisions of this subparagraph apply to

- 2 (i) Dolly;  
3 (ii) Grayling;  
4 (iii) King Salmon;  
5 (iv) Steelhead; and  
6 (v) Monopod;

7 (B) shall pay a royalty calculated under this subparagraph if the  
8 volume of oil produced from the platform that was certified by the Alaska Oil  
9 and Gas Conservation Commission under (A) of this paragraph later increases  
10 to 1,200 or more barrels a day and remains at 1,200 or more barrels a day for a  
11 period of at least one calendar quarter; until the royalty rate determined under  
12 this subparagraph applies, the royalty continues to be calculated under (A) of  
13 this paragraph; on and after the first day of the month following the month the  
14 increased production exceeds the period specified in this subparagraph, the  
15 royalty payable under this subparagraph is

- 16 (i) for production of at least 1,200 barrels a day but not  
17 more than 1,300 barrels a day - seven percent;  
18 (ii) for production of more than 1,300 barrels a day but  
19 not more than 1,400 barrels a day - 8.5 percent;  
20 (iii) for production of more than 1,400 barrels a day but  
21 not more than 1,500 barrels a day - 10 percent; and  
22 (iv) for production of more than 1,500 barrels a day -  
23 12.5 percent;

24 (C) shall pay a royalty of five percent on oil produced from the  
25 platform if oil production that equaled or exceeded a volume of 975 barrels a  
26 day declines to less than that amount for a period of at least one calendar  
27 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for  
28 as long as the volume of oil produced from the platform remains less than 975  
29 barrels a day; the provisions of this subparagraph apply to

- 30 (i) Baker;  
31 (ii) Dillon;

1 (iii) XTO.A; and

2 (iv) XTO.C;

3 (D) shall pay a royalty calculated under this subparagraph if the  
4 volume of oil produced from the platform that was certified by the Alaska Oil  
5 and Gas Conservation Commission under (C) of this paragraph later increases  
6 to 975 or more barrels a day and remains at 975 or more barrels a day for a  
7 period of at least one calendar quarter; until the royalty rate determined under  
8 this subparagraph applies, the royalty continues to be calculated under (C) of  
9 this paragraph; on and after the first day of the month following the month the  
10 increased production exceeds the period specified in this subparagraph, the  
11 royalty payable under this subparagraph is

12 (i) for production of at least 975 barrels a day but not  
13 more than 1,100 barrels a day - seven percent;

14 (ii) for production of more than 1,100 barrels a day but  
15 not more than 1,200 barrels a day - 8.5 percent;

16 (iii) for production of more than 1,200 barrels a day but  
17 not more than 1,350 barrels a day - 10 percent; and

18 (iv) for production of more than 1,350 barrels a day -  
19 12.5 percent;

20 (E) shall pay a royalty of five percent on oil produced from the  
21 platform if oil production that equaled or exceeded a volume of 750 barrels a  
22 day declines to less than that amount for a period of at least one calendar  
23 quarter, as certified by the Alaska Oil and Gas Conservation Commission, for  
24 as long as the volume of oil produced from the platform remains less than 750  
25 barrels a day; the provisions of this subparagraph apply to

26 (i) Granite Point;

27 (ii) Anna; and

28 (iii) Bruce;

29 (F) shall pay a royalty calculated under this subparagraph if the  
30 volume of oil produced from the platform that was certified by the Alaska Oil  
31 and Gas Conservation Commission under (E) of this paragraph later increases

1 to 750 or more barrels a day and remains at 750 or more barrels a day for a  
2 period of at least one calendar quarter; until the royalty rate determined under  
3 this subparagraph applies, the royalty continues to be calculated under (E) of  
4 this paragraph; on and after the first day of the month following the month the  
5 increased production exceeds the period specified in this subparagraph, the  
6 royalty payable under this subparagraph is

7 (i) for production of at least 750 barrels a day but not  
8 more than 850 barrels a day - seven percent;

9 (ii) for production of more than 850 barrels a day but  
10 not more than 1,000 barrels a day - 8.5 percent;

11 (iii) for production of more than 1,000 barrels a day but  
12 not more than 1,200 barrels a day - 10 percent; and

13 (iv) for production of more than 1,200 barrels a day -  
14 12.5 percent;

15 (G) shall pay a royalty of five percent on oil produced from the  
16 field if oil production that equaled or exceeded a volume of 750 barrels a day  
17 declines to less than that amount for a period of at least one calendar quarter,  
18 as certified by the Alaska Oil and Gas Conservation Commission, for as long  
19 as the volume of oil produced from the field remains less than 750 barrels a  
20 day; the provisions of this subparagraph apply to the West McArthur River  
21 field;

22 (H) shall pay a royalty calculated under this subparagraph if the  
23 volume of oil produced from the field that was certified by the Alaska Oil and  
24 Gas Conservation Commission under (G) of this paragraph later increases to  
25 750 or more barrels a day and remains at 750 or more barrels a day for a period  
26 of at least one calendar quarter; until the royalty rate determined under this  
27 subparagraph applies, the royalty continues to be calculated under (G) of this  
28 paragraph; on and after the first day of the month following the month the  
29 increased production exceeds the period specified in this subparagraph, the  
30 royalty payable under this subparagraph is

31 (i) for production of at least 750 barrels a day but not

1 more than 850 barrels a day - seven percent;

2 (ii) for production of more than 850 barrels a day but  
3 not more than 1,000 barrels a day - 8.5 percent;

4 (iii) for production of more than 1,000 barrels a day but  
5 not more than 1,200 barrels a day - 10 percent; and

6 (iv) for production of more than 1,200 barrels a day -  
7 12.5 percent; and

8 (I) may obtain the benefits of the royalty adjustments set out in  
9 (A) - (H) of this paragraph only if the commissioner determines that the  
10 reduction in production from the platform or the field is

11 (i) based on the average daily production during the  
12 calendar quarter based on reservoir conditions; and

13 (ii) not the result of short-term production declines due  
14 to mechanical or other choke-back factors, temporary shutdowns or  
15 decreased production due to environmental or facility constraints, or  
16 market conditions.

17 \* **Sec. 2.** AS 38.05.180 is amended by adding a new subsection to read:

18 (mm) For a contract entered into on or after the effective date of this section,  
19 the royalty share reserved to the state for gas that is explored for and produced on or  
20 after June 5, 2023, is

21 (1) zero if the gas was offered for sale to an in-state electric or heating  
22 utility before being offered for sale to another person;

23 (2) reduced by 50 percent if the gas does not receive a reduction under  
24 (1) of this subsection.

25 \* **Sec. 3.** AS 43.55.011(j) is amended to read:

26 (j) **Except as provided in (q) of this section, for** [FOR] a calendar year, the  
27 tax levied by (e) of this section for gas produced from a lease or property in the Cook  
28 Inlet sedimentary basin may not exceed

29 (1) for a lease or property that first commenced commercial production  
30 of gas before April 1, 2006, the product obtained by multiplying (A) the amount of  
31 taxable gas produced during the calendar year from the lease or property, times (B) the

1 average rate of tax that was imposed under this chapter for taxable gas produced from  
 2 the lease or property for the 12-month period ending on March 31, 2006, times (C) the  
 3 quotient obtained by dividing the total gross value at the point of production of the  
 4 taxable gas produced from the lease or property during the 12-month period ending on  
 5 March 31, 2006, by the total amount of that gas;

6 (2) for a lease or property that first commences commercial production  
 7 of gas after March 31, 2006, the product obtained by multiplying (A) the amount of  
 8 taxable gas produced during the calendar year from the lease or property, times (B) the  
 9 average rate of tax that was imposed under this chapter for taxable gas produced from  
 10 all leases or properties in the Cook Inlet sedimentary basin for the 12-month period  
 11 ending on March 31, 2006, times (C) the average prevailing value for gas delivered in  
 12 the Cook Inlet area for the 12-month period ending March 31, 2006, as determined by  
 13 the department under AS 43.55.020(f).

14 \* **Sec. 4.** AS 43.55.011(p) is amended to read:

15 (p) **Except as provided in (q) of this section, for** [FOR] the seven years  
 16 immediately following the commencement of commercial production of oil or gas  
 17 produced from leases or properties in the state that are outside the Cook Inlet  
 18 sedimentary basin and that do not include land located north of 68 degrees North  
 19 latitude, where that commercial production began after December 31, 2012, and  
 20 before January 1, 2027, the levy of tax under (e) of this section for oil and gas may not  
 21 exceed four percent of the gross value at the point of production.

22 \* **Sec. 5.** AS 43.55.011 is amended by adding a new subsection to read:

23 (q) The levy of tax under (e) of this section may not exceed zero for gas that  
 24 was

25 (1) explored for only on or after June 5, 2023; and

26 (2) offered for sale to an in-state electric or heating utility before being  
 27 offered for sale to another person.

28 \* **Sec. 6.** AS 43.55.020(a) is amended to read:

29 (a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay  
 30 the tax as follows:

31 (1) for oil and gas produced before January 1, 2014, an installment

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

8 (A) for oil and gas not subject to AS 43.55.011(o) or (p)  
9 produced from leases or properties in the state outside the Cook Inlet  
10 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),  
11 the greater of

12 (i) zero; or

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

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

23 (i) zero;

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

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

1 deductible for the oil and gas under AS 43.55.160 from the gross value  
2 at the point of production of the oil and gas produced from those leases  
3 or properties during the month for which the installment payment is  
4 calculated;

5 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
6 each lease or property, the greater of

7 (i) zero; or

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

17 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

18 (i) the sum of 25 percent and the tax rate calculated for  
19 the month under AS 43.55.011(g) multiplied by the remainder obtained  
20 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
21 calendar year of production under AS 43.55.165 and 43.55.170 that are  
22 deductible for the oil and gas under AS 43.55.160 from the gross value  
23 at the point of production of the oil and gas produced from the leases or  
24 properties during the month for which the installment payment is  
25 calculated, but not less than zero; or

26 (ii) four percent of the gross value at the point of  
27 production of the oil and gas produced from the leases or properties  
28 during the month, but not less than zero;

29 (2) an amount calculated under (1)(C) of this subsection for oil or gas  
30 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
31 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as

1 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in  
2 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
3 gas produced during the month for the amount of taxable gas produced during the  
4 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
5 during the month for the amount of taxable oil produced during the calendar year;

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

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

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

18 (4) any amount of tax levied by AS 43.55.011, net of any credits  
19 applied as allowed by law, that exceeds the total of the amounts due as installment  
20 payments of estimated tax is due on March 31 of the year following the calendar year  
21 of production;

22 (5) for oil and gas produced on and after January 1, 2014, and before  
23 January 1, 2022, an installment payment of the estimated tax levied by  
24 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each  
25 month of the calendar year on the last day of the following month; except as otherwise  
26 provided under (6) of this subsection, the amount of the installment payment is the  
27 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be  
28 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount  
29 of the installment payment may not be less than zero:

30 (A) for oil and gas not subject to AS 43.55.011(o) or (p)  
31 produced from leases or properties in the state outside the Cook Inlet

1 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),  
2 the greater of

3 (i) zero; or

4 (ii) 35 percent multiplied by the remainder obtained by  
5 subtracting 1/12 of the producer's adjusted lease expenditures for the  
6 calendar year of production under AS 43.55.165 and 43.55.170 that are  
7 deductible for the oil and gas under AS 43.55.160 from the gross value  
8 at the point of production of the oil and gas produced from the leases or  
9 properties during the month for which the installment payment is  
10 calculated;

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

13 (i) zero;

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

18 (iii) 35 percent multiplied by the remainder obtained by  
19 subtracting 1/12 of the producer's adjusted lease expenditures for the  
20 calendar year of production under AS 43.55.165 and 43.55.170 that are  
21 deductible for the oil and gas under AS 43.55.160 from the gross value  
22 at the point of production of the oil and gas produced from those leases  
23 or properties during the month for which the installment payment is  
24 calculated, except that, for the purposes of this calculation, a reduction  
25 from the gross value at the point of production may apply for oil and  
26 gas subject to AS 43.55.160(f) or (g);

27 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
28 each lease or property, the greater of

29 (i) zero; or

30 (ii) 35 percent multiplied by the remainder obtained by  
31 subtracting 1/12 of the producer's adjusted lease expenditures for the

1           calendar year of production under AS 43.55.165 and 43.55.170 that are  
2           deductible under AS 43.55.160 for the oil or gas, respectively,  
3           produced from the lease or property from the gross value at the point of  
4           production of the oil or gas, respectively, produced from the lease or  
5           property during the month for which the installment payment is  
6           calculated;

7                   (D) for oil and gas subject to AS 43.55.011(p), the lesser of

8                           (i) 35 percent multiplied by the remainder obtained by  
9                           subtracting 1/12 of the producer's adjusted lease expenditures for the  
10                           calendar year of production under AS 43.55.165 and 43.55.170 that are  
11                           deductible for the oil and gas under AS 43.55.160 from the gross value  
12                           at the point of production of the oil and gas produced from the leases or  
13                           properties during the month for which the installment payment is  
14                           calculated, but not less than zero; or

15                           (ii) four percent of the gross value at the point of  
16                           production of the oil and gas produced from the leases or properties  
17                           during the month, but not less than zero;

18           (6) an amount calculated under (5)(C) of this subsection for oil or gas  
19           subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
20           carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
21           applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in  
22           AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
23           gas produced during the month for the amount of taxable gas produced during the  
24           calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
25           during the month for the amount of taxable oil produced during the calendar year;

26           (7) for oil and gas produced on or after January 1, 2022, an installment  
27           payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
28           as allowed by law, is due for each month of the calendar year on the last day of the  
29           following month; except as otherwise provided under (10) of this subsection, the  
30           amount of the installment payment is the sum of the following amounts, less 1/12 of  
31           the tax credits that are allowed by law to be applied against the tax levied by

1 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may  
2 not be less than zero:

3 (A) for oil produced from leases or properties subject to  
4 AS 43.55.011(f), the greatest of

5 (i) zero;

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

10 (iii) 35 percent multiplied by the remainder obtained by  
11 subtracting 1/12 of the producer's adjusted lease expenditures for the  
12 calendar year of production under AS 43.55.165 and 43.55.170 that are  
13 deductible for the oil under AS 43.55.160(h)(1) from the gross value at  
14 the point of production of the oil produced from those leases or  
15 properties during the month for which the installment payment is  
16 calculated, except that, for the purposes of this calculation, a reduction  
17 from the gross value at the point of production may apply for oil  
18 subject to AS 43.55.160(f) or 43.55.160(f) and (g);

19 (B) for oil produced before or during the last calendar year  
20 under AS 43.55.024(b) for which the producer could take a tax credit under  
21 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet  
22 sedimentary basin, no part of which is north of 68 degrees North latitude, other  
23 than leases or properties subject to AS 43.55.011(o) or (p), the greater of

24 (i) zero; or

25 (ii) 35 percent multiplied by the remainder obtained by  
26 subtracting 1/12 of the producer's adjusted lease expenditures for the  
27 calendar year of production under AS 43.55.165 and 43.55.170 that are  
28 deductible for the oil under AS 43.55.160(h)(2) from the gross value at  
29 the point of production of the oil produced from the leases or properties  
30 during the month for which the installment payment is calculated;

31 (C) for oil and gas produced from leases or properties subject

1 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,  
2 the sum of

3 (i) 35 percent multiplied by the remainder obtained by  
4 subtracting 1/12 of the producer's adjusted lease expenditures for the  
5 calendar year of production under AS 43.55.165 and 43.55.170 that are  
6 deductible for the oil under AS 43.55.160(h)(3) from the gross value at  
7 the point of production of the oil produced from the leases or properties  
8 during the month for which the installment payment is calculated, but  
9 not less than zero; and

10 (ii) 13 percent of the gross value at the point of  
11 production of the gas produced from the leases or properties during the  
12 month, but not less than zero;

13 (D) for oil produced from leases or properties in the state, no  
14 part of which is north of 68 degrees North latitude, other than leases or  
15 properties subject to (B), (C), or (F) of this paragraph, the greater of

16 (i) zero; or

17 (ii) 35 percent multiplied by the remainder obtained by  
18 subtracting 1/12 of the producer's adjusted lease expenditures for the  
19 calendar year of production under AS 43.55.165 and 43.55.170 that are  
20 deductible for the oil under AS 43.55.160(h)(4) from the gross value at  
21 the point of production of the oil produced from the leases or properties  
22 during the month for which the installment payment is calculated;

23 (E) for gas produced from each lease or property in the state  
24 outside the Cook Inlet sedimentary basin, other than a lease or property subject  
25 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of  
26 production of the gas produced from the lease or property during the month for  
27 which the installment payment is calculated, but not less than zero;

28 (F) for oil subject to AS 43.55.011(k), for each lease or  
29 property, the greater of

30 (i) zero; or

31 (ii) 35 percent multiplied by the remainder obtained by

1 subtracting 1/12 of the producer's adjusted lease expenditures for the  
 2 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 3 deductible under AS 43.55.160 for the oil produced from the lease or  
 4 property from the gross value at the point of production of the oil  
 5 produced from the lease or property during the month for which the  
 6 installment payment is calculated;

7 (G) for gas subject to AS 43.55.011(j) or (o), for each lease or  
 8 property, the greater of

9 (i) zero; or

10 (ii) 13 percent of the gross value at the point of  
 11 production of the gas produced from the lease or property during the  
 12 month for which the installment payment is calculated;

13 **(H) for gas subject to AS 43.55.011(q), for each lease or**  
 14 **property, zero;**

15 (8) an amount calculated under (7)(C) of this subsection may not  
 16 exceed four percent of the gross value at the point of production of the oil and gas  
 17 produced from leases or properties subject to AS 43.55.011(p) during the month for  
 18 which the installment payment is calculated;

19 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and  
 20 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point  
 21 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the  
 22 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)  
 23 and (2) for the phrase "calendar year for which the tax is due";

24 (10) an amount calculated under (7)(F) or (G) of this subsection for oil  
 25 or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
 26 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
 27 applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in  
 28 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
 29 gas produced during the month for the amount of taxable gas produced during the  
 30 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
 31 during the month for the amount of taxable oil produced during the calendar year.

- 1 \* **Sec. 7.** Sections 1 and 2 of this Act take effect immediately under AS 01.10.070(c).
- 2 \* **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect January 1, 2025.