

Introduced: 2/5/86  
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 545

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the oil production tax; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 43.55.013(b) is amended to read:

10 (b) [(1)] The economic limit factor for oil production of a lease  
11 or property shall be computed according to the following formula:

12 
$$\frac{(1-[PEL/TP]) \exp ([37,000,000 \times WD]/[PEL \times TP/Days])}{[(1-[PEL/TP]) \text{EXP} ([460 \times WD]/PEL)]}$$

13 where: PEL = the monthly production rate at the economic limit;

14 TP = the total production during the month for  
15 which the tax is to be paid;

16 WD = the total number of well days in the  
17 month for which the tax is to be paid; [AND]

18 Days = the number of days in the month for which  
19 the tax is to be paid; and

20 where "exp" indicates that the expression following it is an exponent.

21 [(2) IF, FOR ANY MONTH DURING THE FIRST 10 YEARS FOLLOWING  
22 THE COMMENCEMENT OF COMMERCIAL OIL PRODUCTION OF A LEASE OR PROPERTY,  
23 THE ECONOMIC LIMIT FACTOR FOR OIL PRODUCTION OF THAT LEASE OR PROPERTY  
24 COMPUTED UNDER (1) OF THIS SUBSECTION IS 0.7 OR LESS, THEN THAT FACTOR  
25 SHALL BE APPLIED.

26 [(3) IF, FOR ANY MONTH DURING THE FIRST 10 YEARS FOLLOWING  
27 THE COMMENCEMENT OF COMMERCIAL OIL PRODUCTION OF A LEASE OR PROPERTY,  
28 THE ECONOMIC LIMIT FACTOR FOR OIL PRODUCTION OF THAT LEASE OR PROPERTY  
29

1           COMPUTED UNDER (1) OF THIS SUBSECTION IS GREATER THAN 0.7, THEN THE  
2           ECONOMIC LIMIT FACTOR IS ONE.

3                       (4) THE ECONOMIC LIMIT FACTOR FOR OIL PRODUCTION OF A LEASE  
4           OR PROPERTY AFTER THE FIRST 10 YEARS FOLLOWING THE COMMENCEMENT OF  
5           COMMERCIAL OIL PRODUCTION SHALL BE COMPUTED AND APPLIED UNDER (1) OF  
6           THIS SUBSECTION.]

7           \* Sec. 2. This Act takes effect July 1, 1987.