

1 IN THE HOUSE

BY WALLIS BY REQUEST

2

HOUSE BILL NO. 527

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the oil and gas properties pro-  
7 duction tax; and 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 AS 43.55.013(b) is repealed and reenacted to read:

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

12  $(1 - [PEL/TP]) \exp ([55,000,000 \times WD] / [PEL \times TP / \text{Days}])$

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

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

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

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

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

21 \* Sec. 2. AS 43.55.013(d) is amended to read:

22 (d) The monthly production rate at the economic limit for a  
23 lease or property is presumed to be 300 barrels times the number of  
24 well days for the lease or property during the month for which the tax  
25 is to be paid. The taxpayer or the department may rebut this pre-  
26 sumption at a formal hearing under AS 43.05.240 by providing clear and  
27 convincing evidence of a different monthly production rate at the  
28 economic limit for the lease or property. The hearing shall be held  
29 before February 15 of the year or within six months after commencement

1 of oil production for a lease or property. The monthly production  
2 rate at the economic limit for the lease or property based upon the  
3 clear and convincing evidence of the taxpayer or the department shall  
4 be calculated by dividing the value determined under (f) of this  
5 section into the average monthly direct operating cost determined  
6 under (e) of this section and shall be used for purposes of this  
7 section for all oil production during that calendar year from the  
8 lease or property.

9 \* Sec. 3. This Act applies to oil produced on and after the first day  
10 of the month in which this Act takes effect.

11 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).