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1 IN THE SENATE

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2

SENATE BILL NO. 284

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to certain revenue from mineral  
7 sources and to the oil and gas properties production  
8 tax; and providing for an effective date."

9

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

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\* Section 1. AS 37.13.010(a) is amended to read:

11

(a) Under art. IX, sec. 15 of the state constitution, there is  
12 established as a separate fund the Alaska permanent fund. The Alaska  
13 permanent fund consists of

14

(1) 25 percent of all mineral lease rentals, royalties,  
15 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
16 (g), and federal mineral revenue sharing payments received by the  
17 state before July 1, 1989, from mineral leases issued on or before  
18 December 1, 1979, and 25 percent of all bonuses received by the state  
19 from mineral leases issued on or before February 15, 1980;

20

(2) 50 percent of all mineral lease rentals, royalties,  
21 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
22 (g), and federal mineral revenue sharing payments received by the  
23 state from mineral leases issued after December 1, 1979, and 50 per-  
24 cent of all bonuses received by the state from mineral leases issued  
25 after February 15, 1980;

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(3) 43 percent of all mineral lease rentals, royalties,  
27 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
28 (g), and federal mineral revenue sharing payments received by the  
29 state on or after July 1, 1989, from mineral leases issued on or

1        before December 1, 1979;

2                (4) any other money appropriated to or otherwise allocated  
3        by law to the Alaska permanent fund.

4        \* Sec. 2. AS 43.55.013(b) is repealed and reenacted to read:

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

7                 $(1-[PEL/TP]) \exp ([150,000/(TP/Days)] \exp [(460 \times WD)/PEL])$

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

9                TP = the total production during the month for which the  
10        tax is to be paid;

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

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

15                exp = exponent.

16        \* Sec. 3. AS 43.55.013(d) is repealed and reenacted to read:

17                (d) The monthly production rate at the economic limit for a  
18        lease or property is 300 barrels times the number of well days for the  
19        lease or property during the month for which the tax is to be paid.

20        \* Sec. 4. AS 43.55.013(e) and 43.55.013(f) are repealed.

21        \* Sec. 5. This Act takes effect July 1, 1989.