

CS FOR HOUSE BILL NO. 339 (O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 5/1/92

Referred: Resources, Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to exploration incentive credits for geophysical work and for the drilling
2 of exploratory and stratigraphic test wells on land in the state and providing that the
3 credits may be deducted from rentals, royalties, bonuses, or taxes due the state; and
4 providing for an effective date."

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

6 * Section 1. AS 38.95 is amended by adding a new section to read:

7 **ARTICLE 7. EXPLORATION INCENTIVE CREDITS.**

8 **Sec. 38.95.300. EXPLORATION INCENTIVE CREDITS. (a)** In addition to the
9 exploration incentive credit authorized by AS 38.05.180(i), the commissioner may give an
10 exploration incentive credit for each of the following activities performed on land in the state:

- 11 (1) geophysical work on land that is not subject to a credit under AS 38.05.180(i);
12 (2) drilling a stratigraphic test well; and
13 (3) drilling an exploratory well.

14 (b) An exploration incentive credit authorized by (a) of this section may be applied

1 **against**

2 (1) a payment or obligation against which the credit authorized by
3 AS 38.05.180(i) may be claimed;

4 (2) taxes payable under AS 43.20; and

5 (3) oil and gas bonus payments due the state under AS 38.05.180(f).

6 (c) An exploration incentive credit authorized by (a) of this section is available only if

7 (1) a stratigraphic test well or exploratory well is drilled or geophysical work is
8 carried out after the effective date of this Act and before July 1, 2002;

9 (2) copies of all raw and processed data derived from drilling a stratigraphic test
10 well or exploratory well or performing geophysical work are made available to the commissioner
11 within 30 days following its availability; the provisions of AS 38.05.035(a)(9)(C) apply to data
12 obtained by the commissioner under this paragraph, except that the commissioner shall make that
13 data available to any interested third parties if the commissioner determines that disclosure of the
14 data is necessary to generate interest in affected state land; and

15 (3) application for the credit is made to the commissioner and is approved by the
16 commissioner before the drilling or geophysical work commences.

17 (d) An exploration incentive credit authorized by (a) of this section shall be based on
18 costs approved by the commissioner, and may not exceed 50 percent of the costs of

19 (1) geophysical work performed;

20 (2) drilling the stratigraphic test well; or

21 (3) drilling the exploratory well.

22 (e) The total of all credits approved by the commissioner under this section may not
23 exceed \$50,000,000. Credits shall be used during a limited period established by the
24 commissioner and may be assigned during that period.

25 (f) Amounts due the permanent fund under AS 37.13.010 shall be calculated before the
26 application of credits under this section.

27 (g) In this section, "commissioner" means the commissioner of natural resources.

28 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).