

SENATE BILL NO. 302

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 5/17/91
Referred: O&G, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credits against certain payments due the state, earned by drilling
2 stratigraphic test wells on unleased land; and providing for an effective date."

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

4 * Section 1. AS 38.05.180(i) is repealed and reenacted to read:

5 (i) The commissioner may provide for the establishment of an exploration incentive credit
6 system, under which

7 (1) subject to the limitations of this subsection, exploration incentive
8 credits may be made available to

9 (A) a lessee of state land drilling an exploratory well on
10 that land;

11 (B) a person performing geophysical work on state land; or

12 (C) a person drilling stratigraphic test wells on unleased
13 land in the state;

14 (2) exploration incentive credits may be applied against

- 1 (A) oil and gas royalty and rental payments payable to the
2 state; or
- 3 (B) taxes payable under AS 43.55;
- 4 (3) credits for the drilling of an exploratory well must be based upon the
5 footage drilled and the region in which the well is drilled;
- 6 (4) credits for geophysical work are only available if
- 7 (A) the work is performed during the two seasons
8 immediately preceding an announced lease sale;
- 9 (B) the work is performed on land included within the lease
10 sale area; and
- 11 (C) the geophysical information is made public following
12 the lease sale;
- 13 (5) credits for drilling costs for a stratigraphic test well are only available
14 if
- 15 (A) the well is drilled between July 1, 1991 and July 1,
16 1993;
- 17 (B) copies of all data, including interpreted data, derived
18 from drilling the well are made available to the commissioner within 30
19 days following its availability to the driller of the well; and
- 20 (C) an application for eligibility to participate is filed
21 before drilling commences and an application for credits is filed no later
22 than September 1, 1993;
- 23 (6) the total of all credits granted for the drilling of stratigraphic test wells
24 may not exceed \$20,000,000; if drillers' costs approved for credits exceed that amount,
25 credits of \$20,000,000 shall be prorated among the drillers on the basis of approved costs;
- 26 (7) credits may not exceed 50 percent of the cost of drilling an exploratory
27 or stratigraphic test well, or performing geophysical work; a credit may not exceed 50
28 percent of the payment toward which it is being applied;
- 29 (8) credits approved by the commissioner may be used during a limited
30 period established by the commissioner and may be assigned during that period;
- 31 (9) amounts due the Alaska permanent fund (AS 37.13.010) shall be

1 calculated before the application of credits under this subsection.

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