

FREE
CONFERENCE
COMMITTEE
REPORT ON
SEVERENCE
SB 4

SENATE/HOUSE/FREE CONFERENCE SEVERANCE TAX COMPARISON

Oil based upon the average daily production for each well for the calendar month in barrels, the tax is:

	PER CENT OF VALUE	CENTS PER BARREL FLOOR (27 Degree Gravity)
SENATE	3% on the first 300 barrels; 5% on the next 700 barrels; 6% on the next 1,500 barrels; and 8% on all production in excess of 2,500 barrels.	\$.10125 on each of the first 300 barrels; \$.16875 on each of the next 700 barrels; \$.2025 on each of the next 1,500 barrels; \$.2700 on each barrel of production in excess of 2,500 barrels.
HOUSE		\$.113 on wells producing 100 BPD or less; \$.226 on wells producing 101-1000 BPD; \$.301 on wells producing 1001-2000 BPD; \$.376 on wells producing 2001 BPD or more
FREE CONFERENCE	5% on the first 300 barrels; 6% on the next 700 barrels; 8% on all production in excess of 1,000 barrels.	\$.16375 on each of the first 300 barrels; \$.2025 on each of the next 700 barrels; \$.2700 on each barrel of production in excess of 1,000 barrels.

	SENATE	HOUSE	FREE CONFERENCE	"SPLITS" (Current Rate/House)
Effective Cook Inlet Tax Rate (1,000 BPD of 35 degree API Oil)				
Per Cent of Value	4.4%	8.69%*	5.72 %	6.5%
Cents Per Barrel	\$.1716	\$.339	\$.2232	\$.2553

* This is the percentage equivalent of \$.339 cents per barrel tax on \$3.90 wellhead value.

COOK INLET CRUDE

<u>% of Cook Inlet Production</u>	<u>Gravity</u>	<u>1st 300</u>	<u>Next 700</u>	<u>Balance</u>
-0-	27°	\$.16875	\$.2025	\$.27
7.4	29	.1755	.2106	.2808
3.0	31.7	.18225	.2187	.2916
55.1	34.5	.192375	.23085	.3078
13.7	35.	.19875	.2349	.3132
11.6	36.	.199125	.23895	.3186
6.	38.5	.205875	.24705	.3294
2.9	42.	.219375	.26325	.351

Current Average: \$.159 per bbl.

New Average: .2454

Rates go up 1 for 1 with U.S. Wholesale
Index on crude oil.

Tom Fink

AGO 534027

NEW LAW

<u>Average</u>	<u>27°</u>	<u>35°</u>
1,000 bbl.	\$.195175	\$.2232
2,000 bbl.	.2325875	.2676
10,000 bbl.	.2625175	

Cook Inlet Average: \$.2454

Escalating Clause: % of crude increase based on Wholesale Crude Index

Current

New Law

\$.159

Cook Inlet Average \$.2454

.18

North Slope Crude .2625

No escalator

Full 1 for 1 escalator

Tom Fink

Alaska State Legislature

SENATOR
LOWELL THOMAS, Jr.
7022 TANAIMA DRIVE
ANCHORAGE, ALASKA 99502

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99801



MAJORITY LEADER

COMMITTEE'S
HEALTH, WELFARE AND
EDUCATION - CHAIRMAN

REOURCES
RULES

Senate

November 10, 1973

The Hon. Terry Miller, Senate President
The Hon. Tom Fink, Speaker of the House
Alaska State Legislature

Mr. President:

Mr. Speaker:

In making this Free Conference Committee Report, the conferees wish to declare no intention whatsoever to set a lasting tax schedule as regards production of oil and gas from either Cook Inlet or the North Slope, and in fact, we wish to state our firm belief that substantial changes will be required in the future.

The compromise that we have reached represents basically no change in the ultimate impact to the North Slope future production, different than that contained in the Governor's bill presented to us during the early stages of this session.

We understand that the changes which we have made insofar as they relate to Cook Inlet production represent a compromise in which the level proposed by this bill will be less than one-half the difference between the existing law and that suggested by the House Finance Committee Substitute proposal.

Respectfully submitted,

Senator Lowell Thomas, Jr.
Chairman

Representative Andrew Warwick
Vice Chairman

Senator C. R. Lewis

Representative Robert Hartig

Senator John Rader

Representative Russ Meekins

CONFERENCE COMMITTEE
REPORT

Nov. 17, '73
Date

Mr. President
Mr. Speaker

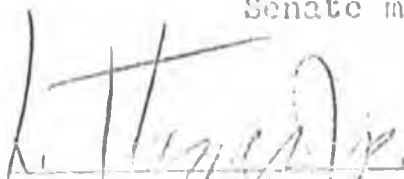
The Conference Committee [with powers of free conference]

which has had CSSB 4 (Fin) am and HCSCSSB 4, Oil and
gas properties production tax


under consideration, recommends that *It be replaced*
with FC for CSSB 4 (FIN) am and
HCSCSSB 4,

Senate members

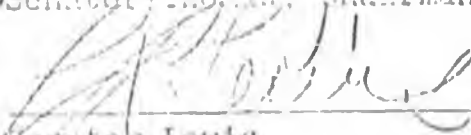
House members



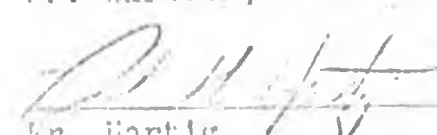
Senator Thomas, Chairman



Mr. Marwick, Chairman



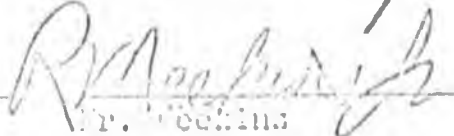
Senator Lewis



Mr. Hartle



Senator Rader



Mr. Beckins