

**SB**

**305**

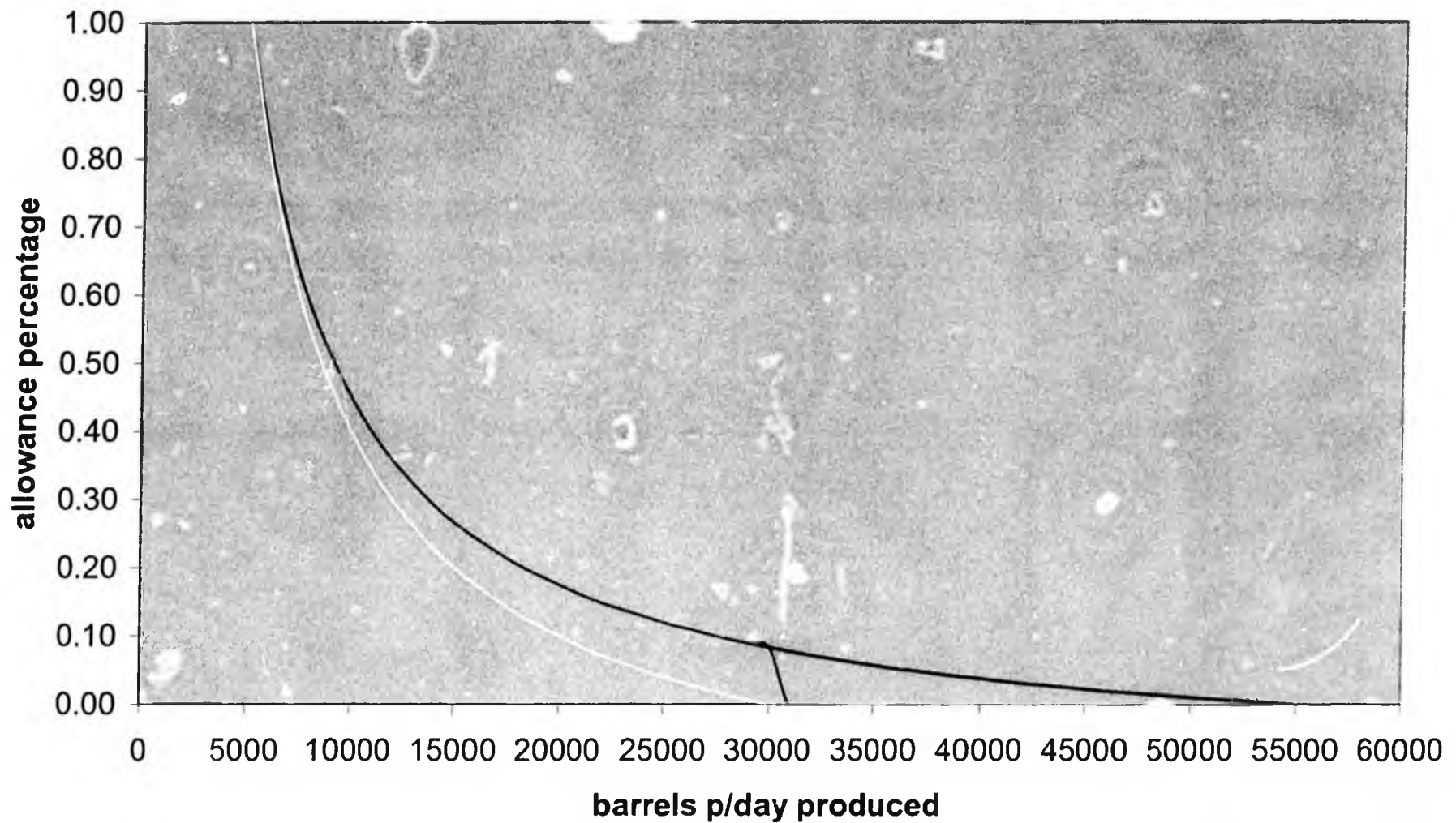
**(FILE 19)**

# Producer 2005 Daily Production (BOE Equivalents)

|                  |               |
|------------------|---------------|
| • Anadarko       | 27,801        |
| • Aurora         | 1,543         |
| • BP             | 354,670       |
| • Chevron        | 44,757        |
| • Doyon          | 27            |
| • ExxonMobil     | 182,117       |
| • Forest         | 7,004         |
| • Marathon       | 27,705        |
| • ML&P           | 2,572         |
| • NANA           | 80            |
| • ConocoPhillips | 426,087       |
| • XTOE Energy    | 3,345         |
| • Kerr-McGhee**  | 20,000        |
| • Pioneer**      | <u>20,000</u> |
| • TOTAL          | 1,117,798     |

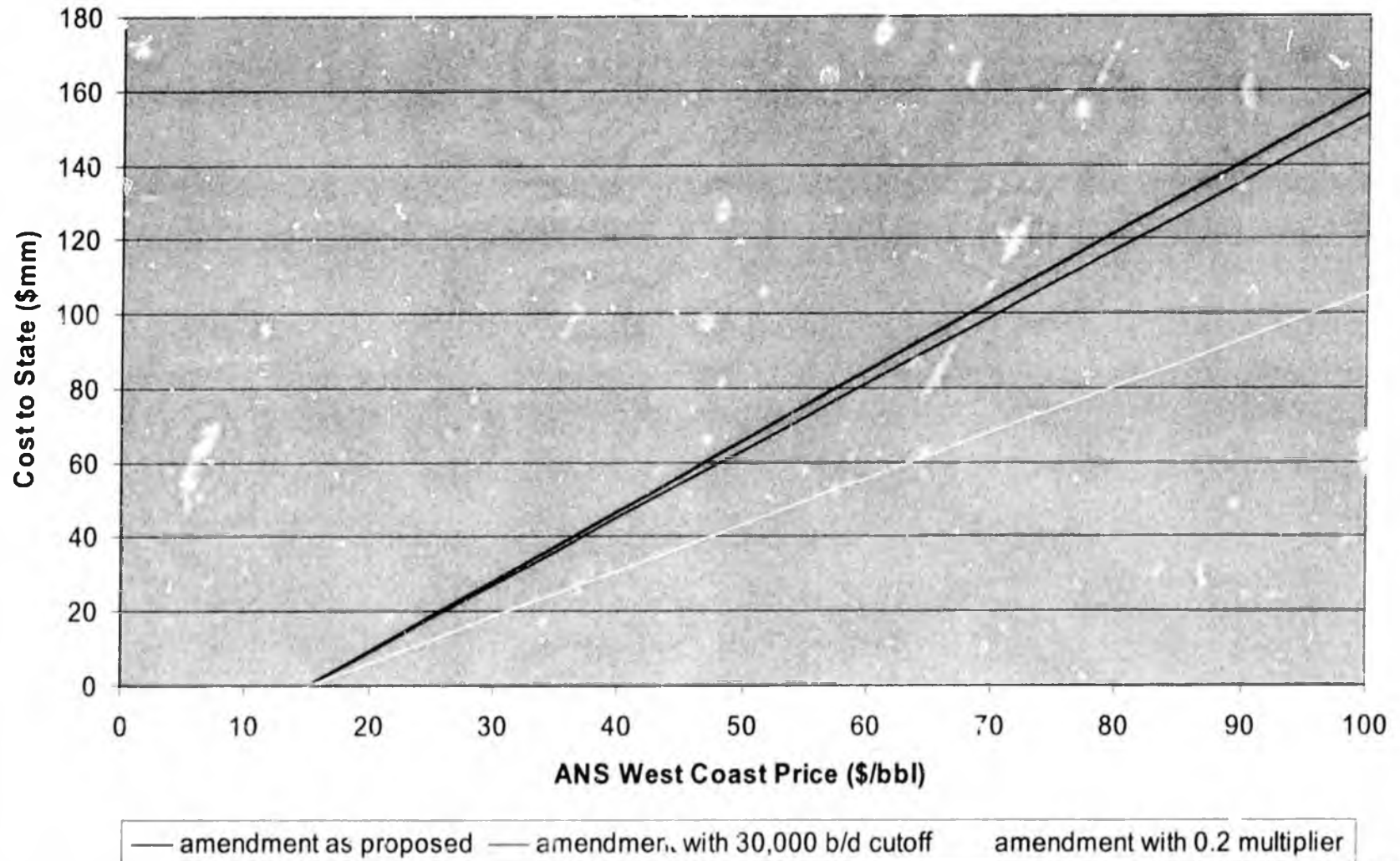
SUBS. #3  
Progressivity  
INFO FROM  
R. MARKS  
3-23

## Allowance Mechanisms



— amendment as proposed — amendment with 30,000 b/d cutoff amendment with 0.2 multiplier

### Amendments - Annual Cost to State (\$millions)



# ALASKA STATE LEGISLATURE

*Records*



Official Business

## SENATE RESOURCES COMMITTEE

Senator Tom Wagoner, Chair

State Capitol, Room 427

Juneau, AK 99801-1182

Phone: (907) 465-4907 Fax: (907) 465-4779

Senator Ralph Seekins, Vice-Chair

Senator Ben Stevens

Senator Kim Elton

Senator Fred Dyson

Senator Bert Stedman

Senator Albert Kookesh

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DATE: March 23, 2006  
TO: Senate Resources Committee  
FROM: Senator Tom Wagoner, Chair *Tom*  
RE: SB 305 – Miscellaneous Information

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Yesterday, Senator Ben Stevens objected to the adoption of Technical Amendment #1, stating a point of order that the draft CS had not been adopted.

In fact, the draft CS was adopted last Friday – see the attached email.

Senator Ben Stevens also requested a copy of the email sent by Rob Mintz regarding DOR's signing off on the Administrative Amendment. That too is attached.

My plan for today is as follows:

1. at 10am, room #205, start with Administrative Amendment. The tax consultants will be calling in to speak directly with the committee.
2. We will then go to the pull-out from Technical #1 – the issue of valuation on the basis of royalty settlement agreements.
3. We will then proceed with:
  - a. Substantive Amendment #1 – 5,000 barrel issue
  - b. Substantive Amendment #2 – new "claw back"Please note that I have attached a single-sided copy of these two amendments.

There are two more substantive amendments – one pertains to progressivity and the other to private royalty.

There are also numerous amendments turned in by Senators Stedman/Stevens that pertain to many of the issues that were resolved in the technical amendment.

We are copying these amendments and the added substantive amendments and will hand them out shortly.

**Mary Jackson**

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**From:** Ann Krekelberg  
**Sent:** Thursday, March 23, 2006 8:35 AM  
**To:** Mary Jackson  
**Subject:** RE: cs sb 305

He moved to adopt it as the working document.

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**From:** Mary Jackson  
**Sent:** Thursday, March 23, 2006 7:43 AM  
**To:** Ann Krekelberg  
**Subject:** cs sb 305

last friday - the 17th - we presented this to the committee.

i would swear that it was moved by ralph seekins.

would you please check that.

## Mary Jackson

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**From:** Joseph Balash  
**Sent:** Wednesday, March 22, 2006 1:09 PM  
**To:** Mary Jackson  
**Subject:** FW: Here's the FINAL

-----Original Message-----

**From:** Rob Mintz [mailto:Robert\_Mintz@law.state.ak.us]  
**Sent:** Wednesday, March 22, 2006 11:44 AM  
**To:** DDickinsonCPA@gci.net; KirsnerM@gtlaw.com; Joseph Balash;  
robynn\_wilson@revenue.state.ak.us  
**Subject:** Re: Here's the FINAL

Looks good. This is a non-substantive point, but the first provision on the last page should switch places with the second provision, because it deals with line 10 on p. 24 of the bill, while the second provision deals with line 4 on p. 24 of the bill.

>>> Joseph Balash <Joseph\_Balash@legis.state.ak.us> 3/22/2006 11:31:16 AM >>>

**SB 305**

**Substantive Amendment # 1**

This amendment refers to the following items (cross-reference to 3-20-06 "Y" Version Amendments)

The items are:

1, 2, 8 and 16

NOTE: This amendment is the "5,000 barrel" amendment. It replaces:

- The Cook Inlet tax structure issue (items 1, 2, & 16)
- The \$73 million standard deduction issue (item 8)

AMENDMENT

OFFERED IN THE SENATE RESOURCES  
COMMITTEE

BY WAGONER

TO: CSSB 305(RES) (24-GS2052\Y) (3/16/06 Work Draft: Chenoweth)

- 1 Page 3, line 16, through Page 4, line 23:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 6, lines 18 - 27:
- 7 Delete all material.
- 8
- 9 Renumber the following bill sections accordingly.
- 10
- 11 Page 13, line 11, through Page 14, line 7:
- 12 Delete all material.
- 13
- 14 Renumber the following bill sections accordingly.
- 15
- 16 Make changes throughout the bill to conform to the deletions above.
- 17
- 18 Page 17, line 26, following "(f)":
- 19 Insert "and (i)"
- 20
- 21 Page 21, line 10:
- 22 Delete "(l)"



1 must demonstrate that its operation in the state or its ownership of an interest in a lease or  
2 property in the state as a distinct producer entity would not result in the division among  
3 multiple producer entities of any production tax value of taxable oil and gas, as defined  
4 under (a) of this section, that would be reasonably expected to be attributed to a single  
5 producer entity if the allowance provision of (i) of this section did not exist."  
6

7 Page 23, line 15:

8 Delete "(i)"

9 Insert "(k)"

10  
11 Page 23, line 23:

12 Delete "(j)"

13 Insert "(l)"

14  
15 Page 23, line 25":

16 Delete "(k)"

17 Insert "(m)"

18  
19 Page 23, line 29:

20 Delete "(l)"

21 Insert "(n)"

22  
23 Page 24, line 14:

24 Delete "(m)"

25 Insert "(o)"

26  
27 Page 24, line 25:

28 Delete "(l)"

29 Insert "(n)"

30  
31 Page 24, line 27:

1 Delete "(l)(1)"  
2 Insert "(n)(1)"  
3  
4 Page 24, line 28:  
5 Delete "(n)"  
6 Insert "(p)"  
7  
8 Page 25, line 2:  
9 Delete "(l)"  
10 Insert "(n)"  
11  
12 Page 25, line 3:  
13 Delete "(l)(1)"  
14 Insert "(n)(1)"  
15  
16 Page 25, line 18:  
17 Delete "(o)"  
18 Insert "(q)"  
19  
20 Page 28, line 26:  
21 Delete "AS 43.55.013(c),"  
22 Insert "AS 43.55.011(a), 43.55.011(b), 43.55.013(c),"  
23  
24 Following: 43.55.013(i),"  
25 Insert "43.55.013(j),"  
26  
27 Make changes throughout the bill to conform to the statute repeals added on Page 28, line 26,  
28 above.

Senate Resources Committee

March 22, 10076

SB 305

Substantive Amendment #2

This amendment refers to the following items (cross-reference to 3-20-06 "Y" Version Amendments)

The item is #26

NOTE: This is the new "claw-back" or 2 for 1 provision.

AMENDMENT

OFFERED IN THE SENATE RESOURCES

BY \_\_\_\_\_

COMMITTEE

TO: CSSB 305(RES) (24-GS2052\Y) (3/16/06 Work Draft: Chenoweth)

1 Page 17, line 31, following "(2)", through Page 18, line 2:

2 Delete all material and insert "for a month that ends before April 1, 2013, and to the  
3 extent allowed under (g) of this section, less an amount of the producer's transitional investment  
4 expenditures that has not previously been deducted under this subsection."  
5

6 Page 18, line 20:

7 Delete "(g)"

8 Insert "(g)(3)"  
9

10 Delete ", but not more than 1/48 of a producer's transitional investment expenditures may  
11 be deducted in any month"  
12

13 Page 22, line 13:

14 Delete "January 1, 2003"

15 Insert "April 1, 2001"  
16

17 Page 22, lines 18 - 19:

18 Delete "on or after January 1, 2003, and"  
19

20 Page 22, line 20:

21 Delete ", multiplied by"

1 Insert ";"

2

3 Page 22, lines 21 - 26:

4 Delete all material and insert the following:

5 "(2) an amount of a producer's transitional investment expenditures may  
6 be deducted under (a) of this section only to the extent that the amount does not exceed

7 (A) one-half of the producer's qualified capital expenditures, as  
8 defined in AS 43.55.024, that are incurred during the month, if the producer does  
9 not make an election under (f) of this section:

10 (B) 1/24 of the producer's qualified capital expenditures, as  
11 defined in AS 43.55.024, that are incurred during the calendar year, if the  
12 producer makes an election under (f) of this section;"

13

14 Page 22, line 27:

15 Delete "(2) notwithstanding (1)"

16 Insert "(3) notwithstanding (2)"

17

18 Page 29, following line 25:

19 Insert the following material:

20 "(d) Notwithstanding any contrary provision of AS 43.55.160(g)(2), enacted by sec. 26  
21 of this Act, for oil and gas produced on or after April 1, 2006, and before January 1, 2007,

22 (!) the number "1/24" in AS 43.55.160(g)(2)(B), enacted by sec. 26 of this Act,  
23 shall be replaced by the number "1/18";

24 (2) the phrase "calendar year" in AS 43.55.160(g)(2)(B), enacted by sec. 26 of  
25 this Act, shall be replaced by the phrase "last nine months of the calendar year"."

26

27 Page 29, line 26:

28 Delete "(d)"

29 Insert "(e)"