

HB

217

CONCEPTUAL AMENDMENT

Offered in the House

To: CSHB 217 () Draft Version "R"

Page 3, lines 26 – 27:

Delete "return is due under AS 43.33.030(a) for the calendar year for which the election is made"

Insert:

"first monthly installment payment of estimated tax is due under AS 43.55.020(a) for the calendar year for which the election is made."

by:

on: 2/24/10

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE NEUMAN

TO: CSHB 217(), Draft Version "R"

1 Page 3, lines 26 - 27:

2 Delete "return is due under AS 43.55.030(a) for the calendar year for which the
3 election is made"

4 Insert "installment payment of estimated tax is due under AS 43.55.020(a) for the
5 month in which the election is made. The election applies to the production of gas in each
6 month for which the election is made"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE NEUMAN

TO: CSHB 217(), Draft Version "R"

1 Page 10, line 4, following "**product**":

2 Insert "**; in this paragraph, "manufacturing process" does not include cooling gas**
3 **for the purpose of storing or shipping the gas as a liquid**"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE NEUMAN

TO: CSHB 217(), Draft Version "R"

1 Page 3, lines 26 - 27:

2 Delete "return is due under AS 43.55.030(a) for the calendar year for which the
3 election is made"

4 Insert "installment payment of estimated tax is due under AS 43.55.020(a) for the
5 month in which the election is made. The election applies to the production of gas in each
6 month for which the election is made"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE NEUMAN

TO: CSHB 217(), Draft Version "R"

1 Page 10, line 4, following "**product**":

2 Insert "**; in this paragraph, "manufacturing process" does not include cooling gas**

3 **for the purpose of storing or shipping the gas as a liquid**"

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 217
() Publish Date: _____

Identifier (file name): CSHB217-REV-TAX-02-14-10
Title: Tax on gas for in state manufacturing
Sponsor: Representative Neuman
Requester: (H) Resources
Dept. Affected: Revenue
RDU: Taxation and Treasury
Component: Tax Division
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							
	***	0.0	***	***	***	***	***

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time	0.0	0.00	0	0	0	0	0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Dan Stickel, Petroleum Economist
Division: Tax Division
Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone (907) 465-3279
Date/Time 02-12-10; 11:34am
Date 2/14/10; 4:11pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB 217

ANALYSIS CONTINUATION

Bill Language: This bill makes two changes to the oil and gas production tax under AS 43.55:

(1) Election of tax treatment for gas used in state. This bill creates an election allowing producers to choose whether to have natural gas used in state taxed at the Cook Inlet tax rate of \$0.177 per thousand cubic feet (mcf) with credits and lease expenditures allocated to gas used in state, or to have the gas taxed under the 25% net profits tax without the allocation of credits and lease expenditures. Under current law, the \$0.177 per mcf tax rate for Cook Inlet and gas used in state will expire after 2022.

(2) Manufacturing added to definition of gas used in state. This bill expands the definition under AS 43.55.900 (24) of natural gas used in the state to include gas "used as fuel or feedstock in a manufacturing process creating and end product in the state, regardless of the final disposition of the manufactured end product." Manufacturing is not currently defined in the bill and this may create uncertainty for the Department and taxpayers.

Revenues:

Revenues from this bill are indeterminate because we do not know the quantity of natural gas that would qualify for the election. Further, the revenue effect would be influenced significantly by the economics of the producer supplying the gas and its relation to other oil and gas produced by the company. This legislation could result in either an increase or a decrease in state revenue from companies providing gas for in state use. Without a development plan for a specific in state gas or manufacturing project, it is not possible to provide detailed revenue projections for this bill at this time.

The revenue impact could be viewed as a reduction in state revenue because this bill provides for a potentially lower tax liability for gas used in state, including manufacturing. If the gas would be provided regardless of the tax preference, then state revenue would be decreased by the value of the tax preference.

The revenue impact could be viewed as an increase in state revenue if the tax preference helps to incentivize gas sales and manufacturing facilities. Revenue would increase by the amount of production tax received from the gas, and there would also be increased corporate income tax and property tax revenues. Additionally, there could be economic development potentially creating thousands of jobs and millions of dollars in payroll.

If producers believe that the current 2022 expiration date will eventually be extended or lifted, the election for a lower tax rate for gas used in state may affect a producer's decision about whether to sell North Slope gas in state as opposed to an export gas pipeline. The range of production tax revenue impacts may be illustrated with three examples:

In one scenario, if sales of gas used in state are relatively small, there maybe only a minimal impact on production tax revenue because there would also be sufficient gas for a major export gas pipeline. In this case, in-state manufacturing projects complement a major gas export pipeline.

In a second scenario, there could be more substantial volumes of gas used in state. This could reduce the amount of gas that would otherwise be available to be shipped in a major gas export pipeline, thereby increasing the pipeline's tariff costs which are deducted in calculating production tax values. The reduced production tax revenues would not be made up for through revenues from the gas used in state incentivized by this bill.

In a third scenario, the potential for a lower tax rate for gas used in state coupled with the addition of manufacturing to the definition of gas used in state could cause taxpayers to abandon a gas export pipeline in favor of in-state sales. In that case, the impact on production tax revenue would be substantial because the volume of gas that would likely be developed could be as little as one-quarter of the volume developed in conjunction with a major gas export pipeline.

Expenditures:

The provisions of this bill can be implemented using existing resources.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 217
 () Publish Date: _____

Identifier (file name): CSHB 217-DNR-O&G-02-17-10 Dept. Affected: Natural Resources
 Title In-state Gas Production Tax RDU Resource Development
 Component Oil and Gas Development
 Sponsor Rep. Neuman
 Requester House Resources Component Number 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()				Indeterminate negative				
-------------------------------	--	--	--	-------------------------------	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill would define gas "used as feedstock in a manufacturing process creating an end product in the state" as gas "used in the state" for purposes of AS 43.55, even if that end product was exported out of state. Examples of such export projects include the manufacture of fertilizer in a plant like the Agrium plant in Nikiski and liquid hydrocarbon fuels, i.e., jet fuel, diesel, heating fuel, in a gas-to-liquids (GTL) plant. A taxpayer selling feedstock gas to these manufacturers would enjoy a tax per-mcf that would not exceed \$0.18.

The in-state tax limit applied to sales of gas to in-state manufacturers may affect a producer's decision about whether to sell North Slope gas in-state as opposed to an export gas pipeline. The range of royalty revenue impacts may be illustrated with three examples: First, if the sales to in-state manufacturers of export products were less than say 500 mmcf, there may

Prepared by: Kevin Banks, Director Phone 269-8800
 Division Oil and Gas Date/Time 2/11/10 11:40 AM
 Approved by: Tom Irwin, Commissioner Date 2/17/10 5:40 PM
Natural Resources

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CS FOR HB 217

ANALYSIS CONTINUATION

be only a small impact on royalty revenue because there will still be sufficient gas for an export gas pipeline. There will also be royalty revenues associated with sales to in-state manufacturers. In this case, in-state manufacturing projects complement an export pipeline.

Second, if substantial volumes of gas subject to the tax benefit under HB 217 go to in-state manufactures of export products could compete for gas that would otherwise be shipped in an export pipeline. In this case, lost royalty revenue associated with a decrease in sales volumes of gas in an export pipeline are not made up by sales of gas to the in-state manufacturers of export products. For example, a GTL plant built in Valdez or Southcentral Alaska to make low-sulfur diesel fuel for export might require a billion cubic feet per day of gas to make 100,000 barrels of product per day to achieve economies of scale. If gas for a GTL plant were committed before design and construction of the pipeline, redirecting a billion cubic feet of gas from an export line to Alberta to a GTL plant in Valdez, would cost the state in royalty revenue on an NPV5 basis around \$400 million due to the higher tariffs on the remaining gas going to Alberta. (Not included in this estimate is the royalty revenue that the state would receive from sales to the GTL project .)

Third, should the tax benefit of HB 217 cause taxpayers to abandon an export pipeline in favor of in-state sales to export projects, the impact on royalty revenue will be substantial. (Furthermore, HB 217 would mean that ALL of the future North Slope gas production would be taxed at just \$0.18 per mcf). A 4.5 bcf/day gas export pipeline could, assuming a \$8.70/mmBtu price for gas in 2020 yield a netback price of around \$5.00 per mmBtu, and an income stream of over a billion dollars a year in royalty revenues. A GTL project at around \$100,000 per barrel/day capacity (2010 dollars) would equate to over a \$50 per barrel GTL processing fee, and would yield a lower netback of around \$3.00 per mmBtu. Not only would the netback be lower, the total per-day production of gas would be as little as one-quarter that of an export pipeline.

The relative economics might change: the cost of in-state manufacturing projects (like a GTL plant) might come down, the price of export products might command a sufficient premium to generate a higher netback price of North Slope gas than that realized from an export pipeline. For these reasons, the impact on State royalty revenue is indeterminate negative.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

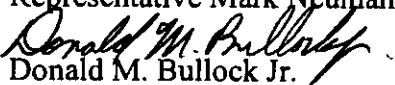
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 8, 2010

SUBJECT: An election to subject gas used in the state to the tax cap applicable to gas produced in the Cook Inlet sedimentary basin (CSHB 217(); Work Order No. 26-LS0816\R)

TO: Representative Mark Neuman

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

Enclosed is a work draft of a bill that would allow the producer of gas used in the state, and produced in the state from a lease or property outside of the Cook Inlet sedimentary basin, to elect to limit the tax on the production of that gas.

Please review this draft carefully to ensure that it is consistent with your intent.

If an election is made under AS 43.55.014, which would be enacted by sec. 4 of the draft bill, the tax on production of gas subject to the election would be limited to the cap applicable to Cook Inlet gas production under AS 43.55.011(j). If the election is not made, the gas production would be taxed the same as gas not used in the state.

If I may be of further assistance, please advise.

DMB:ljw
10-069.ljw

Enclosure

26-LS0816R

Bullock

2/8/10

CS FOR HOUSE BILL NO. 217()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE NEUMAN

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the tax applicable to the production of certain natural gas used in**
2 **the state."**

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

4 *** Section 1.** AS 43.55.011(e) is amended to read:

5 (e) There is levied on the producer of oil or gas a tax for all oil and gas
6 produced each calendar year from each lease or property in the state, less any oil and
7 gas the ownership or right to which is exempt from taxation or constitutes a
8 landowner's royalty interest. Except as otherwise provided under (f), (j), and (k) of
9 this section and AS 43.55.014 [(f), (j), (k), AND (o) OF THIS SECTION], the tax is
10 equal to the sum of

11 (1) the annual production tax value of the taxable oil and gas as
12 calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

13 (2) the sum, over all months of the calendar year, of the tax amounts
14 determined under (g) of this section.

1 * **Sec. 2.** AS 43.55.011(f) is amended to read:

2 (f) The levy of tax under this section for oil and gas produced north of 68
3 degrees North latitude, other than oil and gas production subject to (i) of this section
4 and gas subject to an election made under AS 43.55.014 [(o) OF THIS SECTION],
5 may not be less than

6 (1) four percent of the gross value at the point of production when the
7 average price per barrel for Alaska North Slope crude oil for sale on the United States
8 West Coast during the calendar year for which the tax is due is more than \$25;

9 (2) three percent of the gross value at the point of production when the
10 average price per barrel for Alaska North Slope crude oil for sale on the United States
11 West Coast during the calendar year for which the tax is due is over \$20 but not over
12 \$25;

13 (3) two percent of the gross value at the point of production when the
14 average price per barrel for Alaska North Slope crude oil for sale on the United States
15 West Coast during the calendar year for which the tax is due is over \$17.50 but not
16 over \$20;

17 (4) one percent of the gross value at the point of production when the
18 average price per barrel for Alaska North Slope crude oil for sale on the United States
19 West Coast during the calendar year for which the tax is due is over \$15 but not over
20 \$17.50; or

21 (5) zero percent of the gross value at the point of production when the
22 average price per barrel for Alaska North Slope crude oil for sale on the United States
23 West Coast during the calendar year for which the tax is due is \$15 or less.

24 * **Sec. 3.** AS 43.55.011(m) is amended to read:

25 (m) Notwithstanding any contrary provision of AS 38.05.180(i),
26 AS 41.09.010, AS 43.55.024, or 43.55.025, the department shall provide by regulation
27 a method to ensure that, for a calendar year for which a producer's tax liability is
28 limited by (j) or (k) of this section or by an election made under AS 43.55.014 [(j),
29 (k), OR (o) OF THIS SECTION], tax credits otherwise available under
30 AS 38.05.180(i), AS 41.09.010, AS 43.55.024, or 43.55.025 and allocated to gas
31 subject to the limitations in (j) and (k) of this section and an election made under

1 AS 43.55.014 [(j), (k), AND (o) OF THIS SECTION] are accounted for as though the
2 credits had been applied first against a tax liability calculated without regard to the
3 limitations under (j) and (k) of this section and an election made under
4 AS 43.55.014 [(j), (k), AND (o) OF THIS SECTION] so as to reduce the tax liability
5 to the maximum amount provided for under (j) of this section or applicable to an
6 election made under AS 43.55.014 [(j) OR (o) OF THIS SECTION] for the
7 production of gas or (k) of this section for the production of oil. The regulation must
8 provide for a reasonable method to allocate tax credits to gas subject to (j) of this
9 section and subject to an election made under AS 43.55.014 [(j) AND (o) OF THIS
10 SECTION]. Only the amount of a tax credit remaining after the accounting provided
11 for under this subsection may be used for a later calendar year, transferred to another
12 person, or applied against a tax levied on the production of oil or gas not subject to (j)
13 or (k) of this section or an election made under AS 43.55.014 [(j), (k), OR (o) OF
14 THIS SECTION] to the extent otherwise allowed.

15 * Sec. 4. AS 43.55 is amended by adding a new section to read:

16 **Sec. 43.55.014. Special election for gas used in the state.** (a)
17 Notwithstanding the provisions of AS 43.55.011, a person producing gas that is used
18 in the state from a lease or property outside the Cook Inlet sedimentary basin during a
19 calendar year before 2022 may elect to limit the amount of tax due on the production
20 of that gas, as provided in this section.

21 (b) The maximum amount of tax applicable to the production of each 1,000
22 cubic feet of gas that is subject to the election authorized by this section may not
23 exceed the maximum amount of tax applicable to the production of each 1,000 cubic
24 feet of gas determined under AS 43.55.011(j)(2).

25 (c) A person choosing to make the election authorized by this section shall
26 make the election at the time the return is due under AS 43.55.030(a) for the calendar
27 year for which the election is made.

28 (d) The provisions of AS 43.55.011(m), 43.55.160(a)(1)(E),
29 43.55.160(a)(2)(E), and 43.55.160(e) apply to the production of gas for which an
30 election is made under this section.

31 * Sec. 5. AS 43.55.020(a) is amended to read:

1 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)
2 shall pay the tax as follows:

3 (1) an installment payment of the estimated tax levied by
4 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
5 month of the calendar year on the last day of the following month; except as otherwise
6 provided under (2) of this subsection, the amount of the installment payment is the
7 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
8 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
9 of the installment payment may not be less than zero:

10 (A) for oil and gas produced from leases or properties in the
11 state outside the Cook Inlet sedimentary basin but not subject to an election
12 made under AS 43.55.014 [AS 43.55.011(o)], other than leases or properties
13 subject to AS 43.55.011(f), the greater of

14 (i) zero; or

15 (ii) the sum of 25 percent and the tax rate calculated for
16 the month under AS 43.55.011(g) multiplied by the remainder obtained
17 by subtracting 1/12 of the producer's adjusted lease expenditures for the
18 calendar year of production under AS 43.55.165 and 43.55.170 that are
19 deductible for the leases or properties under AS 43.55.160 from the
20 gross value at the point of production of the oil and gas produced from
21 the leases or properties during the month for which the installment
22 payment is calculated;

23 (B) for oil and gas produced from leases or properties subject
24 to AS 43.55.011(f), the greatest of

25 (i) zero;

26 (ii) zero percent, one percent, two percent, three
27 percent, or four percent, as applicable, of the gross value at the point of
28 production of the oil and gas produced from all leases or properties
29 during the month for which the installment payment is calculated; or

30 (iii) the sum of 25 percent and the tax rate calculated for
31 the month under AS 43.55.011(g) multiplied by the remainder obtained

1 by subtracting 1/12 of the producer's adjusted lease expenditures for the
2 calendar year of production under AS 43.55.165 and 43.55.170 that are
3 deductible for those leases or properties under AS 43.55.160 from the
4 gross value at the point of production of the oil and gas produced from
5 those leases or properties during the month for which the installment
6 payment is calculated;

7 (C) for oil and gas produced from each lease or property
8 subject to AS 43.55.011(j) or (k) or an election made under AS 43.55.014
9 [AS 43.55.011(j), (k), OR (o)], the greater of

10 (i) zero; or

11 (ii) the sum of 25 percent and the tax rate calculated for
12 the month under AS 43.55.011(g) multiplied by the remainder obtained
13 by subtracting 1/12 of the producer's adjusted lease expenditures for the
14 calendar year of production under AS 43.55.165 and 43.55.170 that are
15 deductible under AS 43.55.160 for oil or gas, respectively, produced
16 from the lease or property from the gross value at the point of
17 production of the oil or gas, respectively, produced from the lease or
18 property during the month for which the installment payment is
19 calculated;

20 (2) an amount calculated under (1)(C) of this subsection for oil or gas
21 produced from a lease or property subject to AS 43.55.011(j) or (k) or an election
22 made under AS 43.55.014 [AS 43.55.011(j), (k), OR (o)] may not exceed the product
23 obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or the
24 election made under AS 43.55.014 [43.55.011(o)], as applicable, for gas or set out in
25 AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in
26 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.014 [43.55.011(o)], as applicable, the
27 amount of taxable gas produced during the month for the amount of taxable gas
28 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or
29 (2)(A), as applicable, the amount of taxable oil produced during the month for the
30 amount of taxable oil produced during the calendar year;

31 (3) an installment payment of the estimated tax levied by

1 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
2 on the last day of the following month; the amount of the installment payment is the
3 sum of

4 (A) the applicable tax rate for oil provided under
5 AS 43.55.011(i), multiplied by the gross value at the point of production of the
6 oil taxable under AS 43.55.011(i) and produced from the lease or property
7 during the month; and

8 (B) the applicable tax rate for gas provided under
9 AS 43.55.011(i), multiplied by the gross value at the point of production of the
10 gas taxable under AS 43.55.011(i) and produced from the lease or property
11 during the month;

12 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any
13 credits applied as allowed by law, that exceeds the total of the amounts due as
14 installment payments of estimated tax is due on March 31 of the year following the
15 calendar year of production.

16 * Sec. 6. AS 43.55.160(a) is amended to read:

17 (a) Except as provided in (b) of this section, for the purposes of

18 (1) AS 43.55.011(e), the annual production tax value of the taxable

19 (A) oil and gas produced during a calendar year from leases or
20 properties in the state that include land north of 68 degrees North latitude is the
21 gross value at the point of production of the oil and gas taxable under
22 AS 43.55.011(e) and produced by the producer from those leases or properties,
23 less the producer's lease expenditures under AS 43.55.165 for the calendar year
24 applicable to the oil and gas produced by the producer from those leases or
25 properties, as adjusted under AS 43.55.170; this subparagraph does not apply
26 to gas subject to **an election made under AS 43.55.014** [AS 43.55.011(o)];

27 (B) oil and gas produced during a calendar year from leases or
28 properties in the state outside the Cook Inlet sedimentary basin, no part of
29 which is north of 68 degrees North latitude, is the gross value at the point of
30 production of the oil and gas taxable under AS 43.55.011(e) and produced by
31 the producer from those leases or properties, less the producer's lease

1 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
2 gas produced by the producer from those leases or properties, as adjusted under
3 AS 43.55.170; this subparagraph does not apply to gas subject to an election
4 made under AS 43.55.014 [AS 43.55.011(o)];

5 (C) oil produced during a calendar year from a lease or
6 property in the Cook Inlet sedimentary basin is the gross value at the point of
7 production of the oil taxable under AS 43.55.011(e) and produced by the
8 producer from that lease or property, less the producer's lease expenditures
9 under AS 43.55.165 for the calendar year applicable to the oil produced by the
10 producer from that lease or property, as adjusted under AS 43.55.170;

11 (D) gas produced during a calendar year from a lease or
12 property in the Cook Inlet sedimentary basin is the gross value at the point of
13 production of the gas taxable under AS 43.55.011(e) and produced by the
14 producer from that lease or property, less the producer's lease expenditures
15 under AS 43.55.165 for the calendar year applicable to the gas produced by the
16 producer from that lease or property, as adjusted under AS 43.55.170;

17 (E) gas produced during a calendar year from a lease or
18 property outside the Cook Inlet sedimentary basin and used in the state is the
19 gross value at the point of production of that gas taxable under
20 AS 43.55.011(e) and produced by the producer from that lease or property, less
21 the producer's lease expenditures under AS 43.55.165 for the calendar year
22 applicable to that gas produced by the producer from that lease or property, as
23 adjusted under AS 43.55.170;

24 (2) AS 43.55.011(g), the monthly production tax value of the taxable

25 (A) oil and gas produced during a month from leases or
26 properties in the state that include land north of 68 degrees North latitude is the
27 gross value at the point of production of the oil and gas taxable under
28 AS 43.55.011(e) and produced by the producer from those leases or properties,
29 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the
30 calendar year applicable to the oil and gas produced by the producer from
31 those leases or properties, as adjusted under AS 43.55.170; this subparagraph

1 does not apply to gas subject to an election made under AS 43.55.014
2 [AS 43.55.011(o)];

3 (B) oil and gas produced during a month from leases or
4 properties in the state outside the Cook Inlet sedimentary basin, no part of
5 which is north of 68 degrees North latitude, is the gross value at the point of
6 production of the oil and gas taxable under AS 43.55.011(e) and produced by
7 the producer from those leases or properties, less 1/12 of the producer's lease
8 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
9 gas produced by the producer from those leases or properties, as adjusted under
10 AS 43.55.170; this subparagraph does not apply to gas subject to an election
11 made under AS 43.55.014 [AS 43.55.011(o)];

12 (C) oil produced during a month from a lease or property in the
13 Cook Inlet sedimentary basin is the gross value at the point of production of
14 the oil taxable under AS 43.55.011(e) and produced by the producer from that
15 lease or property, less 1/12 of the producer's lease expenditures under
16 AS 43.55.165 for the calendar year applicable to the oil produced by the
17 producer from that lease or property, as adjusted under AS 43.55.170;

18 (D) gas produced during a month from a lease or property in
19 the Cook Inlet sedimentary basin is the gross value at the point of production
20 of the gas taxable under AS 43.55.011(e) and produced by the producer from
21 that lease or property, less 1/12 of the producer's lease expenditures under
22 AS 43.55.165 for the calendar year applicable to the gas produced by the
23 producer from that lease or property, as adjusted under AS 43.55.170;

24 (E) gas produced during a month from a lease or property
25 outside the Cook Inlet sedimentary basin and used in the state is the gross
26 value at the point of production of that gas taxable under AS 43.55.011(e) and
27 produced by the producer from that lease or property, less 1/12 of the
28 producer's lease expenditures under AS 43.55.165 for the calendar year
29 applicable to that gas produced by the producer from that lease or property, as
30 adjusted under AS 43.55.170.

31 * Sec. 7. AS 43.55.160(e) is amended to read:

1 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that
2 would otherwise be deductible by a producer in a calendar year but whose deduction
3 would cause an annual production tax value calculated under (a)(1) of this section of
4 taxable oil or gas produced during the calendar year to be less than zero may be used
5 to establish a carried-forward annual loss under AS 43.55.023(b). However, the
6 department shall provide by regulation a method to ensure that, for a period for which
7 a producer's tax liability is limited by AS 43.55.011(j) or (k) or an election made
8 under AS 43.55.014 [AS 43.55.011(j), (k), OR (o)], any adjusted lease expenditures
9 under AS 43.55.165 and 43.55.170 that would otherwise be deductible by a producer
10 for that period but whose deduction would cause a production tax value calculated
11 under (a)(1)(C), (D), or (E) of this section to be less than zero are accounted for as
12 though the adjusted lease expenditures had first been used as deductions in calculating
13 the production tax values of oil or gas subject to any of the limitations under
14 AS 43.55.011(j) or (k) or an election made under AS 43.55.014 [AS 43.55.011(j),
15 (k), OR (o)] that have positive production tax values so as to reduce the tax liability
16 calculated without regard to the limitation to the maximum amount provided for under
17 the applicable provisions [PROVISION] of AS 43.55.011(j) or (k) or 43.55.014
18 [AS 43.55.011(j), (k), OR (o)]. Only the amount of those adjusted lease expenditures
19 remaining after the accounting provided for under this subsection may be used to
20 establish a carried-forward annual loss under AS 43.55.023(b). In this subsection,
21 "producer" includes "explorer."

22 * **Sec. 8.** AS 43.55.165(h) is amended to read:

23 (h) The department shall adopt regulations that provide for reasonable
24 methods of allocating costs between oil and gas, between gas subject to the election
25 made under AS 43.55.014 [AS 43.55.011(o)] and other gas, and between leases or
26 properties in those circumstances where an allocation of costs is required to determine
27 lease expenditures that are costs of exploring for, developing, or producing oil
28 deposits or costs of exploring for, developing, or producing gas deposits, or that are
29 costs of exploring for, developing, or producing oil or gas deposits located within
30 different leases or properties.

31 * **Section 9.** AS 43.55.900(24) is amended to read:

1
2
3
4
5

(24) "used in the state" means delivered for consumption as fuel in the state, including as fuel consumed to generate electricity, or used as fuel or feedstock in a manufacturing process creating an end product in the state, regardless of the final disposition of the manufactured end product.

* Sec. 9. AS 43.55.011(o) is repealed.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 217
() Publish Date: _____

Identifier (file name): HB217-REV-TAX-1-27-10
Title: Natural gas used in the state
Sponsor: Representative Mark Neuman
Requester: House Resources
Dept. Affected: Revenue
RDU: Revenue/Taxation and Treasury
Component: Tax Division
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation	Information					
	Required	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES	FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	***	0.0	***	***	***	***	***

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES ()	***	0.0	***	***	***	***	***
-------------------------------	-----	------------	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	***	0.0	***	***	***	***	***

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The passage of this legislation would expand the preferential tax treatment for in-state use of natural gas to include natural gas that is used in creating an end product without regard to whether the product is destined for domestic consumption or export.

Depending on the volume of qualifying natural gas and the future price of natural gas, the foregone revenues to the state caused by passage of this legislation could be substantial and range into the millions of dollars.

The fiscal impact of this legislation cannot be accurately determined at this time.

Prepared by: Dan Stickel, Petroleum Economist
Division: Tax Division
Approved by: Ginger Blaidell, Director
Administrative Services Division

Phone 907-465-3279
Date/Time 1/27/10; 1:40pm
Date 465-2312

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 217
() Publish Date: 1/27/2010

Identifier (file name): HB 217-DNR-O&G-01-26-10

Dept. Affected: Natural Resources

Title: In-state Gas Production Tax

RDU: Resource Development

Component: Oil and Gas Development

Sponsor: Rep. Neuman

Requester: House Resources Committee

Component Number: 439

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

HB 217 relates to a tax applicable to in-state natural gas production. The definition of "used in the state" is amended in AS 43.55.900(24) to include gas used as fuel or feedstock in a manufacturing process creating an end product.

There is no anticipated fiscal impact to the Division of Oil and Gas.

Prepared by: Kevin Banks
Division: Director
Approved by: Heather Brakes
Natural Resources

Phone 269-8800
Date/Time 1/26/10 12:00 PM
Date 1/28/2010

Alaska State Legislature



Session Address:
Alaska State Capitol
Juneau, AK 99801
Phone: (907) 465-2679
1-800-505-2678
Fax: (907) 465-4822

Interim Address:
600 E. Railroad Avenue
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

Representative.Mark.Neuman@legis.state.ak.us

Representative Mark A. Neuman

District 15

Sponsors Statement for House Bill 217

"An Act relating to the tax applicable to the production of natural gas used in the state as fuel or feedstock in producing a manufactured end product."

"Alaska is facing a critical shortage of energy and a declining economy." We've heard this from academics, economists, and members of the business community.

Families are watching with great concern their energy costs increase while the unemployment rate has climbed to 8.8%. Alaskan's are experiencing a growing concern about our economy.

Our efforts need to focus on providing Alaskans opportunities to work, a sense of security, and a quality of life they can enjoy.

HB 217 incentivizes the development of the state's gas resources by lowering the current production tax on gas "used as fuel or feedstock" within the state of Alaska.

Currently as defined in AS 43.55.900 (24), "used in state" means delivered for consumption as fuel in state, including fuel consumed to generate electricity.

This bill adds to the definition of "in state use" the following: "or used as fuel or feedstock in a manufacturing process creating an end product in the state, regardless of the final disposition of the end product."

HB 217 enhances the interest in the development of the state's gas resources, it maximizes the economic and physical recovery, encourages competition to explore and develop, and provides Alaskans the opportunity to prosper. All these are in the best interest of Alaskans and the State.



SEARCH Search search... Go



HOME	ABOUT US	SUBSCRIBE	ADVERTISING	EDITORIAL	ARCHIVE	RESOURCES	CONTACT US
------	----------	-----------	-------------	-----------	---------	-----------	------------

SHARE

Southcentral Residents Asked to Scale Back on Energy Use for 2 Hours Oct. 21

ANCHORAGE-HOMER-MAT-SU- As part of an effort to prepare for a possible natural gas shortage this winter, Southcentral Alaska residents are being asked to voluntarily reduce their energy consumption for two hours on the evening of Wed., Oct. 21.

The test is being coordinated by the Municipality of Anchorage, with cooperation from Chugach Electric Association, Municipal Light and Power, Matanuska Electric Association, Homer Electric Association, ENSTAR, and the Mat-Su and Kenai Peninsula Boroughs. The entities have worked together this fall on Energy Watch, a campaign designed to call attention to the possibility of a natural gas delivery problem.

Residents of the Mat-Su Borough, the Municipality of Anchorage and the Kenai Peninsula Borough are being asked to participate in the voluntary test.

Between the hours of 6 p.m. and 8 p.m. on Oct. 21, residents are being asked to reduce their energy consumption. The steps include lowering the thermostat to 65 degrees; shutting off unnecessary lights and electronics; setting the water heater to "warm" or "vacation"; postponing washing dishes and doing laundry; and reducing natural gas range use.

The goal of the conservation test is to see what kind of effect voluntary actions might have on overall energy consumption. In the event of a real energy deliverability problem, one of the first steps will be to ask residents to take voluntary steps similar to ones being proposed for the October 21 trial run.

The utilities and agencies involved in the Energy Watch campaign have stressed that a natural gas delivery problem this winter is not likely. However, in case it does happen, it is prudent to have a plan in place.

For additional information about the Energy Watch campaign, please visit

<http://www.homerelectric.com/> (Homer)

<http://www.mea.coop/> (Mat-Su)

<http://www.muni.org/> (Anchorage).

< Prev Next >

“SLR has chosen ABM as its major advertising spend in Alaska for the last 3 years. ABM provides high impact and a cost-effective statewide exposure for us. We have found that ABM has consistently provided timely and imaginative suggestions to market our brand.”

~ Andrew Dimitriou ~ SLR Corp Alaska Manager ~ Anchorage ~

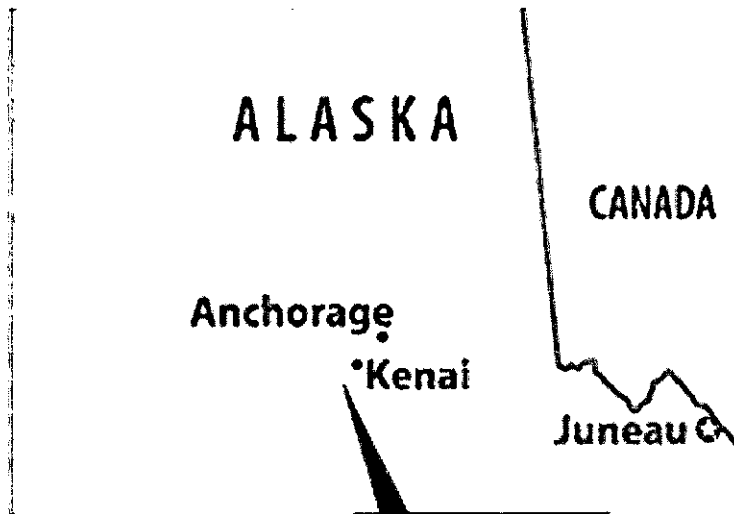
You are here: Home » From our Elected Officials » Government News » Southcentral Residents Asked to Scale Back on Energy Use for 2 Hours Oct. 21

HOME ABOUT US SUBSCRIBE ADVERTISING EDITORIAL ARCHIVE RESOURCES CONTACT US
Copyright © Alaska Business Publishing Company. All rights reserved. Web site by Sundog Media.

The CHRISTIAN SCIENCE
MONITOR

In oil-rich Alaska, an energy crunch

A shortage of natural gas besets the state's most populous area. In rural outposts, energy costs spike.



By Yereth Rosen Correspondent of The Christian Science Monitor
posted January 23, 2008 at 12:00 am EST

Kenai, Alaska —

On the shore of Cook Inlet, site of Alaska's oldest oil- and gas-producing basin, the Agrium Inc. fertilizer plant for four decades produced a steady supply of urea and ammonia for international agricultural and industrial clients. Agrium's exports supported a prosperous petrochemical business, employing hundreds and bolstering local tax rolls.

But operations ceased in December. The reason? Lack of natural gas, the feedstock for Agrium's products. Despite its perch atop a petroleum basin, Agrium couldn't secure enough natural gas to stay in business.

Agrium's woes symbolize a larger energy dilemma: Raw resources are in the ground, but lack of infrastructure and poor economies of scale hinder access to them, putting Alaska in an energy crunch.

Natural gas at the North Slope — America's largest known but untapped conventional natural-gas supply — is 700 miles away and unavailable. There's no pipeline to convey North Slope natural gas to consumers, in or out of Alaska.

So Alaska's most populous region relies on local energy — Cook Inlet natural gas — for heat and power. But natural gas known to be in Cook Inlet is expected to last eight more years, and local utility costs have risen as markets tighten.

"It's the goofiest thing in the world, to be sitting on top of some of the biggest energy reserves in the world and have these challenges," says Bill Popp, president of the Anchorage Economic Development Corp.

Reviving exploration in Cook Inlet

Except for the mile of road that holds the Agrium plant, a liquefied natural-gas (LNG) facility, a Tesoro refinery, and a BP facility, few obvious signs remain that Kenai was the "Oil Capital of Alaska," as an old Chamber of Commerce slogan boasted.

The first major Cook Inlet natural-gas discovery – and still the biggest – came in 1959. Since then, most of the known natural gas was found while explorers were seeking oil, and almost all was discovered before 1970.

Until recently, having enough gas to supply local needs was not a worry. The worry was, rather, that local needs were too minuscule. This part of Alaska may hold most state residents, including the far-north metropolis nicknamed "Los Anchorage," but as a natural-gas market, it is a lightweight. Dramatic seasonal swings in demand make it a tricky market to serve.

Consequently, industrial users are deemed essential to anchor production in this so-called "stranded" market. But industrial users are now down to one: North America's sole LNG export facility, next door to Agrium. The plant, owned by ConocoPhillips and Marathon, has shipped LNG to Japan since 1969, soaking up Cook Inlet natural gas that had no other market.

Cook Inlet's proven reserves are down to 1.7 trillion cubic feet. But the basin holds potential for another 13 trillion to 17 trillion cubic feet of undiscovered reserves, according to the US Department of Energy.

Interest is finally perking up, with companies in recent years drilling specifically for natural gas. A new agreement among ConocoPhillips, Marathon, and the state should stimulate more exploration, officials say. The pact trades state backing of a renewed federal LNG export license for increased natural-gas searches and promises to give residential utilities first dibs on gas in times of shortages. "Hopefully the new development will ensure that there's no further decline in the reserve base," Marty Rutherford, Alaska's deputy natural resources commissioner, said at a recent news conference.

In rural outposts, 'energy refugees'

While Anchorage residents fret about future energy supplies, rural Alaskans face a dire situation right now. Skyrocketing prices for diesel and other fuels, compounded by costly air and barge transport, have created "energy refugees."

"[Energy] is so expensive in the villages that people are being forced to leave, especially people with young families, because they cannot afford to make ends meet," says Meera Kohler, president of the Alaska Village Electric Cooperative, which provides electricity to 53 remote villages where electrical costs can be four times those in Anchorage.

Costs of electricity, heating, and transportation fuel can account for up to 40 percent of family expenses in rural Alaska, Ms. Kohler says.

Some pioneers are seeking long-term solutions in alternative energy.

Geothermal, wind, hydro, and tidal power may hold the most promise in a state dotted with volcanoes, scoured by stiff breezes, and surrounded by water. Alaska's Division of Oil and Gas is soliciting bids for leases to develop geothermal energy beneath Mount Spurr, a volcano on the Anchorage skyline. Fairbanks's Chena Hot Springs Resort is renown for putting the underground heat that warms its pools to a variety of other uses.

A handful of native villages have erected wind turbines, and Anchorage's electricity cooperative has wind-power plans. Solar energy – seemingly a long shot because of daylight-deprived winters – is getting a look, with panels installed in some communities. Even fish oil has fueled generators at Denali National Park.

Such small-scale projects face economic hurdles, however.

"Alternative energy is very expensive capital-wise," says Kohler, whose cooperative includes wind-powered villages. Federal grants have funded villages' alternative-energy projects, but prospects are dim for future aid, she says.

Another energy option is coal. Alaska is overflowing with it – from the Arctic, where the Inupiat Eskimo village of Atkasuk is named for "the place to dig the rock that burns," to the Kenai Peninsula's Kachemak Bay, where dark seams are exposed on coastal bluffs. Some officials tout coal gasification as an option to restart Agrium's operations.

Others consider coal a misstep. "Coal is the dirtiest fossil fuel out there," says Bob Shavelson of Cook Inlet Keeper, an environmental group. "We can go backward to coal and climate change ... and habitat destruction, or we can go forward to renewable energy and long-term jobs."

© The Christian Science Monitor. All Rights Reserved. **Terms** under which this service is provided to you. **Privacy Policy**.

Energy Bulletin

Published on *Energy Bulletin* (<http://www.energybulletin.net>)

Gas rush: with shortages looming, Alaska firms seek new deposits

Published Mon, 01/03/2005 - 08:00

by Anchorage Daily News

TYONEK -- Andy Clifford retreats to the "designated smoking area" maybe 100 yards back from the drilling rig and lights up a cigar. He's wearing a Hooters T-shirt and a very cool set of Ray-Bans. His face shows no apparent sign of anxiety.

"We're living our dream," he says. "But when you see the bills we're paying -- \$5,000 here and \$50,000 there -- you go, wow, we've got to find a lot of gas."

Clifford, 49, is an oil man, one in a growing stable of risk takers hunting new supplies of natural gas around Cook Inlet. They're drawn by a big surge in gas prices, plus forecasts of a looming shortage for gas-addicted Southcentral Alaska.

The rig juts up from a dusty square of bulldozed ground in the middle of bear-infested woods on the west side of the Inlet, about 13 miles outside the Athabascan village of Tyonek.

Normally Clifford, a geologist from Houston, Texas, wouldn't be around for the dirty work of actual drilling.

But this is a special day.

Rig workers are preparing for a routine but dangerous test that involves blasting knotholes into the well casing some 3,400 feet down, giving the gas a way to rush into the well and up to the surface.

With luck, Clifford and his partners in Aurora Gas -- a tiny company built on life savings, loans, frequent-flier miles and \$25 million from a low-profile Oklahoma billionaire -- will hear gas roar out of the Long Lake No. 1 well like jet exhaust.

Government and industry leaders hope Aurora hears the roar too.

Cook Inlet gas is nearly gone, experts warn, jeopardizing the energy security for the state's most populous region.



Home Advertising Subscriptions Publications

Providing coverage of Alaska and northern Canada's oil and gas industry
August 2009

Vol. 14, No. 32

Week of August 09, 2009

Gas shortage stirs pols

Governor, mayor, senator seek energy security as CI natural gas runs low

Wesley Loy

For Petroleum News

Alaska political leaders are seizing on what's fast becoming a burning issue: the potential for electric power or heating outages this winter in the state's population center as supplies of Cook Inlet natural gas tighten.

"Woe unto the policymaker who didn't do something," said state Sen. Hollis French, an Anchorage Democrat who is calling for a Strategic Gas Initiative.

Anchorage mayor forms energy task force

Anchorage Mayor Dan Sullivan has created a task force to address a looming energy crisis.

"We look to this blue-ribbon task force to address both immediate and long-term energy needs, including making sure Anchorage residents have an uninterrupted supply of gas to heat their homes this winter," Sullivan said in a statement.

The task force includes a range of industry representatives, along with a variety of planning and business professionals. The same panelists were part of the mayor's transition team; indeed, they jointly authored

Aside from French, Gov. Sean Parnell and Anchorage Mayor Dan Sullivan also have announced moves in recent days to deal with what Sullivan's office termed a "looming energy crisis."

Stoking the urgency was a July 29 public meeting of the Regulatory Commission of Alaska. One commissioner, Anthony Price, spoke of "a real possibility of rolling blackouts" this winter should a cold snap overtax the available gas supply and force a shutdown of gas-fired electric power plants.

Parnell announcement

The governor's office on Aug. 4 said Parnell had directed his gas advisory team to "explore the best possible options for producing and delivering in-state natural gas."

"We need to make gas available to Alaskans as soon as possible," Parnell said in a press release. While efforts continue toward a major pipeline under AGIA, the Alaska Gasline Inducement Act of 2007, to carry huge volumes of North Slope gas out of state, other sources must be considered to serve the needs of Interior, Southcentral and rural Alaska, he said.

Parnell mentioned the

the energy portion of the transition report.

In recent winters when temperatures dipped below zero the city has come dangerously close to failing to meet the needs of its gas customers, the mayor's office said. The administration, including emergency management personnel, is developing contingency plans for such an event. Municipal Manager George Vakalis is examining this issue as a standalone challenge.

Immediate and long-term

The task force will develop longer-term recommendations — three to five years and 10 years and longer — separately from the immediate issue of winter deliverability. Findings and recommendations will be reported directly to the mayor.

Members of the Energy Task Force include:

- Judy Brady, former executive director, Alaska Oil and Gas Association;
- Dan Coffey, Anchorage Assembly liaison and private attorney;
- Dave Harbour, former commissioner, Regulatory Commission of Alaska;
- Tony Izzo, co-chair of TMI Consulting and former CEO of

undeveloped Gubik field in the Brooks Range Foothills, the Nenana basin and Cook Inlet, which geologists believe could yet yield significant new finds.

Parnell, who took over for former Gov. Sarah Palin on July 26, said he has directed his administration to evaluate three specific options for in-state gas. They include a standalone pipeline from the North Slope and the Foothills south to Fairbanks and Southcentral; a spur line to Southcentral off the proposed major pipeline from the North Slope to the Lower 48; and a pipeline from either Cook Inlet or one of the Interior basins through the state's Railbelt.

"Additionally, opportunities to distribute gas to Western Alaska, and propane production and delivery will be considered," the press release from the governor's office said. "Economic models created by the departments of Revenue and Natural Resources will be used along with agency personnel to perform the necessary analysis and identify the tariffs and fees associated with each option."

French, who has announced he'll run against Republican Parnell next year, sent a letter to the governor on Aug. 5 calling for a Strategic Gas Initiative.

Enstar;

- Arden Page, mediator/private attorney;
- Mary Ann Pease, Knik Arm Bridge and Toll Authority;
- Bill Popp, president and CEO, Anchorage Economic Development Corp.;
- Steve Pratt, energy consultant; and
- Bob Stinson, president, Conam Construction Co., past president of the Alaska Support Industry Alliance.

—Petroleum News

"In recent years there has been a growing chorus of voices warning of decreasing volumes of Cook Inlet gas available for distribution during periods of peak demand," French's letter said.

In an Aug. 4 interview with Petroleum News, French said his plan would emphasize developing gas storage capacity in the Cook Inlet region. Stored gas could be used to handle peak demand or deal with an emergency, he said.

French said all the industry and government players need to figure out a way to develop storage. One possibility is creation of an industry consortium, he said, or perhaps an authority of some kind.

French, who once worked for several years on a Cook Inlet oil and gas platform and later on the North Slope as a production operator in the Kuparuk field, said he hopes the administration will look at options such as reconfiguring the liquefied natural gas export terminal at Nikiski to also receive LNG, building gas storage vessels of some type, or identifying reservoirs for underground storage.

As for funding, the state might provide help such as backing a bond sale, French said.

French, who chairs the Senate Judiciary Committee and holds a seat on the Resources Committee, said he expects hearings on the Cook Inlet gas issue, and possibly legislation when the next regular session opens in January.

“Heat shut off to Anchorage homes would be shocking to the world,” French said. “It would be shameful if we were having to hustle our folks into a Superdome situation.”

A major challenge to solving the energy crunch is overcoming the relatively small market size of the Anchorage area, where roughly half the state’s population lives, French said. The minor market doesn’t give gas explorers much incentive, he said.

One idea French doesn’t favor is having the state itself drill for Cook Inlet gas.

“Wildcatting a well,” he said, “that would be way, way down on my list.”

Mayor appoints task force

On July 31, Anchorage Mayor Sullivan announced a new task force to look at keeping Southcentral energized when temperatures drop below zero.

The nine-member task force generally includes past and

present energy industry, regulatory and economic development players. A press release from the mayor's office didn't indicate when the panel would present its report to Sullivan, who called the energy situation "one of the most pressing issues" the city faces.

Petroleum News - Phone: 1-907 522-9469 - Fax: 1-907 522-9583
circulation@PetroleumNews.com --- <http://www.petroleumnews.com> --

-
SUBSCRIBE



Alaska unemployment rate still rising

Associated Press - January 22, 2010 4:14 PM ET

JUNEAU, Alaska (AP) - Alaska's unemployment rate hit 8.8 percent last month, its highest level since September 1992. The rate was 6.8 percent in December 2008.

The state labor department cites several factors for the increase over the year, including job losses in the oil, construction, hospitality and leisure industries. It also attributes the rise in part to the growth in job seekers from other states coming to Alaska to find work.

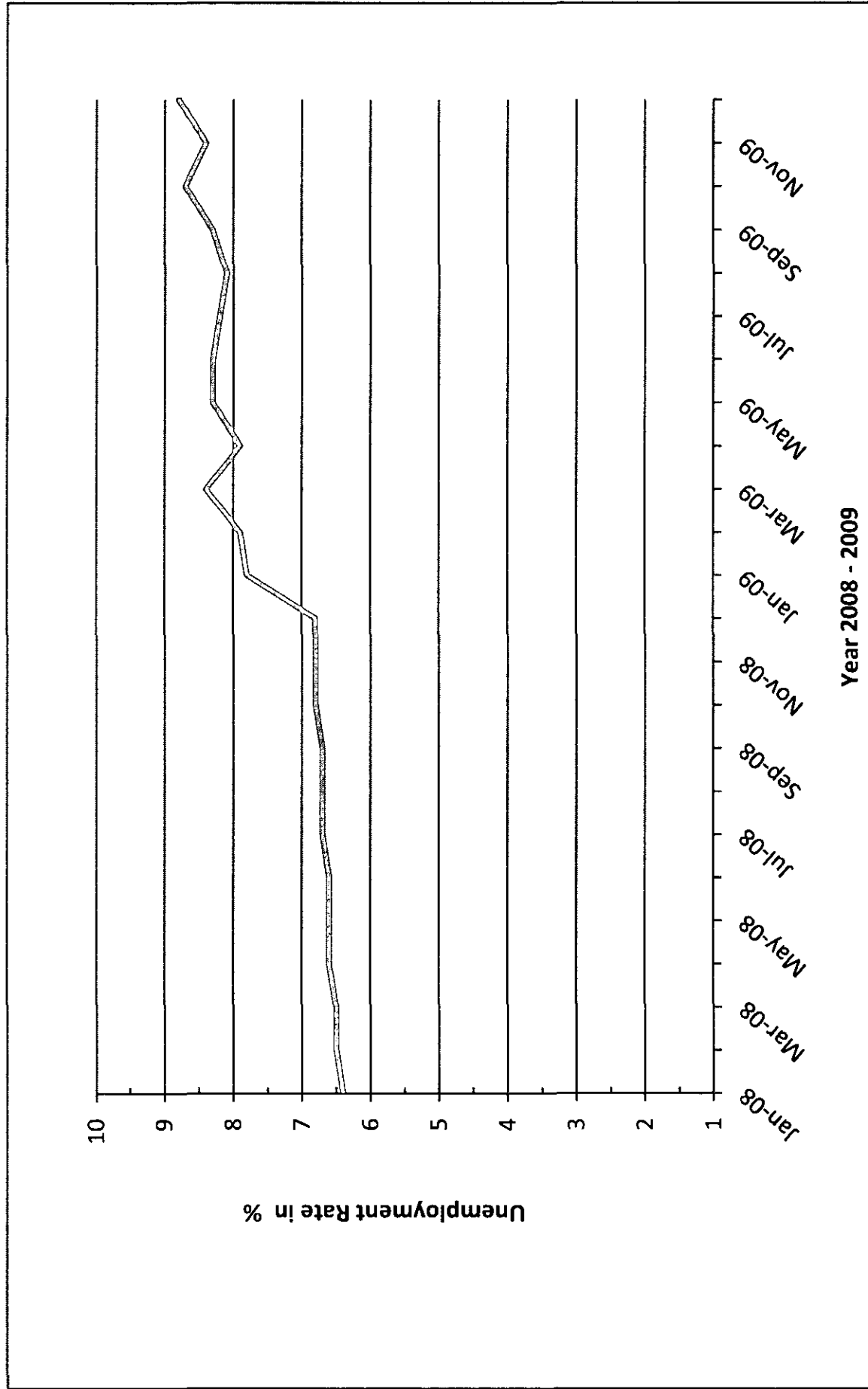
The department says the state stayed below the national unemployment rate for 12 months, something it says hasn't happened since the early '80s, when the U.S. was going through a recession and Alaska was enjoying a boom.

The national unemployment rate in December was 10 percent.

Copyright 2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.



All content © Copyright 2000 - 2010 WorldNow and KTUU. All Rights Reserved. Anchorage Winter Skyline Copyright 2008 by Edward Bennett / [Bennett Images](#). For more information on this site, please read our [Privacy Policy](#), [Terms of Service](#), [Meet the News Team](#), [Employment Opportunities](#), [Contact Us](#) and [Public Filings](#).



US Department of Labour

Bureau of Labour Statistics

Year	Period	labor force	employment	unemployment	rate
2008	Jan	354345	331761	22584	6.4
2008	Feb	355101	332079	23022	6.5
2008	Mar	355551	332399	23152	6.5
2008	Apr	356247	332721	23526	6.6
2008	May	356621	333037	23584	6.6
2008	Jun	356982	333330	23652	6.6
2008	Jul	357440	333605	23835	6.7
2008	Aug	357906	333858	24048	6.7
2008	Sep	358231	334093	24138	6.7
2008	Oct	358776	334320	24456	6.8
2008	Nov	359103	334542	24561	6.8
2008	Dec	359328	334761	24567	6.8
2009	Jan	358893	330880	28013	7.8
2009	Feb	358704	330359	28345	7.9
2009	Mar	358322	328351	29971	8.4
2009	Apr	358717	330379	28338	7.9
2009	May	359246	329499	29747	8.3
2009	Jun	359320	329537	29783	8.3
2009	Jul	358054	328785	29269	8.2
2009	Aug	357637	328560	29077	8.1
2009	Sep	357945	328342	29603	8.3
2009	Oct	357889	326641	31248	8.7
2009	Nov	358041	327959	30082	8.4
2009	Dec	357904(P)	326354(P)	31550(P)	8.8(P)

Alaska Statewide -- Seasonally Adjusted



Legal Dictionary

- [LawGuru Home](#)
- [Legal Dictionary Home](#)
- [Help](#)
- [Tell a Friend](#)

Legal Resources

- [Knowledge Base](#)
- [Legal Forms](#)
- [Legal Research Tool](#)
- [Legal Dictionary](#)
- [LawGuru Wiki](#)
- [Weird & Dumb Laws](#)
- [Legal Career Center](#)
- [Find Legal Forms](#)
- [Article Library](#)
- [LawGuru Bookstore](#)
- [Daily Legal News](#)
- [Legal Plans](#)
- [Put LawGuru on your site](#)

Legal Term Dictionary

[Search again](#)

MANUFACTURE

This word is used in the English and American patent laws. This term includes two classes of things; first, all machinery which is to be used and is not the object of sale; and, secondly, substances (such, for example, as medicines) formed by chemical processes, when the vendible substance is the thing produced, and that which operates preserves no permanent form. In the first class, the machine, and, in the second the substance produced, is the subject of the patent. 2 H. Bl. 492. See 8 T. R. 99; 2 B. & A. 349; Day. Pat. Cas. 278; Webst. on Pat. 8; Phil. on Pat. 77; Perp. Manuel des Inv. c. 2, s. 1; Renouard, c. 5, s. 1; Westminster Review, No. 44, April 1835, p. 247; 1 Bell's Com., B. 1, part 2, c. 4, s. 1, p. 110, 6th ed.

Source: Bouviers Law Dictionary 1856 Edition

Search:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Law dictionary

Legal Issue? Find Free Answers to Your Legal Questions at FindLaw
www.FindLaw.com

Find An Attorney Free

Injury, Criminal, Malpractice, SSD Bankruptcy, Divorce, Work Comp...
www.AttorneyLink.us

Free Legal Form

Quick, easy, and reliable. Save time and money. 1000's of forms.
Lawyers.com/Free-Legal-Forms

V V

Ads by Google

LawGuru Legal Forms

Search by category

Popular Legal Forms: Accounting, Affidavits, Assignments, Attorney Forms & Guides, Bankruptcy, Bill of Sale, Business, Canadian Forms, Collections, Confidentiality, Contracts, Copyright, Corporations, Credit, Declarations, Deeds, Divorce, Employment, Entertainment Law, Family Law, Government, Health Care,

Ads by Google

Victim of Negligence?

Find Out If You Have a Case. No Legal Fees Unless You Succeed.
Personal-Injury-Group.com

Elgin Divorce Law

Illinois area divorce lawyer We help you through difficult times
CreativeResolution1.com

Find A Lawyer Free.

Injury, Work Comp, Bankruptcy, SSD, Malpractice, Criminal Defense, DUI.
www.Attorney-Help.us

Talk To A Lawyer Now

Fill Out Our Form - Free Family Lawyers Respond Fast
www.FindLawyersAttorneys.com

Collections Law

Free Research On Over 1,000,000 Lawyer Listings at FindLaw.com.
www.FindLaw.com

ALASKA STATE LEGISLATURE

Co-Chair:
House Committee on Natural Resources

Vice Chair
House Committee on Labor and Commerce

Member:
House Committee on Rules, House Special
Committee on Economic Development, Trade,
and Tourism, and Legislative Budget & Audit
Committee



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
Fax: (907) 465-4822
Toll Free (800) 505-2678

Interim:
600 E. Railroad Ave
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

REPRESENTATIVE MARK NEUMAN

Rep.Mark.Neuman@legis.state.ak.us

To: Representative Mark Neuman
Representative Craig Johnson
House Resources Committee

From: Representative Mark Neuman


Date: April 6, 2009

Re: House Bill 217 Tax on Gas for Instate Manufacturing

Respectfully request a hearing on House Bill 217 at your earliest possible convenience

HB 217 will further defines the term "used in instate" to include products manufactured with or from Alaska's Natural Gas. The present definition is found in AS 43.55.900(24).

Respectfully


Representative Mark Neuman
House District 15