

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3322

1 (b) The sum of \$521,700 is appropriated from the general fund to the Department of
2 Revenue, tax division, for implementation costs of the petroleum production tax for the fiscal
3 year ending June 30, 2007.

4 (c) The amount necessary to issue refunds for capital expenditures and lease bids as
5 provided in AS 43.55.023(f) for the fiscal year ending June 30, 2007, is appropriated from the
6 general fund to the Department of Revenue, tax division, for the purpose of making refunds
7 under AS 43.55.023(f).

8 * Sec. 4. AMENDMENT OF LAPSE OF CERTAIN PRIOR YEAR APPROPRIATIONS.

9 (a) Section 34(c), ch. 82, SLA 2006, is amended to read:

10 (c) The unexpended and unobligated balance of the appropriation made in sec.
11 7(d), ch. 6, SLA 2005, lapses June 30, 2008 [2007].

12 (b) Section 64(c), ch. 3, FSSLA 2005, is amended to read:

13 (c) The appropriations made by

14 (1) sec. [SECS. 20(a), 20(c), 20(e), 20(f), AND] 37(b), ch. 3, FSSLA
15 2005, [OF THIS ACT] lapse June 30, 2007;

16 (2) secs. 20(a), 20(c), 20(e), and 20(f), ch. 3, FSSLA 2005, lapse
17 June 30, 2008.

18 (c) Section 20(d), ch. 3, FSSLA 2005, as amended by sec. 34(d), ch. 82, SLA 2006,
19 is amended to read:

20 (d) The sum of \$1,525,000 is appropriated from the general fund to the
21 Department of Natural Resources for work related to the state gas pipeline and to
22 bringing North Slope natural gas to market, for the fiscal years ending June 30, 2005,
23 June 30, 2006, [AND] June 30, 2007, and June 30, 2008, for the following purposes:

PURPOSE	ALLOCATION
(1) Bullen Pt. Road right-of-way permitting	\$800,000
(2) Division of oil and gas increased workload	675,000
(3) Commissioner's office increased workload	50,000

24 * Sec. 5. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
25 DEVELOPMENT. (a) The sum of \$576,318 is appropriated from program receipts from the
26 seafood marketing assessment (AS 16.51.120) and from other program receipts of the Alaska
27 Seafood Marketing Institute to the Department of Commerce, Community, and Economic
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1 Development, Alaska Seafood Marketing Institute, for expansion of the national consumer
2 marketing campaign for the fiscal year ending June 30, 2007.

3 (b) The sum of \$1,423,682 is appropriated from the general fund to the Department of
4 Commerce, Community, and Economic Development, Alaska Seafood Marketing Institute,
5 for expansion of the national consumer marketing campaign for the fiscal year ending
6 June 30, 2007.

7 (c) The sum appropriated in (b) of this section is intended to represent the cumulative
8 total of program receipts from the salmon marketing tax (former AS 43.76.110), from the
9 seafood marketing assessment (AS 16.51.120), and from program receipts from the Alaska
10 Seafood Marketing Institute that were collected through June 30, 2006, subject to transfer to
11 the Alaska Seafood Marketing Institute, less the cumulative total of program receipts from
12 those sources transferred to the Alaska Seafood Marketing Institute through June 30, 2006.

13 * Sec. 6. LAPSE OF OTHER APPROPRIATIONS. The appropriations made by secs. 1, 2,
14 and 3(a) of this Act are not one-year appropriations and lapse as provided in AS 37.25.020.

15 * Sec. 7. RETROACTIVITY. (a) The appropriation made by sec. 1 of this Act is retroactive
16 to October 1, 2006.

17 (b) The appropriations made by sec. 2 of this Act are retroactive to February 1, 2007.

18 * Sec. 8. Section 5 of this Act takes effect March 16, 2007.

19 * Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect immediately under
20 AS 01.10.070(c).

FY2007 OIL AND SUPPLEMENTAL (SB 82)

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Sec 1/ Lang	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	SIC General Funds	Federal Funds	Other Funds	SIC Other Funds	Fund Source	Total Funds	SIC TOT FUNDS
	Lang	1	Law	Capital - Oil, Gas & Mining	Work related to the state gas pipeline and bringing North Slope natural gas to market, and other oil and gas projects. The Department of Law's Oil, Gas & Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue to be needed as negotiations continue. In addition the Department of Law anticipates the Exxon Royalty Respener will go to trial in either FY 07 or FY 08 and continues to prepare for a four to five week hearing before the Federal Energy Regulation Committee (FERC) considering (in part) the state's and Anadarko's challenges to the TransAlaska Pipeline Service (TAPS) 2005 FERC tariff	21,500.0	21,500.0					21,500.0	21,500.0
2	Lang	2(a)	Natural Resources	Capital	Gas Pipeline Analysis Outside experts and consultants will be retained for work related to the gas pipeline, including outside legal counsel and experts on federal pipeline law and FERC procedures. A consultant to advise the state on crafting an RFP consistent with the Alaska Gasline Inducement Act (AGIA) for gasline proposals and with analyzing those proposals under AGIA will also be retained.	6,550.0	6,550.0					6,550.0	6,550.0
3	Lang	2(b)	Natural Resources	Capital	Oil and Gas Lease Litigation This project will help offset the costs of litigation arising out of the DNR's exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.	1,500.0	1,500.0					1,500.0	1,500.0
4	Lang	3(a)	Revenue	Capital	Commercialization of North Slope Gas \$419.5 - two internal economists to work on gasline issues \$1,300.0 for two contractual economists and/or commercial analysts' firms to assist in modeling and analyzing tax incentives and impacts, marketing options and criteria to evaluate applicants and proposed projects \$1,169.6 for specialized legal counsel \$50.9 for other costs, including financial and legal research	3,000.0	3,000.0					3,000.0	3,000.0
5	Lang	3(b)	Revenue	Tax Division	Petroleum Production Tax (PPT) implementation costs \$521.7 for three positions and contracts for developing regulations, expenses for public hearings and legal advice on regulations	521.7	521.7					521.7	521.7
6	Lang	3(c)	Revenue	Tax Division	Language to allow the department to make refunds for capital expenditures and lease bids as provided in the PPT, AS 43.55.023(f)							0.0	0.0
7	Lang	4(a)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year appropriation made in sec. 7(d)(1), ch. 6, S.L.A. 2005, pg. 11, as amended by sec. 3(c), ch. 82, S.L.A. 2006, pg. 151. The amount expected to be available is \$1000. The lapse extension also applies to sec. 7(d)(2) Division of Oil and Gas Increased Workload, which expects \$150.0 to be available. The lapse extension also applies to sec. 7(d)(3) Commissioner's office increased workload. This allocation is expected to be fully expended by June 30, 2007.							0.0	0.0
8	Lang	4(b)	Administration	Alaska Oil and Gas Conservation Commission	Extend the lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(a), ch. 4, S.L.A. 2005, pg. 106, line 21. The amount expected to be available is \$250.0							0.0	0.0
9													

FY2007 OIL AND GAS SUPPLEMENTAL
(SB 82)

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Sec / Lang	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	SIC General Funds	Federal Funds	Other Funds	SIC Other Funds	Fund Source	Total Funds	SFC TO1 FUNDS
	Lang	4(b)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline risk analysis and royalty issues multi-year allocation in sec. 20(c)(1), ch. 3, FSSLA 2005, pg. 107, line 2. The amount expected to be available is \$1,500.0. The lapse extension also applies to sec. 20(c)(2) gas pipeline corridor geologic hazards and resource evaluation. This allocation is expected to be fully expended by June 30, 2007.							0.0	0.0
10	Lang	4(b)	Revenue	Commissioner's Office	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(e), ch. 3, FSSLA 2005, pg. 107, line 13. The amount expected to be available is \$100.0.							0.0	0.0
11	Lang	4(b)	Revenue	Alaska Natural Gas Development Authority	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(f), ch. 3, FSSLA 2005, pg. 107, line 16. The amount expected to be available is \$500.0.							0.0	0.0
12	Lang	4(c)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 20(d)(1), ch. 3, FSSLA 2005, pg. 107, line 10, as amended by sec. 31(d), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$800.0. The lapse extension also applies to sec. 20(d)(2) Division of Oil and Gas Increased Workload. This allocation is expected to be fully expended by June 30, 2007. The lapse extension also applies to sec. 20(d)(3) Commissioner's office increased workload, which expects \$10.0 to be available.							0.0	0.0
13	Lang	5(a)	Commerce	ASMI	Increase the Alaska Seafood Marketing Institute's National Consumer Campaign promoting Alaskan seafood, as more than anticipated was received from industry assessment.				2,000.0	576.3	Receipt Supported Services	2,000.0	576.3
14		5(b)	Commerce	ASMI	Appropriates unpaid tax assessments to ASMI for FY1991 through FY2005. Taxes would normally show as RSS, however, because the unpaid tax assessments are from closed fiscal years (and have lapsed), the funding must be appropriated as general funds.		1,423.7						1,423.7
15		5(c)	Commerce	ASMI	Clarifies that the general funds are for unpaid tax assessments.								0.0
16		6			Lapse of Other Appropriations							0.0	0.0
17		7			Retroactivity							0.0	0.0
18		8			Effective date							0.0	0.0
19		9			Immediate Effective Date							0.0	0.0
20												0.0	0.0
21					Oil and Gas Supplemental Bill Total	33,071.7	34,495.4	0.0	2,000.0	576.3	0.0	35,071.7	35,071.7

SARAH PALIN
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 2007

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill making appropriations for bringing North Slope natural gas to market and other oil and gas issues. This request also includes extending the lapse date of gas pipeline related appropriations made in previous years.

Sections 1-3 of the bill appropriate funding to the Departments of Law, Natural Resources, and Revenue for their necessary gas pipeline and other oil and gas related work.

Section 4 extends the lapse date of appropriations made in prior years that dealt with state gas pipeline issues.

Building the gas pipeline is critical for our future. We need a project that ensures any viable explorer or producer can access a gas pipeline on reasonable terms and we need a project that can be expanded when there is more gas found. Funding these requests in this supplemental bill will provide the foundation necessary to ensure a gas pipeline is constructed on Alaska's terms.

I appreciate your consideration of this supplemental request.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Palin".

Sarah Palin
Governor

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 2007

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill making appropriations for bringing North Slope natural gas to market and other oil and gas issues. This request also includes extending the lapse date of gas pipeline related appropriations made in previous years.

Sections 1-3 of the bill appropriate funding to the Departments of Law, Natural Resources, and Revenue for their necessary gas pipeline and other oil and gas related work.

Section 4 extends the lapse date of appropriations made in prior years that dealt with state gas pipeline issues.

Building the gas pipeline is critical for our future. We need a project that ensures any viable explorer or producer can access a gas pipeline on reasonable terms and we need a project that can be expanded when there is more gas found. Funding these requests in this supplemental bill will provide the foundation necessary to ensure a gas pipeline is constructed on Alaska's terms.

I appreciate your consideration of this supplemental request.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Palin".

Sarah Palin
Governor

	A	B	C	D	E	F	G	H	I	J
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	LFD Notes
	1	Law	Capital - Oil, Gas & Mining	Work related to the state gas pipeline and bringing North Slope natural gas to market, and other oil and gas projects. The Department of Law's Oil, Gas & Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue to be needed as negotiations continue. In addition the Department of Law anticipates the Exxon Royalty Reopener will go to trial in either FY 07 or FY 08 and continues to prepare for a four to five week hearing before the Federal Energy Regulation Committee (FERC) considering (in part) the state's and Anadarko's challenges to the TransAlaska Pipeline Service (TAPS) 2005 FERC tariff.	21,500.0				21,500.0	Anticipated expenditures: FY07: \$8,700,000 FY08: \$12,800,000
2	2(a)	Natural Resources	Capital	Gas Pipeline Analysis Outside experts and consultants will be retained for work related to the gas pipeline, including outside legal counsel and experts on federal pipeline law and FERC procedures. A consultant to advise the state on crafting an RFP consistent with the Alaska Gasline Inducement Act (AGIA) for gasline proposals and with analyzing those proposals under AGIA will also be retained.	6,550.0				6,550.0	RFP Consultant: \$4.5 million FERC Experts and Outside Counsel: \$1.25 million Additional Work Needs: \$800.0
3	2(b)	Natural Resources	Capital	Oil and Gas Lease Litigation This project will help offset the costs of litigation arising out of the DNR's exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.	1,500.0				1,500.0	The Point Thomson appeals were filed in December 2006, so funding is not included in the current FY07 or FY08 budget.
4	3(a)	Revenue	Capital	Commercialization of North Slope Gas \$119.5 - two internal economists to work on gasline issues \$1,360.0 for two contractual economists and/or commercial analysts' firms to assist in modeling and analyzing tax incentives and impacts, marketing options and criteria to evaluate applicants and proposed projects \$1,169.6 for specialized legal counsel \$50.9 for other costs, including financial and legal research	3,000.0				3,000.0	The funding for the two economists (currently on staff) is based on 17 months work; the funding for contractual economic and legal analysis is an estimate of what might be needed under AGIA.
5	3(b)	Revenue	Tax Division	Petroleum Production Tax (PPT) implementation costs: \$521.7 for three positions and contracts for developing regulations, expenses for public hearings and legal advice on regulations.	521.7				521.7	Fiscal note identifies almost \$1.4 million for a full years implementation. That is the amount requested for FY08. This is identified as the bare minimum necessary for FY07.
6	3(c)	Revenue	Tax Division	Language to allow the department to make refunds for capital expenditures and lease bids as provided in the PPT, AS 43.55.023(f).					0.0	This language appropriates the funding for the transferable tax credit refunds in FY07. Expected to be significantly less the projected \$25 million in the Gov's FY08 budget.
7	4(a)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 7(d)(1), ch. 6, SLA 2005, pg. 11, as amended by sec. 34(e), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$100.0. The lapse extension also applies to sec. 7(d)(2) Division of Oil and Gas Increased Workload, which expects \$150.0 to be available. The lapse extension also applies to sec. 7(d)(3) Commissioner's office increased workload. This allocation is expected to be fully expended by June 30, 2007.					0.0	As of 2/20/07: Bullen Pt. Road appropriation, original amount = \$2,400.0 and the current balance = \$534.0; Oil & Gas Increased Workload appropriation, original amount = \$2,025.0 and the current balance = \$776.3; Commissioner's Office, Workload appropriation, original amount = \$150.0 and the current balance = \$86.6.
8										

FY2007 OIL AND GAS SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I	J
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	LFD Notes
	4(b)	Administration	Alaska Oil and Gas Conservation Commission	Extend the lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(a), ch. 3, FSSI.A 2005, pg. 106, line 21. The amount expected to be available is \$250.0.					0.0	\$1.2 million was appropriated for FY06-07. \$950.0 already obligated through the end of this year leaving \$250.0 balance. This extension will allow the department to wrap up current work on studies needed to set gas off take rates for Pt. Thomson.
9	4(b)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline risk analysis and royalty issues multi-year allocation in sec. 20(c)(1), ch. 3, FSSI.A 2005, pg. 107, line 2. The amount expected to be available is \$1,500.0. The lapse extension also applies to sec. 20(c)(2) gas pipeline corridor geologic hazards and resource evaluation. This allocation is expected to be fully expended by June 30, 2007.					0.0	As of 2/20/07: Gas Pipeline Risk Analysis appropriation, original amount = \$2,500.0 and the current balance = \$1,661.6; Gas Pipeline Corridor Geologic Hazards & Resource Evaluation appropriation, original amount = \$2,000.0 and the current balance = \$71.5;
10	4(b)	Revenue	Commissioner's Office	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(e), ch. 3, FSSI.A 2005, pg. 107, line 13. The amount expected to be available is \$100.0.					0.0	Funding is being used in FY07 to fund the 2 exempt gasline economists currently working for the department. FY08 funding for these positions is being requested in the \$3 million request in 3(a) above
11	4(b)	Revenue	Alaska Natural Gas Development Authority	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec 20(f), ch. 3, FSSI.A 2005, pg 107, line 16. The amount expected to be available is \$500.0.					0.0	
12	4(c)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 20(d)(1), ch. 3, FSSI.A 2005, pg. 107, line 10, as amended by sec. 34(d), ch. 82, SIA 2006, pg. 151. The amount expected to be available is \$800.0. The lapse extension also applies to sec. 20(d)(2) Division of Oil and Gas Increased Workload. This allocation is expected to be full expended by June 30, 2007. The lapse extension also applies to sec. 20(d)(3) Commissioner's office increased workload, which expects \$10.0 to be available.					0.0	As of 2/20/07: Bullen Pt. Road Right-of-Way Permitting appropriation, original amount = \$800.0 and the current balance = \$800.0, Oil & Gas Increased Workload appropriation, original amount = \$675.0 and the current balance = \$106.1; Commissioner's Office. Workload appropriation, original amount = \$50.0 and the current balance = \$20.0.
13										
14	5			Lapse of Other Appropriations					0.0	
15	6			Retroactivity					0.0	
16	7			Immediate Effective Date					0.0	
17				Oil and Gas Supplemental Bill Total	33,071.7	0.0	0.0	0.0	33,071.7	

FY2007 OIL AND GAS SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	1	Law	Capital - Oil, Gas & Mining	Work related to the state gas pipeline and bringing North Slope natural gas to market, and other oil and gas projects. The Department of Law's Oil, Gas & Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue to be needed as negotiations continue. In addition the Department of Law anticipates the Exxon Royalty Reopener will go to trial in either FY 07 or FY 08 and continues to prepare for a four to five week hearing before the Federal Energy Regulation Committee (FERC) considering (in part) the state's and Anadarko's challenges to the TransAlaska Pipeline Service (TAPS) 2005 FERC tariff.	21,500.0				21,500.0
3	2(a)	Natural Resources	Capital	Gas Pipeline Analysis Outside experts and consultants will be retained for work related to the gas pipeline, including outside legal counsel and experts on federal pipeline law and FERC procedures. A consultant to advise the state on crafting an RFP consistent with the Alaska Gasline Inducement Act (AGIA) for gasline proposals and with analyzing those proposals under AGIA will also be retained.	6,550.0				6,550.0
4	2(b)	Natural Resources	Capital	Oil and Gas Lease Litigation This project will help offset the costs of litigation arising out of the DNR's exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.	1,500.0				1,500.0
5	3(a)	Revenue	Capital	Commercialization of North Slope Gas \$119.5 - two internal economists to work on gasline issues \$1,360.0 for two contractual economists and/or commercial analysts' firms to assist in modeling and analyzing tax incentives and impacts, marketing options and criteria to evaluate applicants and proposed projects \$1,169.6 for specialized legal counsel \$50.9 for other costs, including financial and legal research	3,000.0				3,000.0
6	3(b)	Revenue	Tax Division	Petroleum Production Tax (PPT) implementation costs: \$521.7 for three positions and contracts for developing regulations, expenses for public hearings and legal advice on regulations.	521.7				521.7
7	3(c)	Revenue	Tax Division	Language to allow the department to make refunds for capital expenditures and lease bids as provided in the PPT, AS 43.55.023(f)					0.0
8	4(a)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 7(d)(1), ch. 6, SLA 2005, pg. 11, as amended by sec. 34(c), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$100 0. The lapse extension also applies to sec. 7(d)(2) Division of Oil and Gas Increased Workload, which expects \$150.0 to be available. The lapse extension also applies to sec. 7(d)(3) Commissioner's office increased workload. This allocation is expected to be fully expended by June 30, 2007.					0.0
9	4(b)	Administration	Alaska Oil and Gas Conservation Commission	Extend the lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(a), ch. 3, FSSLA 2005, pg. 106, line 21. The amount expected to be available is \$250 0					0.0

FY2007 OIL AND GAS SUPPLEMENTAL

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
10	4(b)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline risk analysis and royalty issues multi-year allocation in sec. 20(c)(1), ch. 3, FSSLA 2005, pg. 107, line 2. The amount expected to be available is \$1,500.0. The lapse extension also applies to sec. 20(c)(2) gas pipeline corridor geologic hazards and resource evaluation. This allocation is expected to be fully expended by June 30, 2007.					0.0
11	4(b)	Revenue	Commissioner's Office	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(e), ch. 3 FSSLA 2005, pg. 107, line 13. The amount expected to be available is \$100.0.					0.0
12	4(b)	Revenue	Alaska Natural Gas Development Authority	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec 20(f), ch. 3, FSSLA 2005, pg 107, line 16. The amount expected to be available is \$500.0.					0.0
13	4(c)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 20(d)(1), ch. 3, FSSLA 2005, pg. 107, line 10, as amended by sec. 34(d), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$800.0. The lapse extension also applies to sec. 20(d)(2) Division of Oil and Gas Increased Workload. This allocation is expected to be full expended by June 30, 2007. The lapse extension also applies to sec. 20(d)(3) Commissioner's office increased workload, which expects \$10.0 to be available.					0.0
14	5			Lapse of Other Appropriations					0.0
15	6			Retroactivity					0.0
16	7			Immediate Effective Date					0.0
17				Oil and Gas Supplemental Bill Total	33,071.7	0.0	0.0	0.0	33,071.7

Gas Pipeline and Other Oil and Gas Projects

Sec. 1
FY2007 Request: \$21,500,000
Reference No: 43311

AP/AL: Appropriation
Category: Natural Resources
Location: Statewide
House District: Statewide
Estimated Project Dates: 10/01/2006 - 06/30/2012

Project Type: Planning
Contact: Larry Ostrovsky
Contact Phone: (907)269-5100

Brief Summary and Statement of Need:

FY2007 Supplemental request of \$21,500,000 for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Gen Fund	\$21,500,000						\$21,500,000
Total:	\$21,500,000	\$0	\$0	\$0	\$0	\$0	\$21,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

N/A

Project Description/Justification:

FY2007 Supplemental request of \$21,500,000 for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects.

Estimated allocation as to fiscal year:

FY07 - \$ 8,700,000
 FY08 - \$12,800,000

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in the preparation of legislation and implementation of a comprehensive plan to commercialize North Slope gas.

In addition, the Department of Law has a number of other major projects underway that will continue to require outside counsel and experts beyond the funding included in our base operating budget. The most noteworthy are Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues; and two major corporate income tax matters.

Gas Pipeline Analysis

FY2007 Request: ^{Sec. 2(a)} \$6,550,000
 Reference No: 43299

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Contact: Nico Bus

House District: Statewide

Contact Phone: (907)465-2406

Estimated Project Dates: 02/01/2007 - 06/30/2008

Brief Summary and Statement of Need:

Outside experts and consultants will be retained for work related to the gas pipeline analysis. This includes: outside experts on Federal Energy Regulatory Commission (FERC) procedure; analysis and advice on tariffs, cost overrun, and royalty valuation methodologies; enforcement, remedies, and off-ramps for licensees and the state; and a consultant to advise the state on crafting a Request for Proposal (RFP) consistent with the Alaska Gasline Inducement Act (AGIA) for gasline proposals and with analyzing those proposals under AGIA.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Gen Fund	\$6,550,000						\$6,550,000
Total:	\$6,550,000	\$0	\$0	\$0	\$0	\$0	\$6,550,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

This is a new funding request to support Governor Palin's Alaska Gasline Inducement Act (AGIA).

Project Description/Justification:

I: RFP Consultant \$4,500,000

The Governor has asked that the gasline project be made competitive with a "level playing field" for all gasline applicants. These funds would cover the cost of a consultant to develop a request for gasline proposals. The consultant would advise the state on how to structure the RFP and, once the proposals are submitted to the state, assist with certain aspects of analyzing the proposals. It is anticipated that there would be a legal framework and commercial framework to this RFP and the subsequent analysis. Therefore, the consultant will probably need to subcontract in particular areas of expertise.

In addition, the consultant would assist the state with presenting the AGIA to the Legislature. The above amount would cover the consultant's travel and expenses involved with this project.

II: FERC Experts and Outside Counsel \$1,250,000

These funds would be used to cover the cost of outside legal counsel and experts on federal pipeline law and FERC procedures. These experts will help ensure that the gas pipeline approval process moves through the FERC process in a timely manner.

III: Additional Work Needs \$ 800,000

Gas Pipeline Analysis

FY2007 Request: \$6,550,000
Reference No: 43299

Additional work needs which may include royalty valuation methodology and other lease terms such as switching between royalty-in-kind and royalty-in-value.

Why is this Project Needed Now:

This CIP request will provide funds to pursue a gasline contract under the proposed Alaska Gasline Inducement Act. These funds may be expended directly by DNR or may be RSA'd to Department of Law, Department of Revenue, or the Governor's Office to pay for contracts with outside counsel and experts. The project is expected to begin immediately. Therefore, funds are being requested in FY07. The expenditure of these funds is expected to continue through FY08.

Specific Spending Detail:

Line Item Expenditures:

Services \$6,550,000 Description- Funding will pay for outside legal counsel and experts.

Oil and Gas Lease Litigation

FY2007 Request: ^{Sec. 2(b)} \$1,500,000
 Reference No: 43298

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Contact: Nico Bus

House District: Statewide

Contact Phone: (907)465-2406

Estimated Project Dates: 02/01/2007 - 06/30/2010

Brief Summary and Statement of Need:

This project will help offset the costs of litigation arising out of the Department of Natural Resources's (DNR) exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Gen Fund	\$1,500,000						\$1,500,000
Total:	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$1,500,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

This is new project funding.

Project Description/Justification:

This CIP request will provide funds that may be expended directly by DNR or that may be RSA'd to the Department of Law to pay exclusively for contracts with outside counsel and experts to assist with the appeal of the Point Thomson Unit decision currently before the courts and additional litigation relating to lease terminations.

In November 2006, the DNR commissioner issued a decision on the Point Thomson Unit which terminated the unit. In December 2006, ExxonMobil filed an appeal in the Superior Court. The state will need to respond to motions and briefs in a timely manner to ensure that this case continues to come to a conclusion as quickly as possible. There is also the possibility of a subsequent Supreme Court appeal in which the state will also need to respond.

The commissioner's decision to terminate the unit impacts the terms of the underlying leases. The unit operator has threatened litigation. DNR needs to be able to defend the state's interests in these lands.

Hiring outside counsel and expert witnesses will ensure that the Point Thomson Unit appeal continues to move through the legal process in a timely manner. It will also help ensure that the state has all the necessary resources on this appeal which will deal with the state's basic rights under its leases and unit agreements. Billions of dollars in state revenues are at stake. In addition, exercise of the state's rights might affect future actions.

Why is this Project Needed Now:

The Point Thomson appeals were filed in Superior Court in December 2006, so funding is not in the FY 07 or FY 08 budgets. It is important that as this appeal progresses, the state have access to experts to see this appeal through to conclusion. The appeal may take three years if appealed through the Alaska Supreme Court.

Commercialization of North Slope Gas

FY2007 Request: ^{Sec. 3(a)} \$3,000,000
 Reference No: 43310

AP/AL: Appropriation
 Category: Development
 Location: Statewide

Project Type: Planning
 Contact: Jerry Burnett
 Contact Phone: (907)465-2312

House District: Statewide
 Estimated Project Dates: 03/01/2007 - 06/30/2012

Brief Summary and Statement of Need:

This capital project funding request is for work related to the state gas pipeline and bringing North Slope natural gas to market.

Funding:	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	Total
Gen Fund	\$3,000,000						\$3,000,000
Total:	\$3,000,000	\$0	\$0	\$0	\$0	\$0	\$3,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

Project Description/Justification:

The Department of Revenue requests \$3,000.0 GF to pursue commercialization of North Slope Gas. Following is the projected breakdown of the \$3 million funding request:

- 1) \$419.5 for two state employee economists to work gasline issues internally fulltime within the Department of Revenue. Pay would be commensurate with similar positions in the Department of Natural Resources working on the gasline project. Projected cost is for 17 months.
- 2) \$1,360.0 for at least two external economists/commercial analyst firms/persons to assist in (a) modeling and analyzing tax incentives and probable impacts; (b) marketing options and their feasibility and profitability; (c) in-state gas synergies; and (d) developing appropriate commercial criteria to evaluate applicants and proposed projects.
- 3) \$1,169.6 for two to three attorneys/law firms with appropriate specialties outside of the Department of Law to advise us on tax structures and creation of new tax structures that differentially incentivize differently situated taxpayers; assessment of legal issues and impediments to marketing options now being considered to assist in evaluation of projects; and legal assessment of financial covenants impacting the state and its project selection in standard commercial financing arrangements and governmentally guaranteed financing scenarios.
- 4) \$50.9 for travel, meeting expenses with third parties to complete market, financial and legal research of other projects and players.

Change Record Detail With Description

Department of Revenue

Scenario: FY2007 Supplemental - Oil and Gas (5921)
 Component: Tax Division (2476)
 RDU: Taxation and Treasury (510)

Scenario/ Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
										PFT	PPT	NP
FY2007 Supplemental - Oil and Gas												
Petroleum Production Tax (PPT) Implementation												
	Suppl	521.7	47.0	0.0	474.7	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund	521.7											
<p>The Petroleum Production Tax, Chapter 2, TSSLA 2006 (HB 3001) was enacted during a special session absent an appropriation bill. In order to implement this tax legislation, the Tax Division is requesting \$521.7 GF supplemental funding for FY2007.</p> <p>This request includes \$47.0 for personal services costs related to filling three new Oil and Gas Revenue Auditor positions for 1-3 months. \$474.7 is requested for contractual costs including consulting fees to develop regulations, expenses related to hearings for public notice, legal advice on regulations, advertising, training, and development of an online data filing system.</p> <p>Ongoing funding in the amount of \$1,367.8 is being requested in the FY2008 Governor's Budget based on the fiscal note that was prepared for this legislation.</p>												
Refunds for Capital Expenditures and Lease Bids under PPT												
	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<p>The Petroleum Production Tax, Chapter 2, TSSLA 2006 (HB 3001) was enacted during a special session absent an appropriation bill. AS 43 55.023(f) has language for refunds of capital expenditures and lease bids. In order to make those refunds, the Department of revenue, Tax Division, is requesting language to appropriate the necessary funds if a refund occurs in this fiscal year.</p>												
Totals		521.7	47.0	0.0	474.7	0.0	0.0	0.0	0.0	0	0	0

Sec. 3(b) + (c)

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES


Sec. 4(a), (b) & (c)
State of Alaska
SUPPORT SERVICES DIVISION

TO: Karen Rehfeld
Director, OMB

DATE: February 12, 2007

FILE NO: extend lapse dates

TELEPHONE NO.: 465-2406


FROM: Nico Bus
Admin Services Director

SUBJECT: Lapse Date extensions

The Department of Natural Resources requests approval to extend the lapse dates from June 30, 2007 to June 30, 2008 for the following gasline-related multi-year operating appropriations.

4(b) **SLA05/CH6/Sec7(d)**. Includes allocations for Bullen Pt. Road right-of-way permitting (estimated carry forward of \$100,000), and increased workload issues for the Division of Oil & Gas (estimated carry forward of \$150,000) and the Commissioner's Office (estimated carry forward is zero).

4(b) **FSSLA05/CH3/Sec20(c)**. Includes allocations for risk analysis and royalty issues (estimated carry forward of \$1,500,000).

4(c) **FSSLA05/CH3/Sec20(d)**. Includes allocations for Bullen Pt. Road right-of-way permitting (estimated carry forward of \$800,000), and increased workload issues for the Division of Oil & Gas (estimated carry forward is zero) and the Commissioner's Office (estimated carry forward is \$10,000).

Sec. 4(b)

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
Division of Administrative Services

To: Joan Brown
Chief Budget Analyst
Office of Management & Budget

Date: February 9, 2007

Phone: 465-2200

From: Eric Swanson
Director

Subject: AOGCC Gasline
Funding Extension

The Department of Administration, Alaska Oil and Gas Conservation Commission (AOGCC), is requesting an extension of the lapse date for the appropriation made in FSSLA 2005, Chap. 3, Sec. 20, page 106, line 21 from June 30, 2007 to June 30, 2008.

Existing AOGCC gas off take rules for Prudhoe Bay were set in 1977. Allowable off take gas rates for Pt. Thomson and other fields have never been established. To be able to move quickly with our rule making and not delay construction of a gas line, we requested and obtained an appropriation of funds to allow us to do the studies needed to set gas off take rates.

For FY2006 and FY2007 we received an appropriation of \$1.2 million dollars. \$628,000 of this has been spent or encumbered and between now and the end of the current fiscal year, we expect to spend or encumber another \$322,000 which will leave approximately \$250,000 remaining of our original \$1.2 million appropriation.

It is extremely important that this remaining \$250,000 not lapse and that we be able to carry it forward to FY2008 when it will be needed to finish work currently under way. Litigation with EXXON over Pt. Thomson has interrupted the flow of necessary data from that operator to our staff and consultants. All studies have a shelf life and so to spend our funding as efficiently as possible we will wrap up what we have done to date and then stand down until we have a better idea of a likely start-up date for major gas sale from the North Slope. Having the remaining funding available to us in FY2008 will be necessary to enable completion of our work.

Cc: John Norman
Chairman
AOGCC

MEMORANDUM

STATE OF ALASKA

*Department of Revenue
Administrative Services Division*

Sec. 4(b)

To: Lena Simmons
Budget Analyst
Office of Management & Budget

Date: February 9, 2007

Phone: 465-2312

From: Jerry Burnett
Administrative Services Director

Subject: Lapse Date Extension
for Gasline Appropriations

The Department of Revenue requests that the lapse dates for the appropriations made in Sections 20(e) and 20(f), Chapter 3, FSSLA 2005 be extended to June 30, 2008.

These appropriations were made for the purpose of bringing North Slope gas to market. This project is ongoing and work will not be completed by the current lapse date of June 30, 2007. It is anticipated that the appropriation made in 20(e) will have a balance of \$100.0, and 20(f) a balance of \$500.0 at the end of this fiscal year.

If you need additional information please contact me.

Thank you.

cc: Carol Gamez, ASD



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

MEMORANDUM

DATE: March 5, 2007

TO: Senate Finance Committee Members

FROM: Senator Lyman Hoffman, Co-Chair *Lyman Hoffman*
Senate Finance Committee

RE: CS Senate Bill 82 (FIN) – Oil and Gas Supplementals

Attached is a copy of the proposed Senate Finance Committee Substitute for Senate Bill 82, the Governor's Oil and Gas Supplemental and an updated spreadsheet from Legislative Finance. This Committee Substitute is identical to the Governor's request with the exception of the addition of a supplemental for ASMI which was originally contained in SB 83, Sec. (1) (a). The language for the ASMI appropriation has been revised with the assistance of Legislative Finance to more properly reflect the source of funds.

Also attached are additional documents that may be helpful to you:

1. *Alaska Stranded Gas Development Act Contractual Expenditure Report*, dated 2/26 by the Department of Revenue.
2. *Department of Revenue – Stranded Gas Development Act Funding Summary by Appropriation FY2004 – FY2007*.
3. March 1 memorandum from the Department of Law, Larry Ostrovsky, Assistant Attorney General, containing a more detailed breakdown of their supplemental request.
4. February 26 memorandum from the Oil and Gas Commission, John Norman, Chairman, responding to Committee questions about progress on Point Thompson.

We will consider the CS for Senate Bill 82 (FIN) Wednesday upon completion of the Executive Session on oil and gas matters.

attachments

**Alaska Stranded Gas
Development Act
Contractual Expenditures
Report**

From July 2003 to January 2007

Report date: February 26, 2007
Alaska Department of Revenue

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Executive Summary

Since July 2003, several appropriations have been authorized by the Alaska Legislature under the Stranded Gas Development Act (SGDA), AS 43.82, to negotiate and evaluate proposals to bring North Slope natural gas to market. The funding evaluated in this report was intended to contract for services of independent contractors to assist in evaluating applications or develop contract terms in support of a Stranded Gas Pipeline contract.

This report provides an overview, not an audit, of the Stranded Gas Development Act contractual expenditures from July 2003 to January 2007. Expenditure items are categorized based on types of service provided. This report also lists descriptions of services provided by each contractor, its monthly invoice pattern, along with its tangible deliverables.

From July 2003 to January 2007, a total of \$26,029,006 was recorded as SGDA contractual expenditures by the Departments of Law, Revenue, and Natural Resources, and the Governor's Office. This total expenditure includes amounts that the State has expended up to January 11, 2007, but excludes any encumbered amounts. It also includes a total of \$1,500,000 reimbursed from the Producers (BP, ConocoPhillips, and ExxonMobil) for their pipeline application evaluation.

SGDA expenditures are grouped into the following categories of service:

Legal Service & Contract Negotiation – Legal research and assistance for state Stranded Gas Pipeline contract negotiation and the development of contractual documents such as the proposed Fiscal Contract and LLC Agreement.

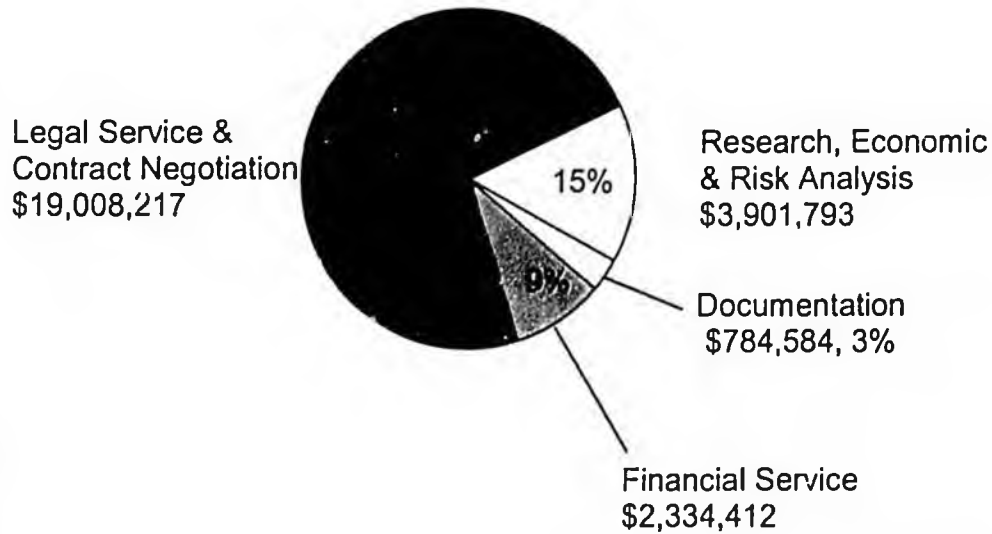
Financial Service – Financial advisory services including planning, analyzing and evaluating project financing options.

Research, Economic & Risk Analysis – Various economic modeling and analysis on the energy market, instate gas use, instate municipality impact, pipeline project risks, alternative business models for the natural gas development, etc.

Documentation – The development of Fiscal Interest Findings and Determination.

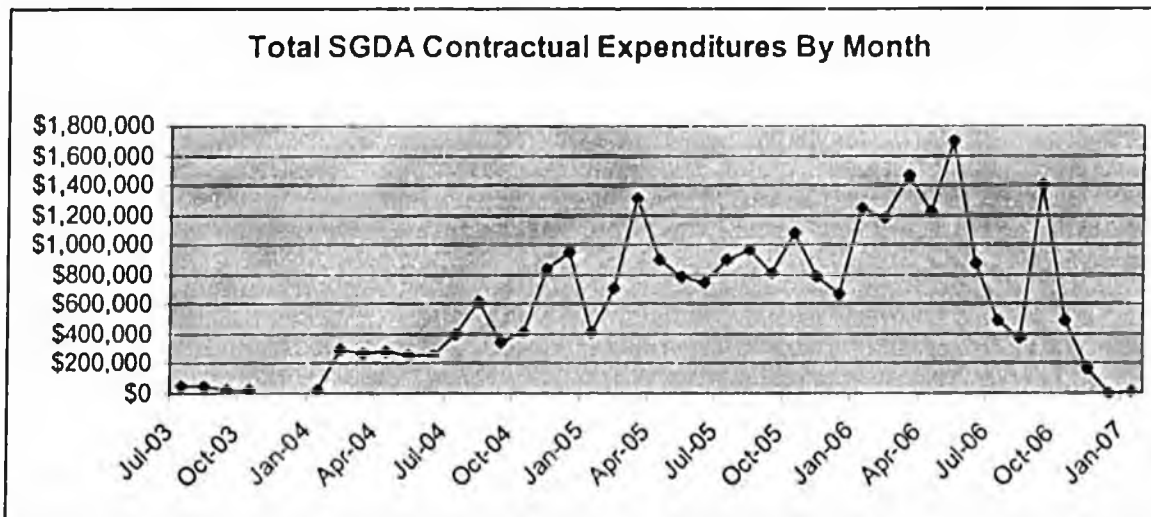
The following chart indicates the expenditures for each service category.

SGDA Contractual Expenditures by Service Categories
July 2003 – January 2007



Total Spent = \$26,029,006

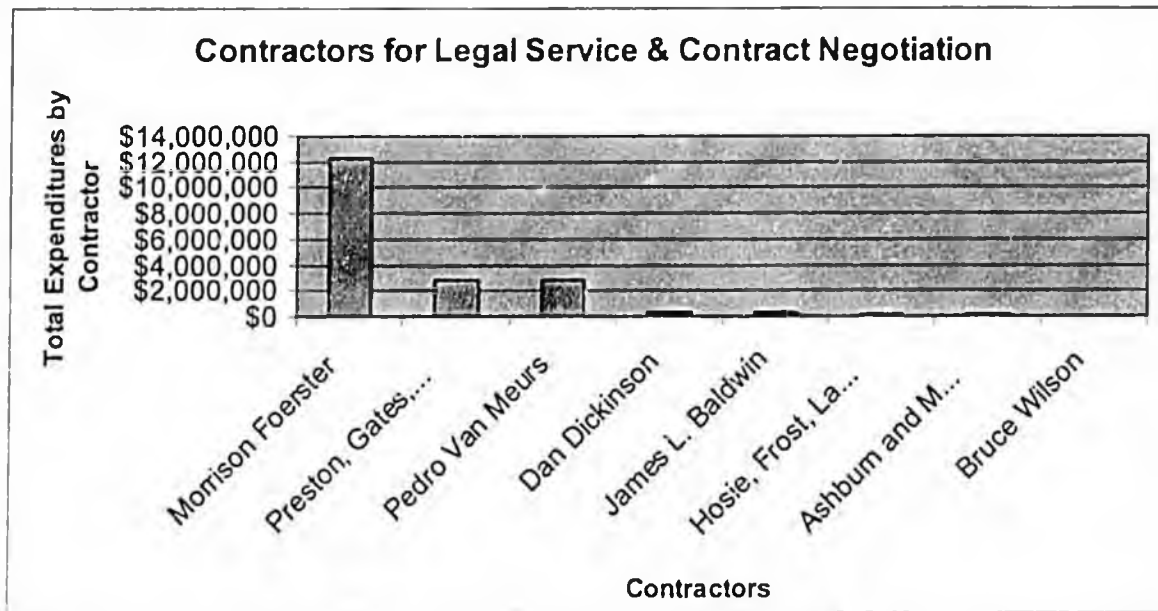
The chart below indicates SGDA contractual expenditures by month.



SGDA Expenditures by Service Providers

Service Category 1: Legal Service & Contract Negotiation

Eight contractors provided SGDA legal and contract negotiation services: Morrison Foerster; Preston, Gates, and Ellis; Pedro Van Meurs; Dan Dickinson; James L. Baldwin; Hosie, Frost, Large, and McArthur; Ashburn and Mason; and Bruce Wilson.



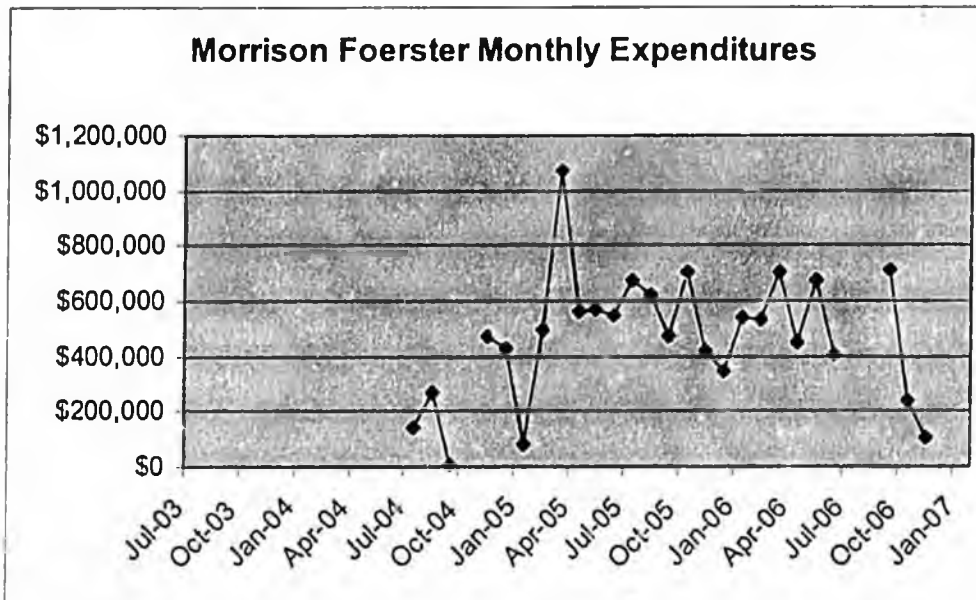
Morrison Foerster	\$12,268,896
Preston, Gates, and Ellis	\$2,904,329
Pedro Van Meurs	\$2,874,462
Dan Dickinson	\$387,112
James L. Baldwin	\$267,476
Hosie, Frost, Large, & McArthur	\$200,000
Ashburn and Mason	\$95,941
Bruce Wilson	\$10,000
Total	\$19,008,217

SGDA Contractual Expenditures Report

The following chart indicates legal service and contract negotiation expenditures by month.



Morrison Foerster



Services: Legal advisors to the Department of Law

Total Cost: N/A

Period of Performance: N/A

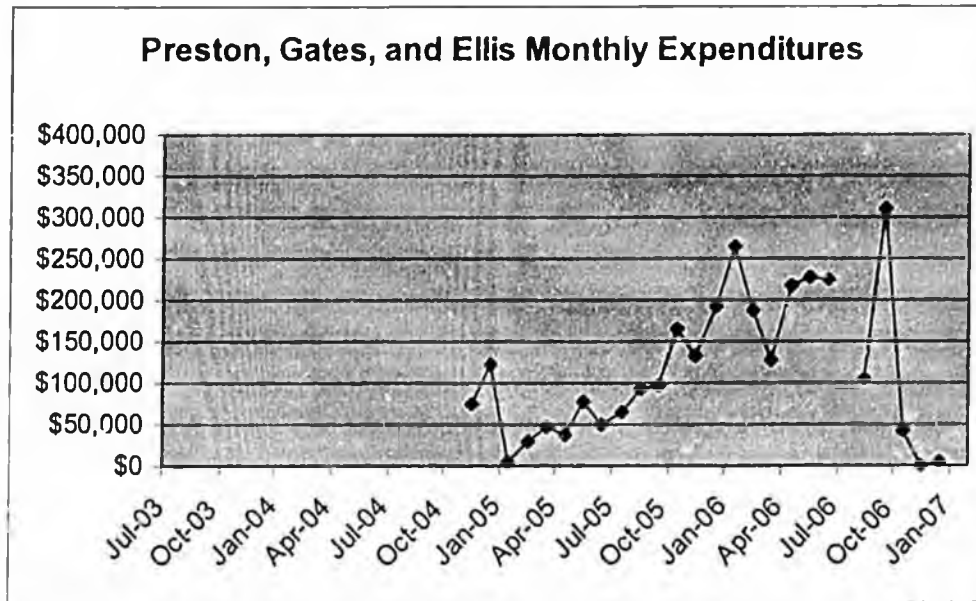
Description of Services:

Provided advice and counsel on State and Federal legal issues related to the negotiation and development of a contract under the Alaska Stranded Gas Development Act (AS 43.82). Provided advice on FERC issues, public financing, constitutionality, and other legal issues related to a gasoline contract. Prepared "final offer" contract to present to the Sponsor group, negotiated with the Sponsor group on compromise language for the stranded gas contract and LLC, and refined the Alaska Pipe Co. legislation to conform to the contract goals and structure.

Deliverables:

Numerous legal memos regarding the LLC, FERC (regulatory, tax, and tariff issues), finance proposals, Canadian issues and the Sponsor group's contract proposals.

Preston, Gates, and Ellis



Services: Legal advisors to the Department of Law

Total Cost: N/A

Period of Performance: N/A

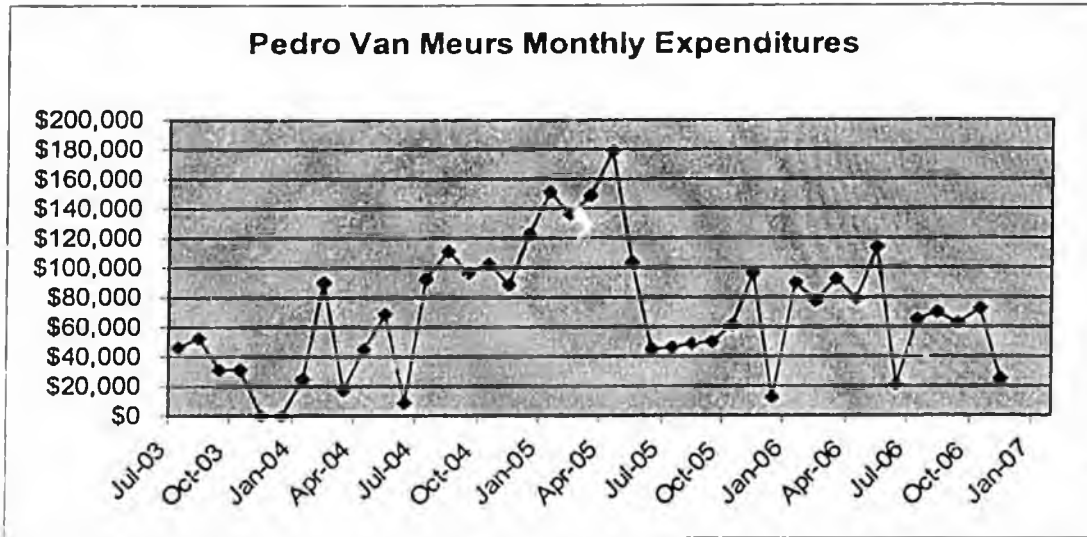
Description of Services:

Provided advice and counsel on State and Federal legal issues related to negotiation and development of a contract under the Alaska Stranded Gas Development Act (AS 43.82). Provided legal advice on public financing, constitutionality and other legal issues related to a gasline contract, as well as assisted with record handing, review and analysis related to public record or discovery requests. Provided outline of legislation needed to implement the Sponsor group's SGDA deal and study impact of Superior Court's decision in royalty oil case on SGDA contract issues.

Deliverables:

A computerized, indexed database of the SGDA administrative record and numerous legal memos.

Pedro Van Meurs



Services: Negotiator and consultant for gas line contract

Total Cost: \$2,879,244

Period of Performance: 7/15/03 to 12/15/06

Description of Services:

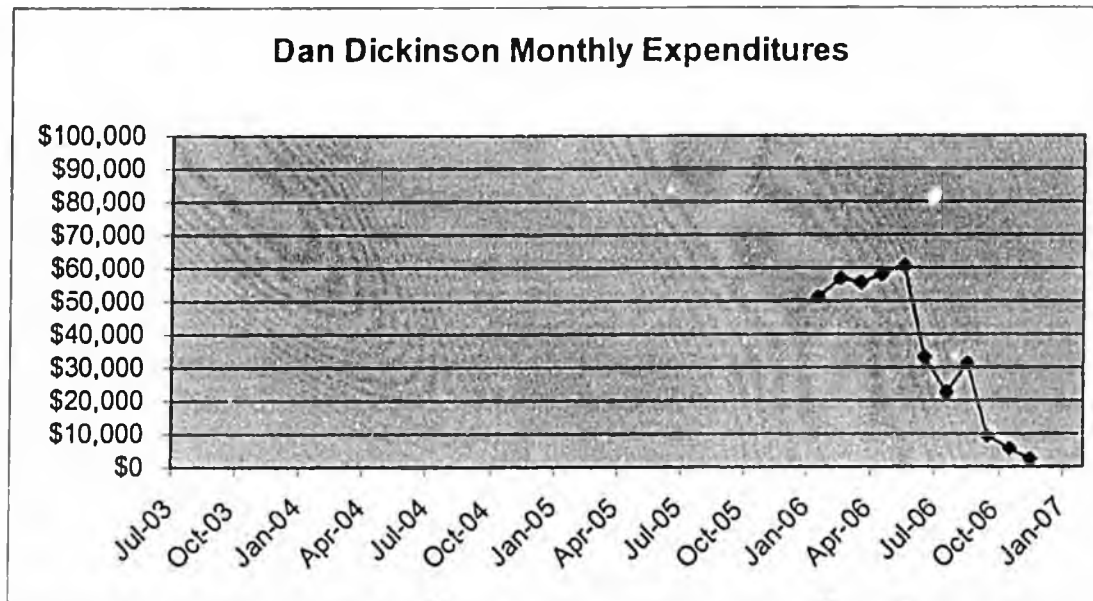
The contractor served as lead negotiator for the State of Alaska in development of a contract under the Alaska Stranded Gas Development Act. This shall include:

- Participating in discussions with the State on developing proposed contracts.
- Developing proposed contract terms and making presentations to the State and producers.
- Assisting the State in evaluating applications for development of a contract.
- Advising the State on negotiating strategy.
- Assisting the State in developing economic models of the project.
- Advising the State on international competitiveness of Alaska fiscal terms.
- Advising the State on issues embedded in ASGDA, including: Fiscal system; Fiscal certainty; Royalty provisions (in-kind and in-value); Gas valuation; Tariffs; Pipeline access for third parties; In-state use of gas; and Use of Alaska labor and businesses.
- Making presentations to Alaska communities, organized labor and businesses, and the legislature.

Deliverables:

Alaska gasline project competitiveness reports, project profitability analysis reports, a financial model, and presentations on the gasline project to the Legislature.

Dan Dickinson



Services: Production tax reform expertise

Total Cost: \$387,112

Period of Performance: 1/4/06 to 1/3/07

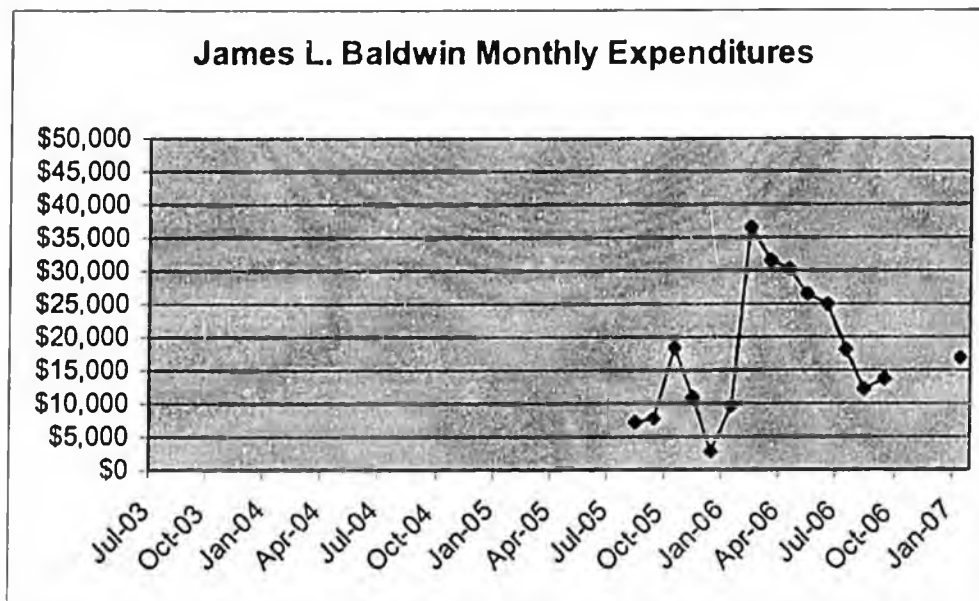
Description of Services:

- Assisted the department in enabling reform of the AS 43.55 production tax.
- Participated in negotiation meetings and provided expert advice and guidance on specific issues as requested.

Deliverables:

Proposed revisions to the proposed fiscal contract between the State of Alaska and the Producers.

James L. Baldwin



Services: Assist with Stranded Gas contract developments and the drafting of the Interim Fiscal Interest Finding (IFIF)

Total Cost: N/A

Period of Performance: N/A

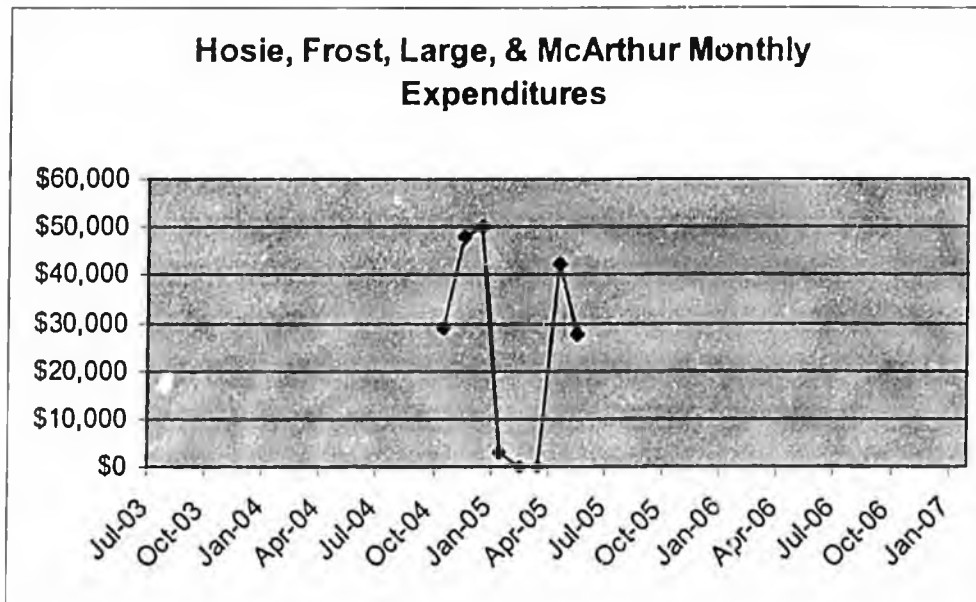
Description of Services:

Provided legal advice regarding gasline negotiations (attended numerous gas team meetings and teleconferences), advised DOL regarding separation of powers, special session legislation, Legislature v. Murkowski. Assisted in the drafting of the Fiscal Interest Finding, as well as prepared legal memos for DOR, the Governor's Office, and DOL.

Deliverables:

Proposed revisions to the IFIF, legal memos and e-mail correspondence.

Hosie, Frost, Large, & McArthur



Services: Provide an in-depth analysis of the major North Slope producers' (BP, ExxonMobil and ConocoPhillips) duties to develop and market their interest in the gas resource in the Prudhoe Bay and Point Thomson Units

Total Cost: \$209,940

Period of Performance: 7/1/04 to N/A

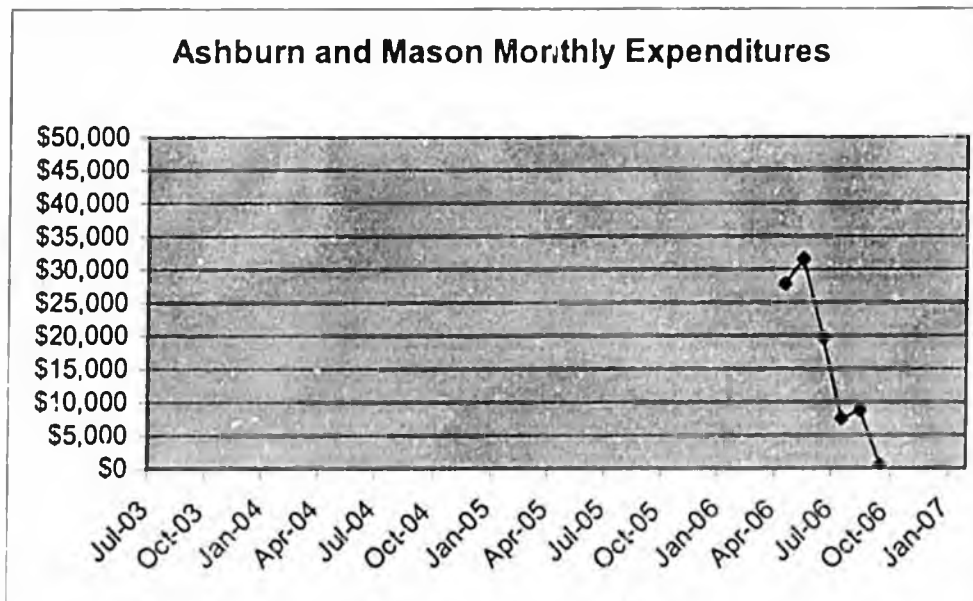
Description of Services:

Provided DOL with an analysis of: the pertinent express covenants in the basic state oil and gas lease forms, the two standard unit agreement forms, the Prudhoe Bay and Point Thomson Units Agreements; in particular, the implied covenants to develop and market.

Deliverables:

A legal memorandum.

Ashburn and Mason



Services: Assist the State with evaluating and prosecuting potential claims with respect to North Slope pipeline operations

Total Cost: \$102,997

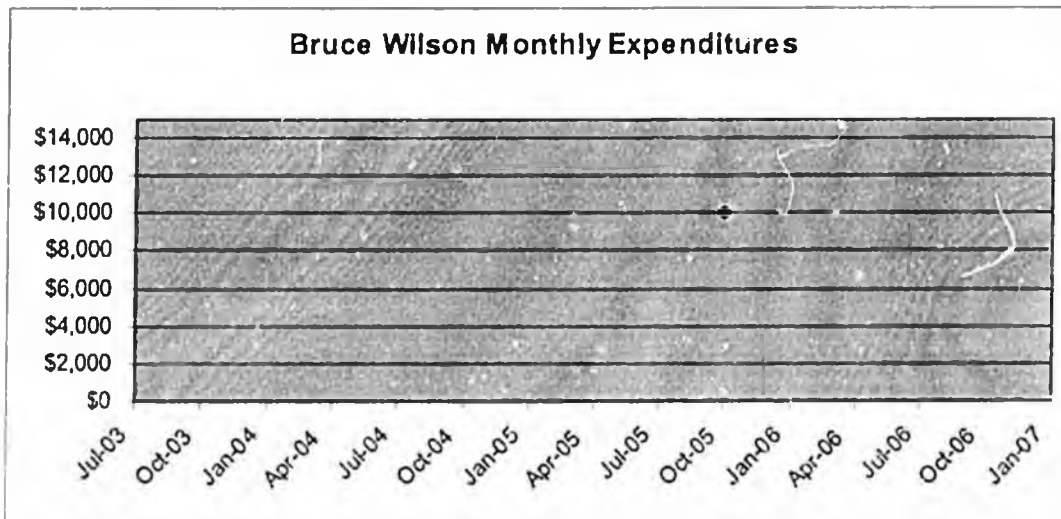
Period of Performance: 7/1/06 to 12/31/06

Description of Services:

Provided legal advice for DOL in various legal memos, monitored special session proceedings, reviewed correspondence and research materials on proposed oil tax/gasline tax legislation, as well as reviewed gasline contract proposals.

Deliverables: N/A

Bruce Wilson



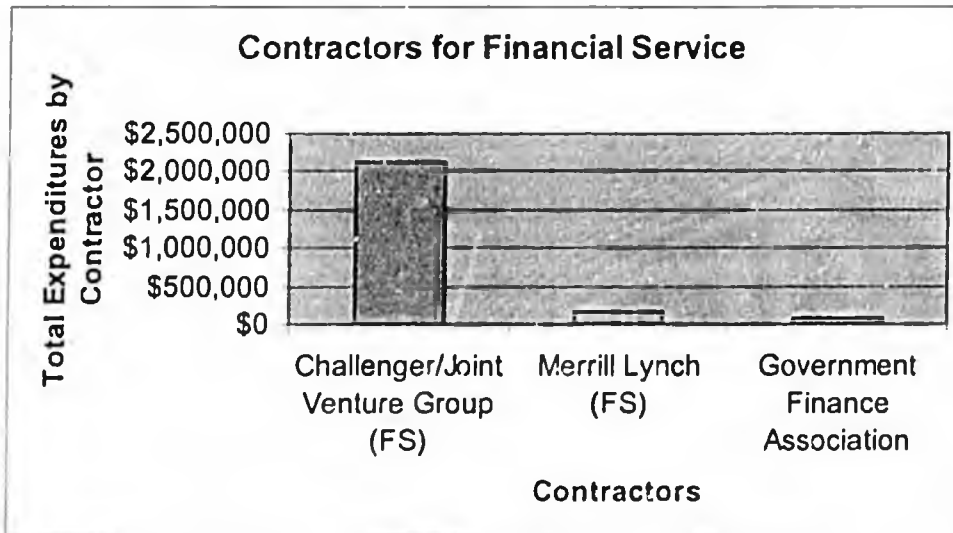
Services: Analysis of the Jones Act
Total Cost: \$10,000
Period of Performance: 04/15/05 to 09/30/05

Description of Services:
Legal analysis related to the Jones Act.

Deliverables: N/A

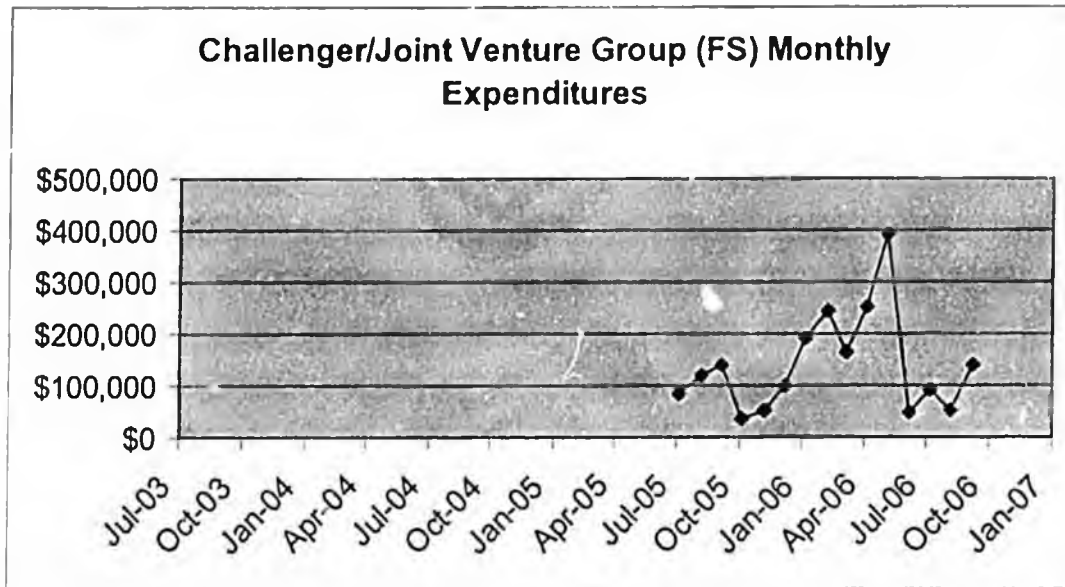
Service Category 2: Financial Service (FS)

Financial advisory services involved planning, analyzing and evaluating project financing options. This service category included three contractors: the Challenger/ Joint Venture Group, Government Finance Association, and Merrill Lynch.



Challenger/Joint Venture Group (FS)	\$2,106,761
Merrill Lynch (FS)	\$150,000
Government Finance Association	\$77,651
Total	\$2,334,412

Challenger, UBS, Credit Suisse (Joint Venture Group) (FS)



Services: Financial Plan Advisor to the Dept of Revenue, SGA Project

Cost: \$2,106,761

Period of Performance: 10/25/05 to 6/30/07

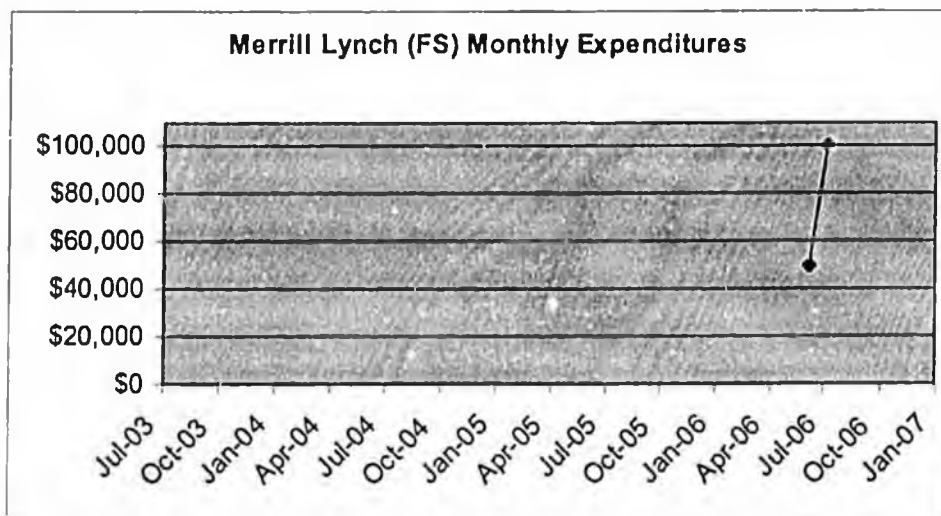
Description of Services:

Assisted the State on planning, analysis, and evaluation of state equity participation and overall analysis of project financing and construction of the pipeline.

Deliverables:

A Finance Plan Report as an appendix to Interim Fiscal Interest Findings and Determination.

Merrill Lynch & Co (FS)



Services: Advice to the Gas Team on taxation and risk reduction on financing gas line

Total Cost: \$150,000

Period of Performance: 6/8/04 to 6/30/05

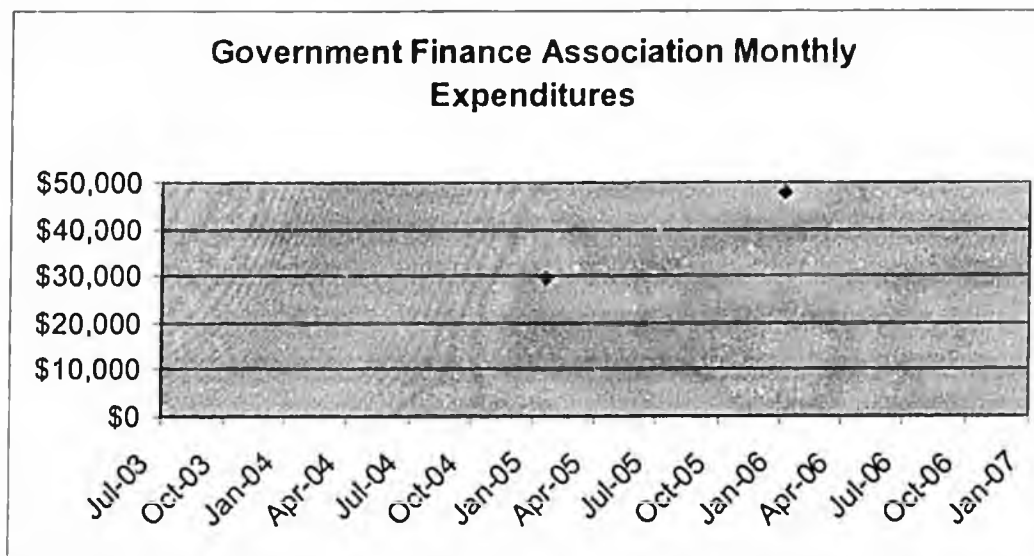
Description of Services:

Provided advice to the Gas Team on the State's ability to finance its 35% share of gas treatment plant and pipeline as well as financing methods.

Deliverables:

Presentations to the Legislature and a report regarding Alaska natural gas pipeline: analysis of state participation and alternative structures.

Government Finance Association



Contract 1 Services: Financial advice on financing alternatives
Total Cost: \$29,810
Period of Performance: 9/16/04 to 4/30/05

Description of Services:
Financial advisory services on alternative financing arrangements.

Deliverables:
Written recommendations on transportation financing proposals considering state risk, project capability to repay, and effect of proposal on state credit ratings.

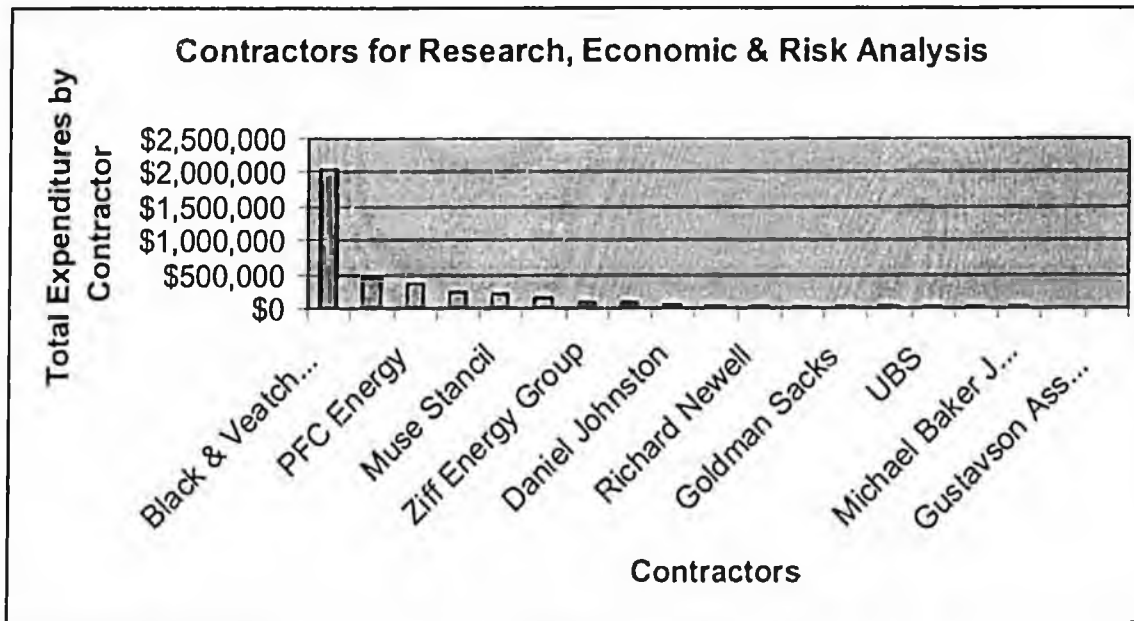
Contract 2 Services: Financial Advisory Services
Total Cost: \$47,841
Period of Performance: 1/20/05 to 1/20/06

Description of Services:
Research on credit issues, such as ratings for domestic pipelines and shippers, review and response on credit and structuring matters, development of parameters effecting Gasco, Pipeco and related entities, comment on fiscal agreement and other gas line issues, use of federal guarantee transactions and associated assistance as requested.

Deliverables: N/A

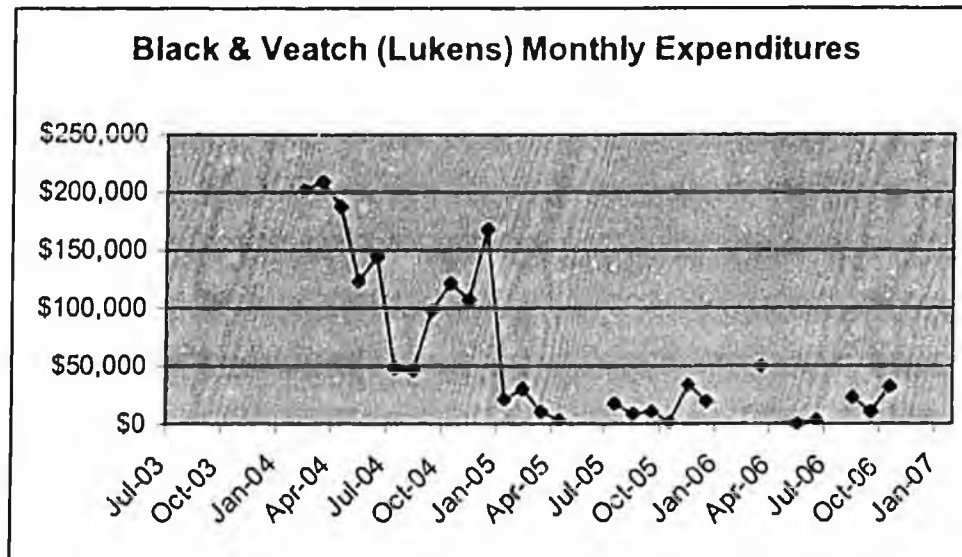
Service Category 3: Research, Economic & Risk Analysis

A number of contractors performed various economic and risk analysis and research.



Black & Veatch (Lukens)	\$2,028,485
Information Insight	\$456,500
PFC Energy	\$375,894
Paragon Engineering	\$237,310
Muse Stancil	\$216,348
Wood MacKenzie	\$150,000
Ziff Energy Group	\$103,000
PriceWaterHouseCoopers	\$92,892
Daniel Johnston	\$53,250
Natural Gas Associates of Colorado, LLP	\$30,000
Richard Newell	\$26,295
CitiGroup	\$20,000
Goldman Sachs	\$20,000
Merrill Lynch	\$20,000
UBS	\$20,000
Grant Thornton	\$19,099
Michael Baker Jr Inc	\$18,019
Jensen Associates	\$12,700
Gustavson Associates	\$2,000
Total	\$3,901,793

Black & Veatch Corporation (previously Lukens Energy)



Contract 1 Services: Risk Analysis Framework

Total Cost: \$1,714,945

Period of Performance: 7/1/04 to 6/30/07

Description of Services:

Risk analysis on SGDA issues, especially with expert advice on midstream tariff and expansion terms.

Deliverables:

Contractor provided numerous reports. These included: probabilistic analysis of available capacity on export pipelines from the AECO hub; risk associated with making transportation capacity commitments on export pipelines from the AECO hub; toll design and NGL extraction for natural gas on the Alliance Pipeline and NOVA Gas Transmission Ltd.; financial analysis of firm transportation commitments to an Alaskan natural gas pipeline; overview of building and managing a natural gas marketing organization; alternative structures, strategies and risks for a state natural gas marketing organization; overview of asset management and gas sales agreements; comparative jurisdictional review of RIK sales processes; natural gas price forecasting for ANS gas; option value of gas purchases of ANS gas; value to the state of lease "higher-of" provisions; summary of Alliance pipeline terms. Contractor built and provided to the State both tariff and gas price models.

Contract 2 Services: Evaluation of Applications – Regulatory & economic Expertise

Total Cost: \$312,219

Period of Performance: 3/1/2004 to 6/30/2005

Description of Services:

Assisted the State with developing economic models of the gas line project, provided reports on gas market analysis & midstream asset valuation, drafted related proposed contract terms, advised the State on issues imbedded in the SGDA such as tariffs, 3rd party access to gas, instate gas use and was in attendance at negotiations and participated in discussions on contract development.

Deliverables:

A set of market analysis reports and presentations.

Contract 3 Services: Professional Services

Total Cost: \$50,000

Period of Performance: 1/28/04 to 6/30/04

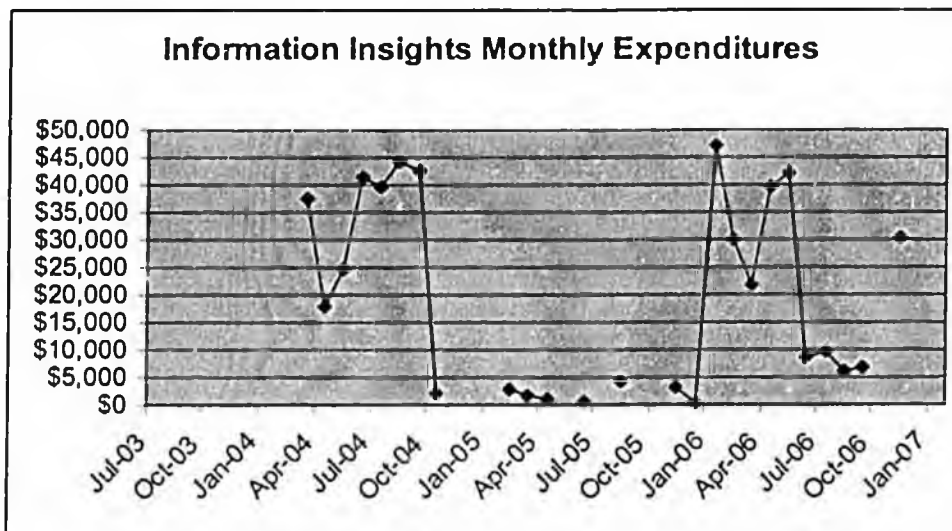
Description of Services:

Evaluation of an application for the development of contract terms under AS 43.82.200 and provide the SOA with regulatory and economic expertise.

Deliverables:

Contractor provided reports on the likely available capacity on export pipelines from the AECO hub; analysis of a future possible Fairbanks to Anchorage spur pipeline.

Information Insights



Contract 1 Services: Socioeconomic Impact Study

Total Cost: \$348,154

Period of Performance: 3/3/04 to 12/31/06

Description of Services:

To assist the Department of Revenue in preparing a socioeconomic impact study on the areas affected by construction and development of a gas pipeline under AS 43.82.200, Stranded Gas Act. Provided information on local communities and governments located near the project construction site to include; economic impact, social and cultural impact/subsistence, and revenue impact. Ex. Education, law enforcement, firefighting, public utilities, transportation, rail road, etc.

Deliverables:

A report regarding Economic, Fiscal and Workforce Impacts of Alaska Natural Gas Projects.

Contract 2 Services: Economic impact estimates on construction and operating costs

Total Cost: \$208,301

Period of Performance: 12/8/05 to 11/30/06

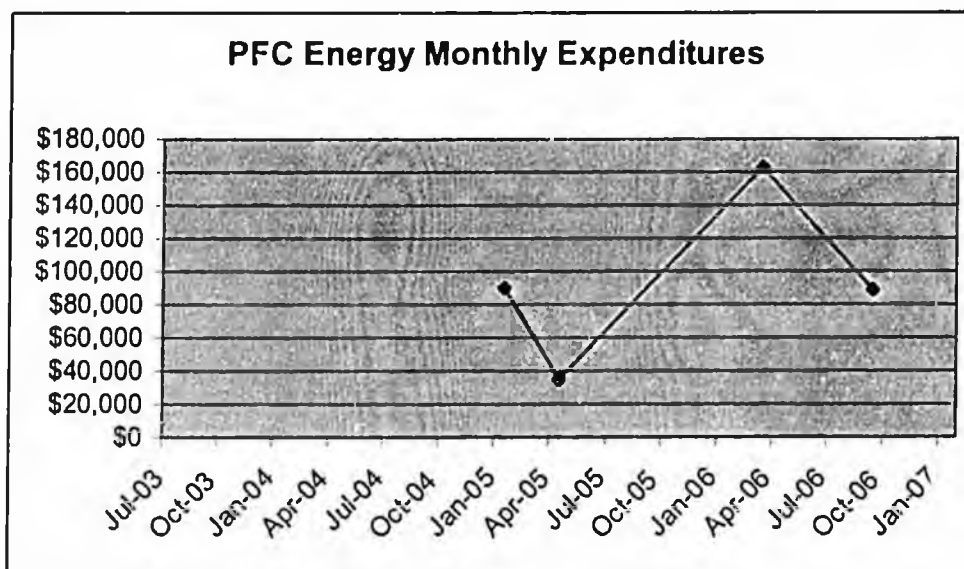
Description of Services:

Estimated the economic impacts on municipalities of developing Alaska's natural gas.

Deliverables:

Reports regarding Municipal Impact Analysis.

PFC Energy



Contract 1 Services: Economic Advisor
Total Cost: \$124,894
Period of Performance: 6/8/04 to 6/30/05

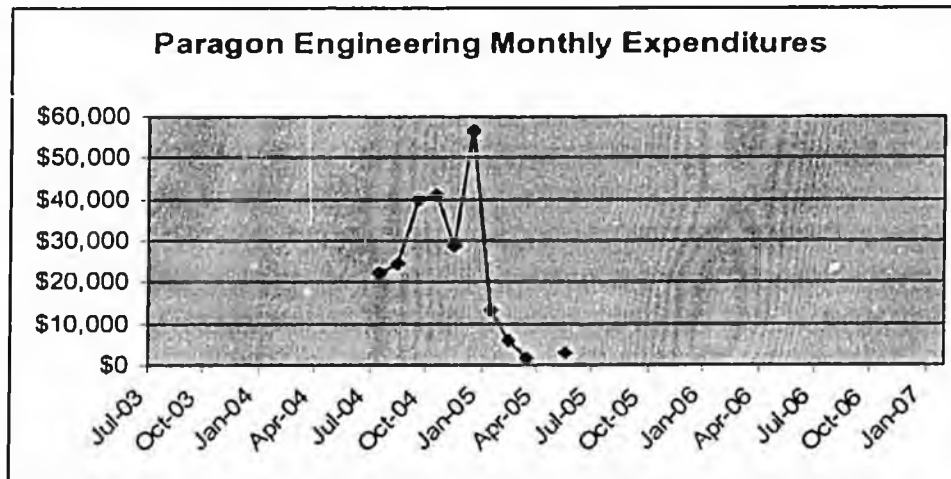
Description of Services:
 Economic analysis of the international attractiveness of the Alaska gas pipeline project, as viewed by the three producers, under various scenarios.

Contract 2 Services: Assess Port Authority proposal
Total Cost: \$251,000
Period of Performance: 12/6/05 to 8/31/06

Description of Services:
 Provided an economic analysis of the Alaska Natural Gas Port Authority project proposal.

Deliverables:
 Memos regarding analyses of other LNG projects in the world. Company profile reports on BP, ExxonMobil, and ConocoPhillips. A presentation regarding North Slope gas projects in the context of global portfolios. A report regarding the free cash flow of Alaska natural gas project. A report regarding oil price assumptions. Report on the ANGPA project proposal.

Paragon Engineering



Contract 1 Services: Pipeline Engineering Expertise

Total Cost: \$234,282

Period of Performance: 5/11/04 to 3/31/05

Description of Services:

The contractor shall provide the State of Alaska with pipeline engineering expertise including but not limited to the following:

- Developing data request of Stranded Gas Act applicants
- Pipeline capacity confirmation studies
- Assessing the scope, granularity, and economic feasibility of capacity expansions
- Future tie-in points to the proposed pipeline
- Perform cost estimates, develop cost/benefit metrics, and confirm the basis for pipeline design.

Deliverables:

A set of reports regarding pipeline work commitment, cost estimate, expansion issues, and the company's findings and recommendations.

Contract 2 Services: Professional Services – Engineering help

Total Cost: \$3,030

Period of Performance: 4/11/05 to 6/30/05

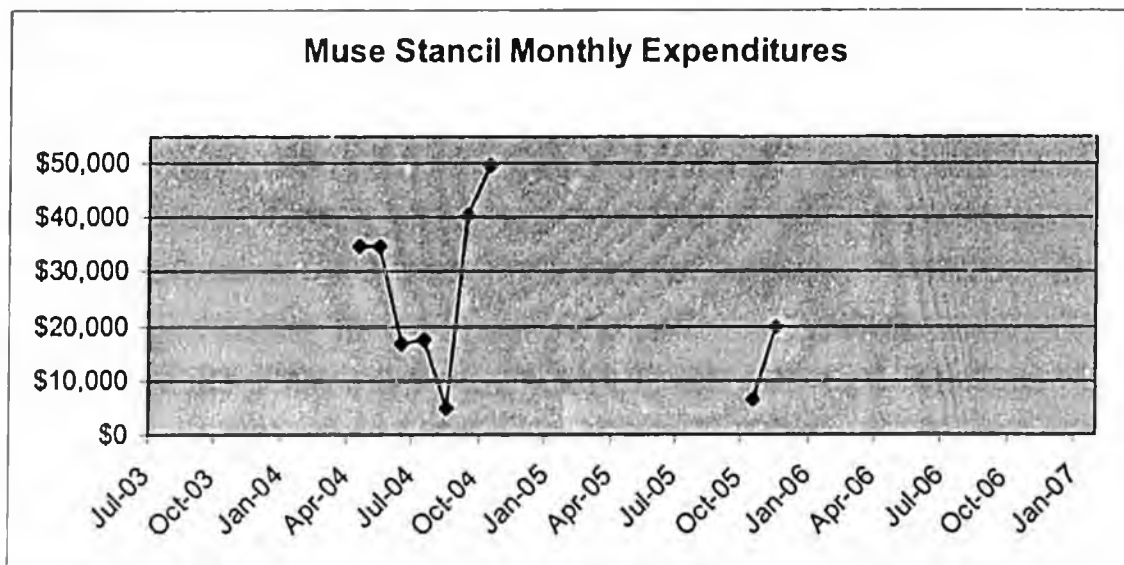
Description of Services:

Engineering assistance for SOA review of TransCanada proposal.

Deliverables:

Draft report on Work commitments and milestones for tracking operator progress towards FERC and NEB filings.

Muse Stencil



Contract 1 Services: Petrochemical Feasibility for Alaska

Total Cost: \$199,020

Period of Performance: 3/15/04 to 3/31/05

Description of Services:

Perform a petrochemical feasibility study for the State of Alaska.

Deliverables:

Presentations regarding Fairbanks petrochemical project; overview of natural gas and NGL's markets; NGLs, in-state gas processing, and petrochemical facilities; and gas processing alternatives for Alaska natural gas.

Contract 2 Services: Regulatory and Economic Expertise

Total Cost: \$26,348

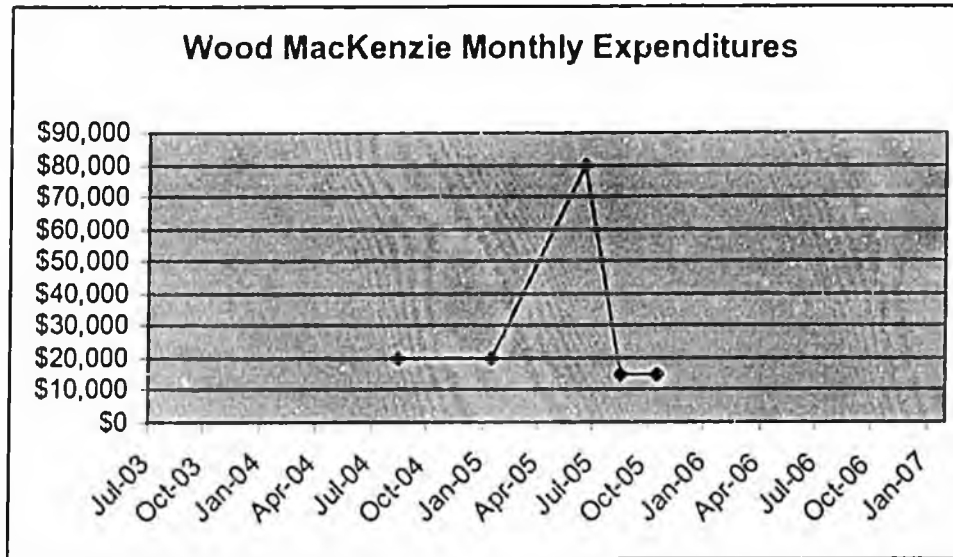
Period of Performance: 10/14/05 to 6/30/06

Description of Services:

Advised the State regarding accounting procedures necessary to ensure that the State receives the correct amount of gas from the producers, as well as other issues relevant to title transfer, audit, measurement, and cost responsibilities.

Deliverables: N/A

Wood MacKenzie



Contract 1 Services: Alternative Business Models

Total Cost: \$20,000

Period of Performance: 7/15/04 to 11/30/04

Description of Services:

Developed alternative business models to recognize the amount of risk the State can afford given its financial constraints and credit needs, as well as the possible role of the Permanent Fund.

Deliverables:

Provide power point presentation.

Contract 2 Services: Price calibration report

Total Cost: \$130,000

Period of Performance: 11/15/04 to 7/31/05

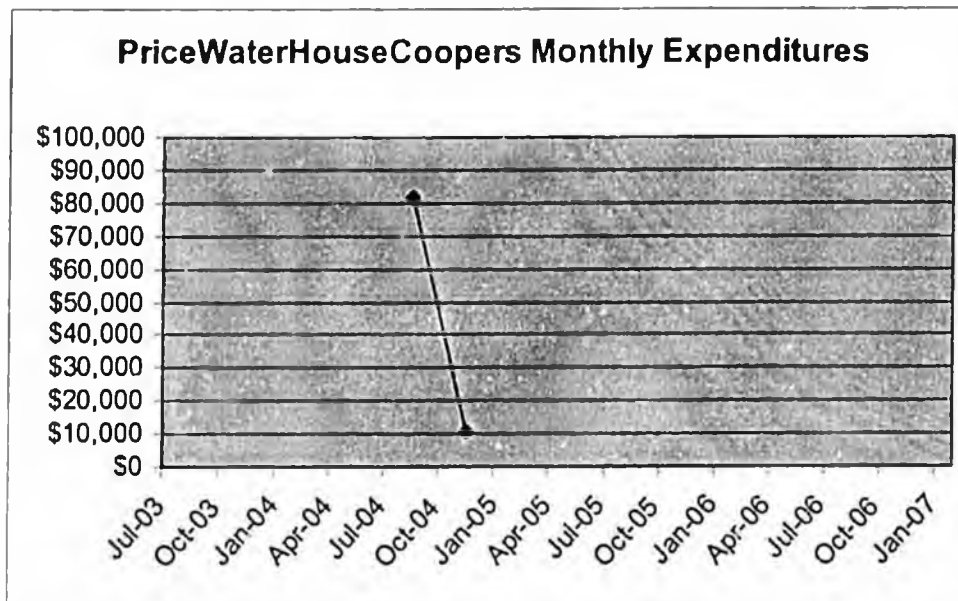
Description of Services:

Preparation of a graph showing Henry Hub, Chicago gas prices, fuel oil prices, and the price of West Texas Intermediate (WTI). Also a correlation between the expected Chicago gas price and a long term WTI price real at various cost.

Deliverables:

Presentations and reports regarding the North American gas market.

PriceWaterHouseCoopers



Services: Canadian Tax Implications

Total Cost: \$92,892

Period of Performance: 8/6/04 to 12/1/04

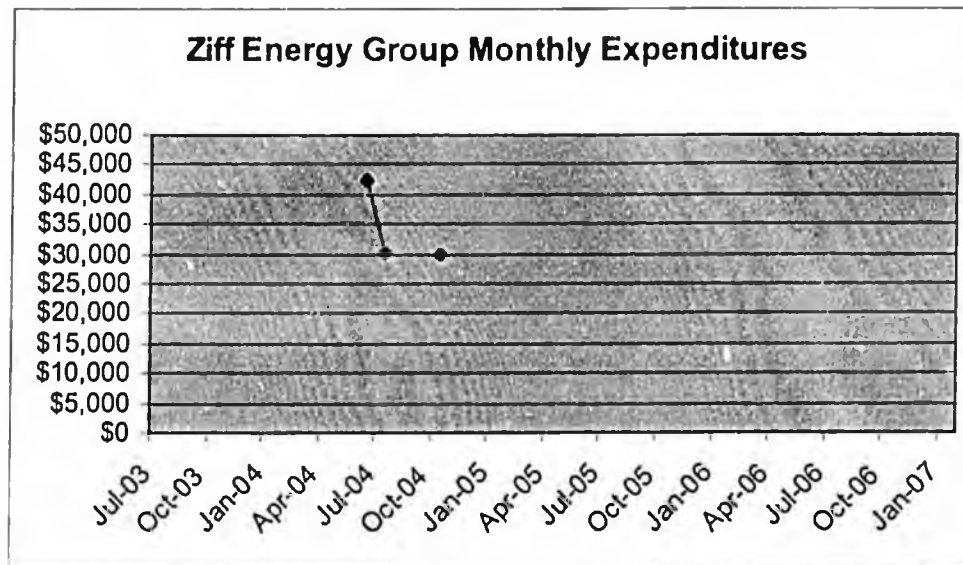
Description of Services:

Assisted the State in determining the applicability of Canadian taxes to Alaska gas line project through Canada; determined the best ownership and financing structure in consideration of the tax implications; and assisted the State in analyzing the producer's determination for booking their North Slope natural gas reserves.

Deliverables:

Report on Canadian tax issues with respect to state ownership of a portion of an Alaskan natural gas pipeline.

Ziff Energy Group



Contract 1 Services: Long Term Gas Price Sensitivities

Total Cost: \$73,000

Period of Performance: 6/10/04 to 6/10/05

Description of Services:

Long term gas pricing outlooks and advice on North American gas markets.

Deliverables:

Contractor provided scenario-based price forecast reports, including discussion of risks and sensitivities.

Contract 2 Services: Pipeline Tariffs & Price Forecasting

Total Cost: \$30,000

Period of Performance: 8/31/04 to 10/31/05

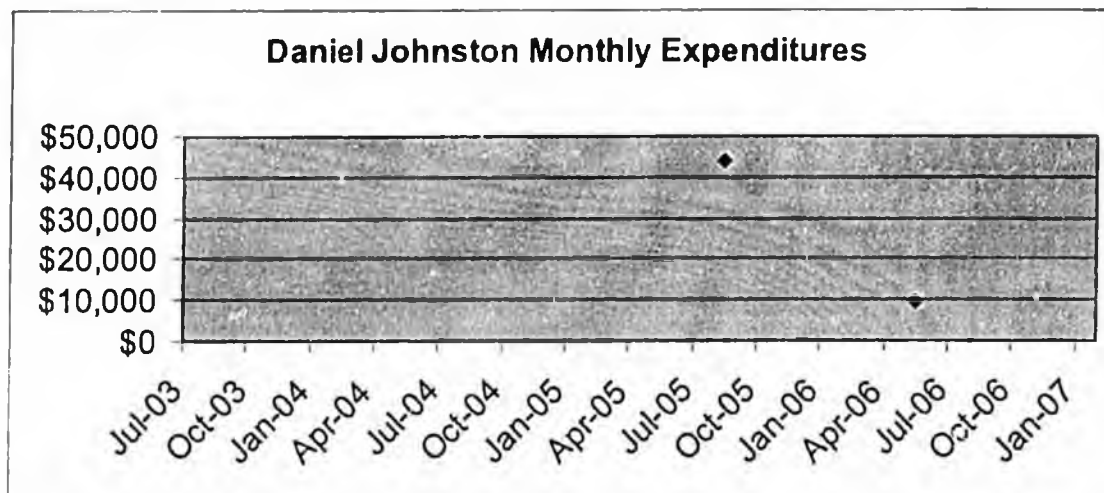
Description of Services:

Information on how an Alaska net back price would be determined, and a view on tolls between AECO and Chicago.

Deliverables:

A report on natural gas price sensitivities.

Daniel Johnston



Contract 1 Services: Consulting

Total Cost: \$43,875

Period of Performance: 8/13/05 to 8/27/05

Description of Services:

Reviewed and evaluated the State's proposals for competitiveness from an international market perspective.

Deliverables: N/A

Contract 2 Services: Records review and compilation

Total Cost: \$9,375

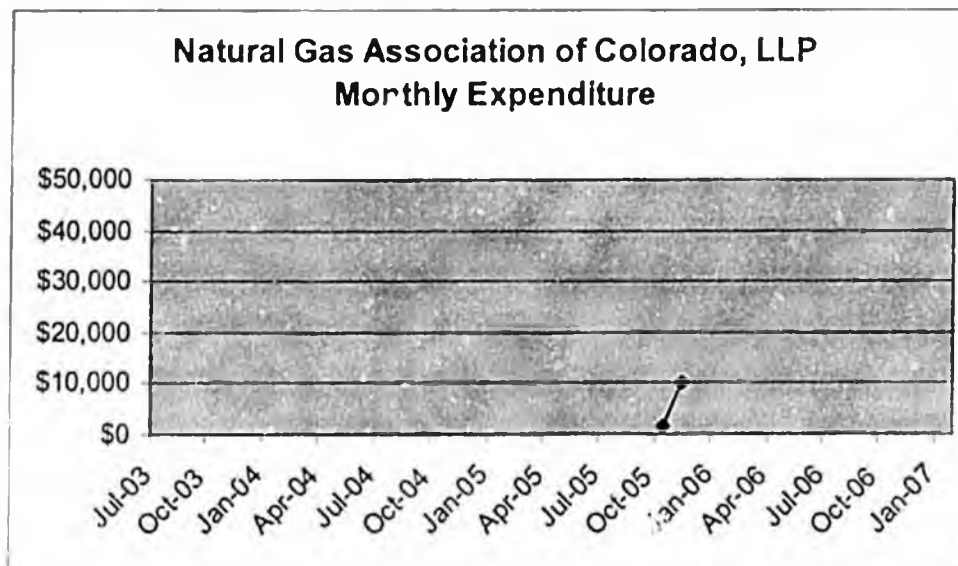
Period of Performance: 12/22/05 to 5/31/06

Description of Services:

Reviewed, compiled and submitted contractor records to the Department of Law.

Deliverables: N/A

Natural Gas Association of Colorado, LLP



Services: Support for Alaska Gas Pipeline

Total Cost: \$30,000

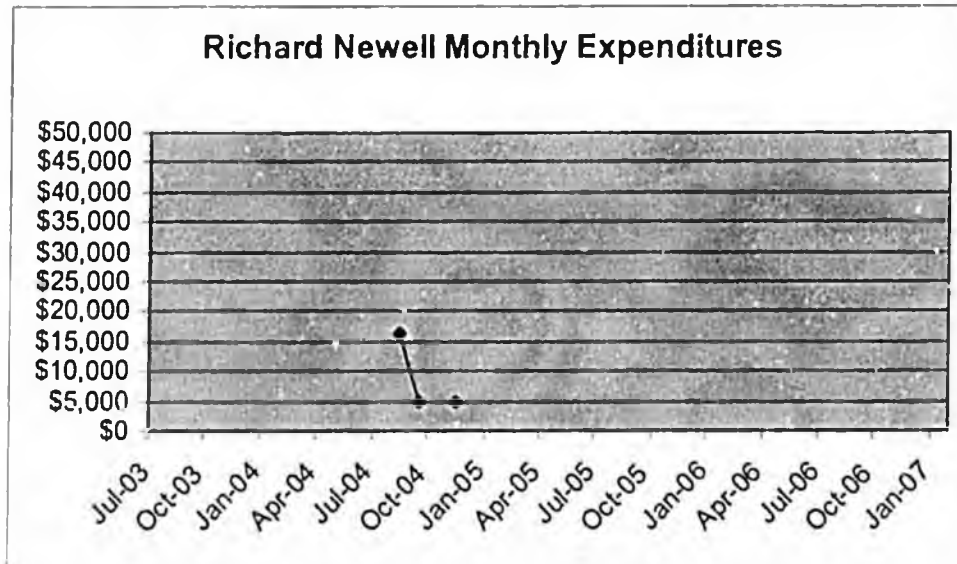
Period of Performance: 10/18/05 to 6/30/06

Description of Services:

Provided engineering, audit and accounting expertise and consultation in evaluation of and development of contract terms pertaining to audit protocols, accounting protocols, and measurement standards.

Deliverables: N/A

Richard Newell



Services: Discount Rate Determination

Total Cost: \$26,295

Period of Performance: 8/17/04 to 10/30/04

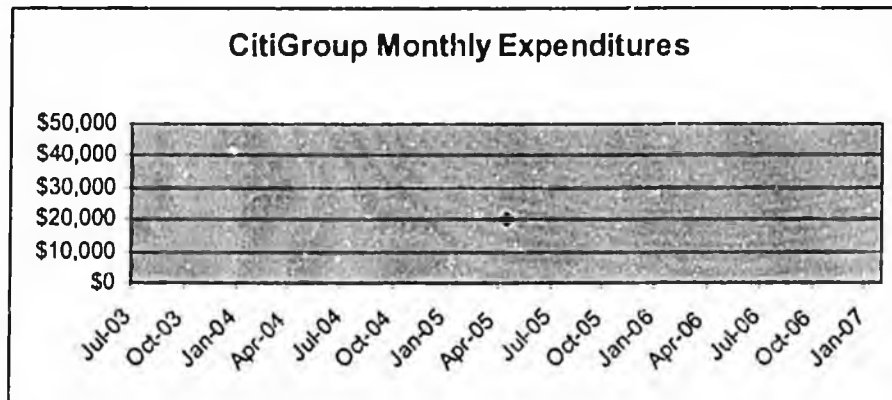
Description of Services:

Provided SOA with appropriate discount rate treatment of future costs and benefits connected with development of North Slope gas under alternative fiscal regimes.

Deliverables:

Contractor provided the State with both in-person and written reports.

CitiGroup



Services: Risk Analysis/ alternative business models

Total Cost: \$20,000

Period of Performance: 6/29/04 to 10/31/04

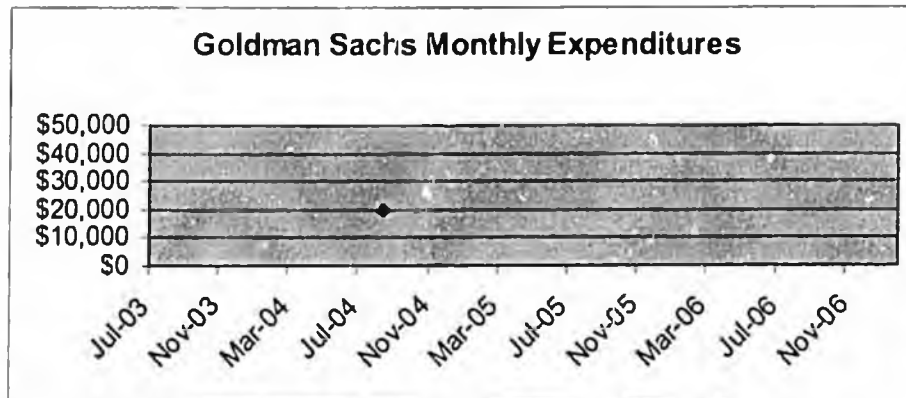
Description of Services:

Developed a number of alternative business models so the State and others (gas producers, pipeline owners, federal government, etc.) could share an increased measure of project risk.

Deliverables:

A presentation regarding Alaska natural gas commercialization.

Goldman Sachs



Services: Develop alternative business models

Total Cost: \$20,000

Period of Performance: 6/1/04 to 7/30/04

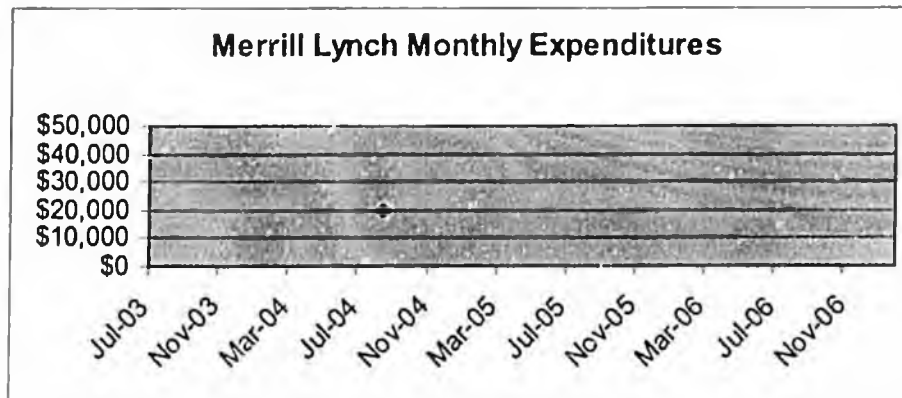
Description of Services:

Developed alternative business models to recognize the volatility of future North American natural gas prices over the next 30 years.

Deliverables:

Memos and reports regarding the oil and gas industry, federal loan guarantee to the gasoline project, and state credit rating considerations. The development of pipeline term sheet.

Merrill Lynch



Services: Develop alternative business models

Total Cost: \$20,000

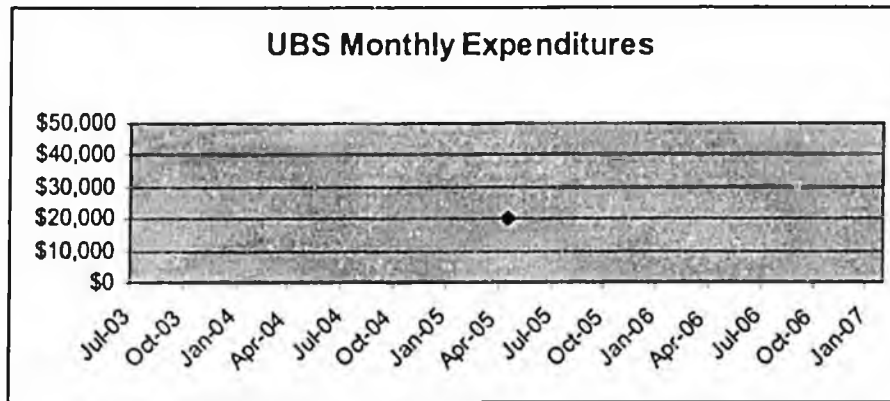
Period of Performance: 5/1/04 to 6/30/04

Description of Services:

Developed alternative business models to recognize the amount of risk the State can afford given its financial constraints and credit needs, as well as the possible role of the Permanent Fund.

Deliverables: N/A

UBS



Services: Alternate Business Models

Total Cost: \$20,000

Period of Performance: 6/25/04 to 9/30/04

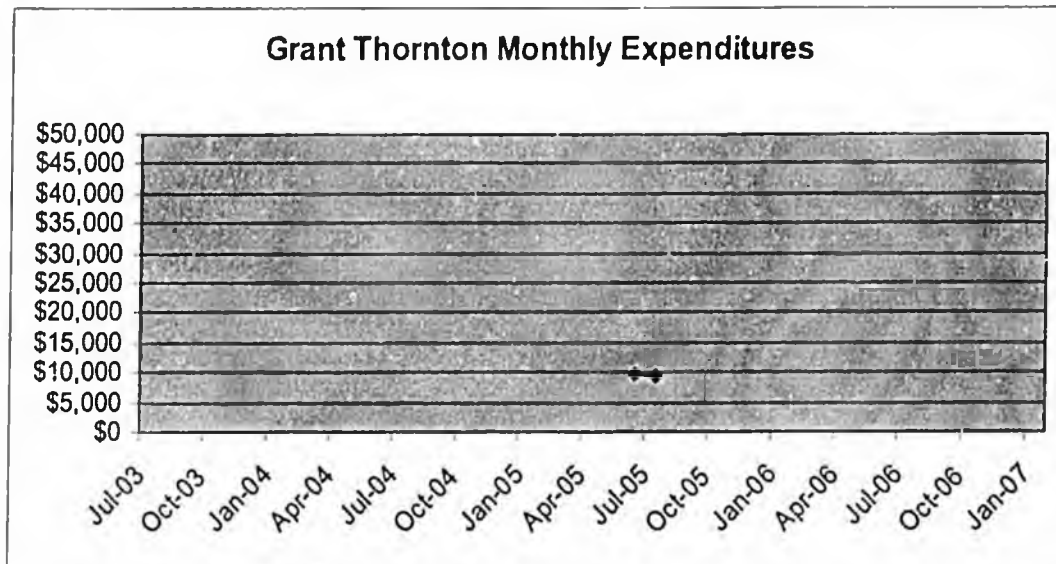
Description of Services:

Developed alternative business models to recognize the amount of risk the State can afford given its financial constraints and credit needs, as well as the possible role of the Permanent Fund.

Deliverables:

A presentation to the Legislature and a memo regarding financing analysis of the State's modified plan C.

Grant Thornton, LLP



Services: Federal and Alaska Corporate Income Tax Expertise

Total Cost: \$19,099

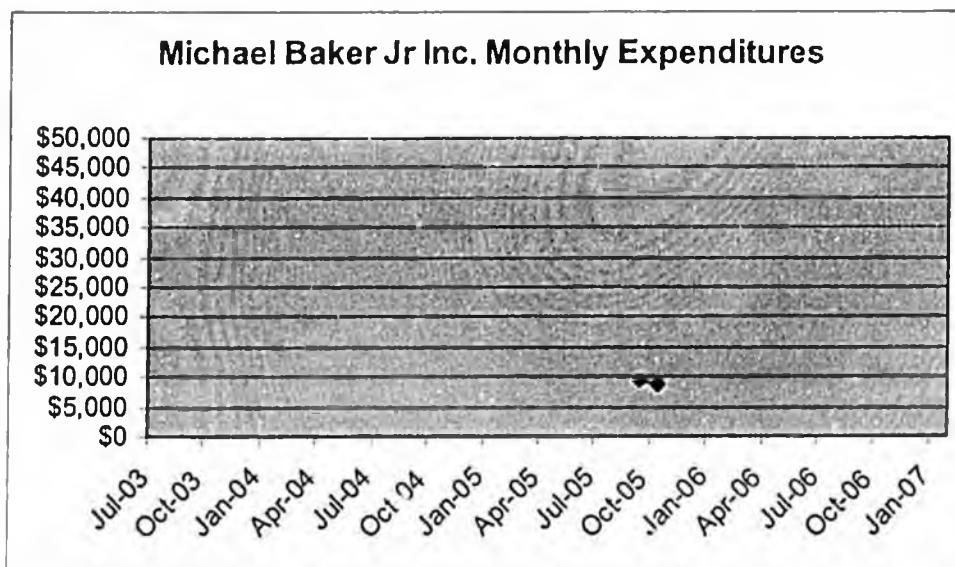
Period of Performance: 5/24/05 to 9/30/05

Description of Services:

Assessed the operation and effect of state and federal income tax on any negotiated fiscal contracts that are proposed as part of the Alaska Stranded Gas Development Act.

Deliverables: N/A

Michael Baker Jr. Inc.



Services: Professional Services

Total Cost: \$30,000

Period of Performance: 7/26/05 to 12/30/05

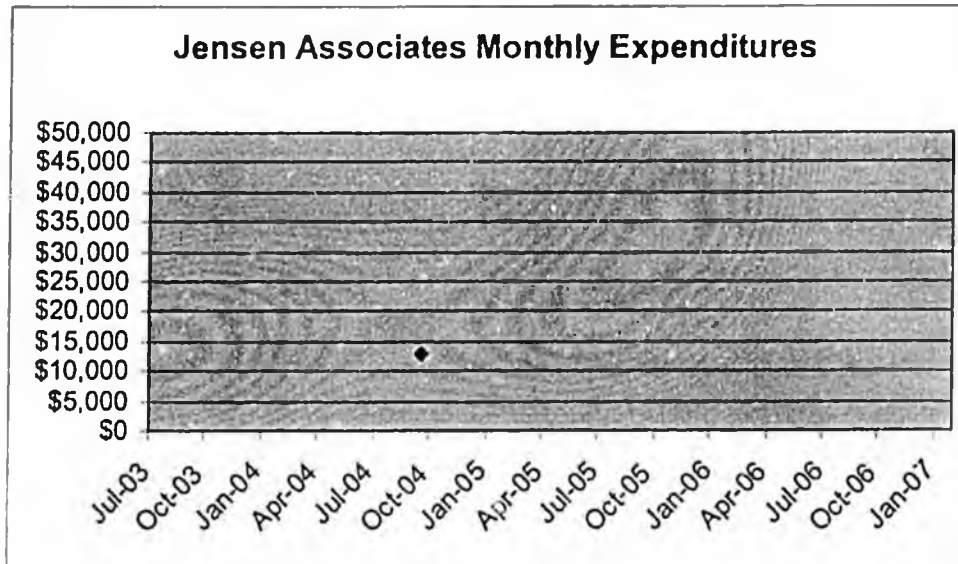
Description of Services:

Engineering expertise and consultation in evaluation of gas pipeline project alternatives for utilization and delivery of gas to various locations as requested by DNR.

Deliverables:

Preliminary cost estimates and development options for a bullet line to Cook Inlet.

Jensen Associates



Services: LNG Imports

Total Cost: \$12,700

Period of Performance: 7/20/04 to 6/30/05

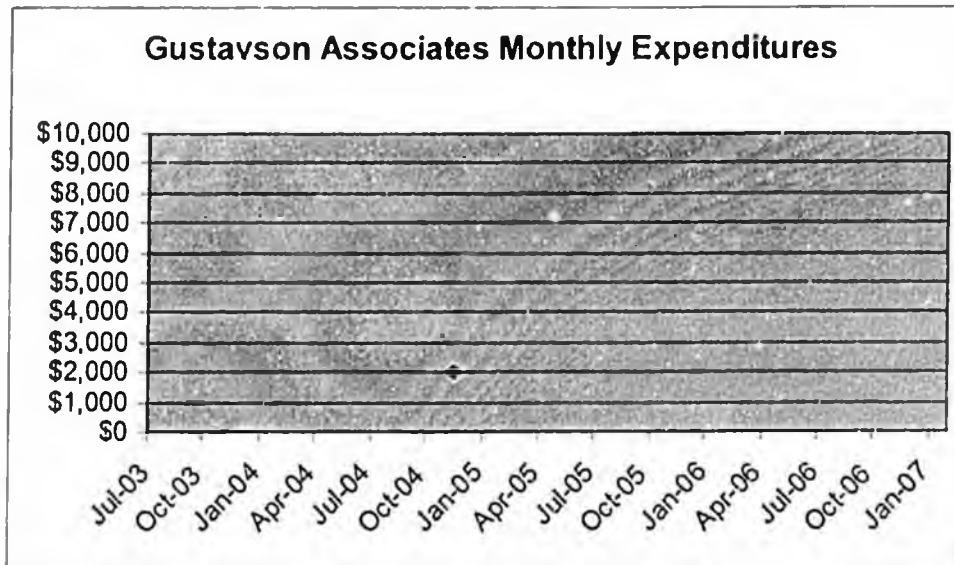
Description of Services:

Provided SOA with its expert views of future LNG imports into North America.

Deliverables:

Contractor provided report on probabilities of different future LNG imports for use in price modeling.

Gustavson Associates



Services: Consultant LNG

Total Cost: \$2,000

Period of Performance: 11/18/04 to 11/30/04

Description of Services:

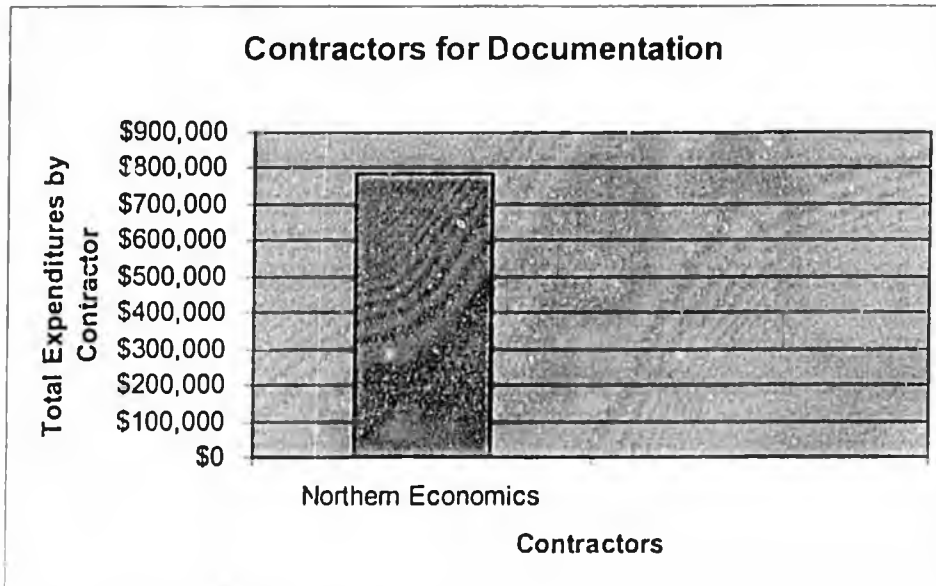
Reviewed and commented on the best or worst agreement (from a government's standpoint), relating to development of natural gas resources for liquefaction and export as LNG.

Deliverables:

Contractor provided report of best and worst gas production sharing agreements from the government's standpoint.

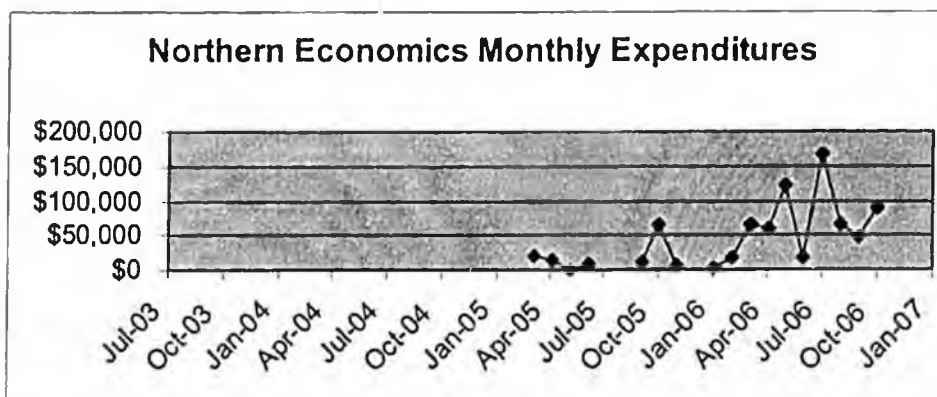
Service Category 4: Documentation

Northern Economics provided services for this category.



Northern Economics	\$784,584
Total	\$784,584

Northern Economics



Services: Fiscal Interest Finding Report – Documentation/Report Development

Total Cost: \$846,150

Period of Performance: 3/10/05 to 12/31/06

Description of Services:

Assisted the Department of Revenue in preparing a fiscal interest finding.

Deliverables:

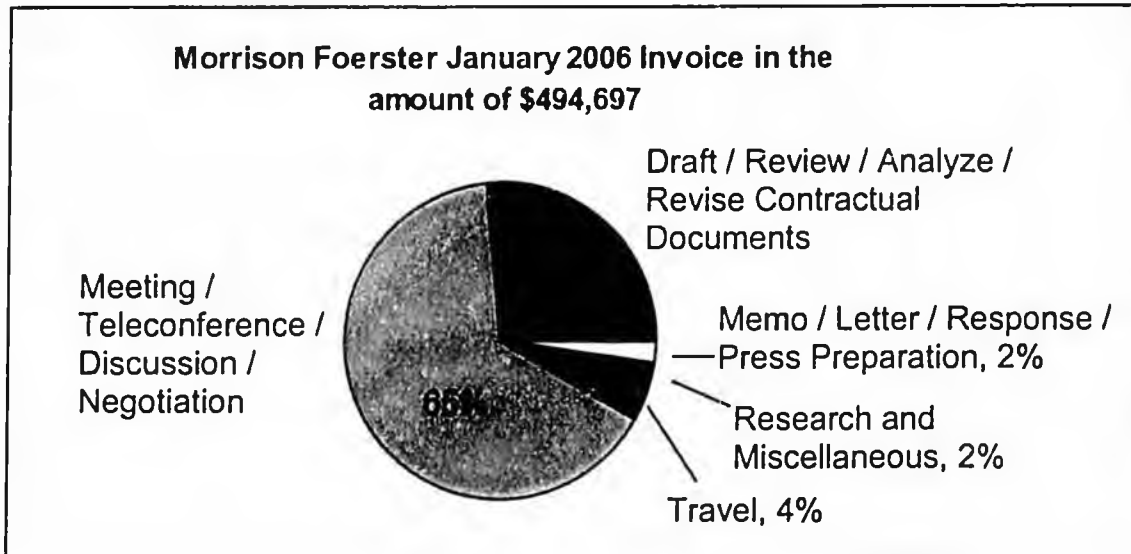
- Preliminary Fiscal Interest Findings and Determination and Appendices.
- Interim Fiscal Interest Findings and Determination and Appendices.
- A database for public comments.

Selected Legal Service & Contract Negotiation Monthly Invoices

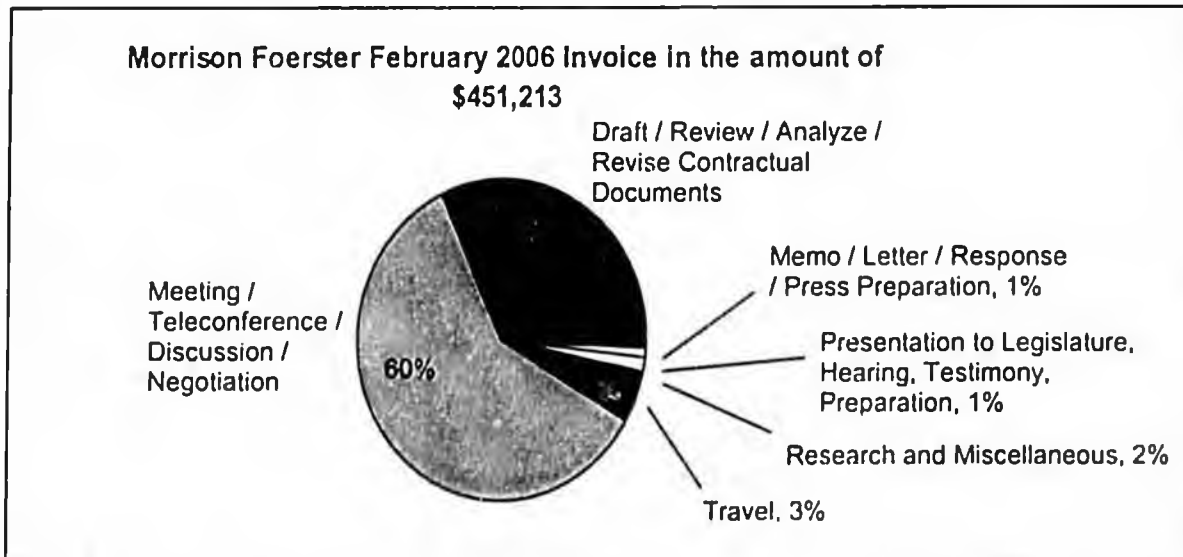
Compared to other contractors, Legal Service & Contract Negotiation contractors performed much more work. This report provides reviews of selected monthly invoices from Morrison Foerster, the most significant of the Legal Service & Contract Negotiation contractors, in order to present a breakdown of their services. Due to the invoice recording method that aggregates multiple activities in one single time entry, monthly invoice reviews are based on an estimate of time spent on each activity. Listed below are seven types of Legal Service & Contract Negotiation activities:

- 1. Meeting / Teleconference / Discussion / Negotiation** – Meetings, teleconferences, internal discussions, and contract negotiations with the Producers (BP, ConocoPhillips, ExxonMobil).
- 2. Draft / Review / Analyze / Revise Contractual Documents** – Work related to the development of three documents: Alaska Stranded Gas Fiscal Contract between The State of Alaska and BP, ConocoPhillips, and ExxonMobil; Limited Liability Company Agreement of Alaska Gas Pipeline Company, LLC; and the Fiscal Interest Findings and Determination related to the Stranded Gas Development Act.
- 3. Memo / Letter / Response / Press Preparation** – Time spent on preparing advisory memos, legal letters, comment responses, and press release materials.
- 4. Presentation to Legislature / Hearing / Testimony and Preparation** – Activities related to legislative events, gasoline public hearings, and Federal Energy Regulatory Commission visits.
- 5. Research and Miscellaneous** – Research issues such as the effect of a “no third party beneficiaries” clause in a contract governed by Alaska law. Other miscellaneous activities such as “work on OP and confidentiality issues.”
- 6. Travel** – Partial time on traveling (not worked).
- 7. Staff Support** – Supporting activities provided by contractors’ staffs.

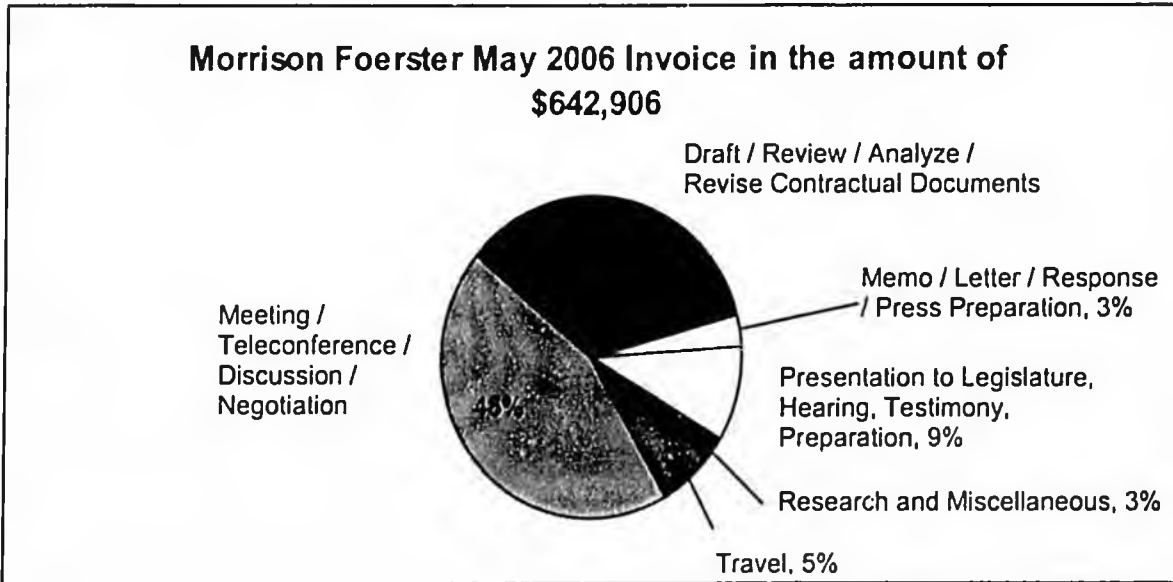
Morrison Foerster January 2006 Invoice



Morrison Foerster February 2006 Invoice



Morrison Foerster May 2006 Invoice



SENATE FINANCE COMMITTEE

SIGN-IN

SB 82-SUPPLEMENTAL APPROPRIATIONS: OIL & GAS

NAME: Ray RINTA Subject/Bill No: _____
Co./Dept./Title: ASMI / Commerce Phone: 465-5569
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

Mindy Rowland

From: Tom Maher
Sent: Tuesday, March 06, 2007 3:53 PM
To: Mindy Rowland
Subject: FW: SFC WED CS SB82 Oil and Gas Supplementals

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

From: Larry Ostrovsky [mailto:Larry_Ostrovsky@law.state.ak.us]
Sent: Tuesday, March 06, 2007 3:51 PM
To: joan_brown@gov.state.ak.us; Tom Maher
Subject: Re: SFC WED CS SB82 Oil and Gas Supplementals

Tom: Richard Todd and Ken Deimer asst. AGs, and I (oil, gas and mining supervisor) will be on the phone in Anchorage. Tina Kobayashi, asst. AG will be there in person.

>>> Tom Maher <Tom_Maher@legis.state.ak.us> 03/06/07 2:22 PM >>>
Tuesday

Joan:

RE: Wed 9:00 Senate Finance Meeting

It appears we will first go into exec session for oil and gas matters and once back in public session - bring up the proposed Committee Substitute which is the oil and gas supplemental, exactly as proposed by the Governor, with the addition of the ASMI supplemental contained in sect. 1 (a) of SB83. The plan is to pass this bill out.

EXEC SESSION PART - Larry with Law should email me who he will have on teleconference and if anyone will be attending in Juneau. We have copies of the confidentiality agreement that members will sign.

PUBLIC PART - we need Jerry Burnett, REP, Steve Bag, DNR, and Larry Ostrovsky, LAW for any additional questions about the requests. ASMI should also be represented to explain their request which has been re-written so that it actually works. I have faxed you and Laura Fleming the bill, spreadsheet and the ASMI calculation.

Tom Maher, for

Senator Hoffman

Mindy Rowland

From: Tom Maher
Sent: Monday, March 05, 2007 8:10 AM
To: Mindy Rowland
Subject: people today

On Teleconference:

1. Larry Ostroskey – Supervising Attorney of the Oil and Gas Section
2. Jon Iverson, Director of Audit DOR
3. Richard Todd of the Oil and Gas Section
4. Kevin Banks, Director of Oil and Gas DNR

IN JUNEAU

Phil Reeves, Tina Kobayashi, both of the Oil and Gas Section

Executive Session Language

Motion:

Mr. Chairman, I move the Senate Finance Committee go into Executive Session under Uniform Rule 22 (b) (1) discussion of matters, the immediate knowledge of which would adversely affect the finances of a government unit;

and 22 (b) (3) discussion of a matter that may, by law, be required to be confidential.

FY2007 OIL AND GAS SUPPLEMENTAL (SB 82)

A	B	C	D	E	F	G	H	I	J	K	L	M	
Sec/V Lang	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	SEC General Funds	Federal Funds	Other Funds	SFC Other Funds	Fund Source	Total Funds	SFC TOT FUNDS	
1	1	Law	Capital - Oil, Gas & Mining	Work related to the state gas pipeline and bringing North Slope natural gas to market, and other oil and gas projects. The Department of Law's Oil, Gas & Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue to be revised as negotiations continue. In addition the Department of Law anticipates the Exxon Royalty Reopener will go to trial in either FY 07 or FY 08 and continues to prepare for a four to five week hearing before the Federal Energy Regulation Committee (FERC) considering (in part) the state's and Anadarko's challenges to the Trans-Alaska Pipeline Service (TAPS) 2005 FERC land.	21,500.0	21,500.0						21,500.0	21,500.0
2	2(a)	Natural Resources	Capital	Gas Pipeline Analysis Outside experts and consultants will be retained for work related to the gas pipeline, including outside legal counsel and experts on federal pipeline law and FERC procedures. A consultant to advise the state on crafting an RFP consistent with the Alaska Gasline Inducement Act (AGIA) for pipeline proposals and with analyzing those proposals under AGIA will also be retained.	6,550.0	6,550.0						6,550.0	6,550.0
3	2(b)	Natural Resources	Capital	Oil and Gas Lease Litigation This project will help offset the costs of litigation arising out of the DNR's exercise of the state's rights under its leases and the unit agreement (Point Thomson appeal). This request will help fund the costs of outside experts and legal counsel.	1,500.0	1,500.0						1,500.0	1,500.0
4	3(a)	Revenue	Capital	Commercialization of North Slope Gas \$419.5 - two internal economists to work on pipeline issues \$1,300.0 for two external economist and/or commercial analysis firms to assist in modeling and analyzing tax impacts, and impacts, marketing options and criteria to evaluate applicants and proposed projects \$1,696 for specialized legal counsel \$509 for other costs, including financial and legal research	3,000.0	3,000.0						3,000.0	3,000.0
5	3(b)	Revenue	Tax Division	Petroleum Production Tax (PPT) implementation costs \$521.7 for three positions and contracts for developing regulations, expenses for public hearings and legal advice on regulations	521.7	521.7						521.7	521.7
B	3(c)	Revenue	Tax Division	Language to allow the department to make refunds for capital expenditures and lease bids as provided in the TPL, AS 43.55.023(d)								0.0	0.0
7	4(a)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bulk and Load application permitting multi-year allocation in sec. 7(d)(1), ch. 6, § 4 A 2005, pp. 11, as amended by ss. 463, ch. 82, § 4 A 2006, pp. 131. The amount expected to be available is \$100.0 The lapse extension also applies to sec. 7(d)(2) Division of CI and Gas Increased Workload, which expects \$150.0 to be available The lapse extension also applies to sec. 7(d)(3) Commissioner's office increased workload. This allocation is expected to be fully expended by June 30, 2007								0.0	0.0
B	4(b)	Administration	Alaska Oil and Gas Conservation Commission	Extend the lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in ss. 20(a), ch. 3, § 51 A 2005, pp. 106, line 21. The amount expected to be available is \$250.0								0.0	0.0
0													

FY2007 OIL AND GAS SUPPLEMENTAL
(SB 82)

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Sec. / Lang.	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	SFC General Funds	Federal Funds	Other Funds	SIC Other Funds	Fund Source	Total Funds	SIC FOI FUNDS
10	Lang.	4(b)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline risk analysis and royalty issues multi-year allocation in sec. 20(c)(1), ch. 3, FSSLA 2005, pg. 107, line 2. The amount expected to be available is \$1,500.0. The lapse extension also applies to sec. 20(c)(2) gas pipeline corridor geologic hazards and resource evaluation. This allocation is expected to be fully expended by June 30, 2007.							00	00
11	Lang.	4(b)	Revenue	Commissioner's Office	extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(e), ch. 3, FSSLA 2005, pg. 107, line 13. The amount expected to be available is \$100.0.							00	00
12	Lang.	4(b)	Revenue	Alaska Natural Gas Development Authority	Extend lapse date from June 30, 2007, to June 30, 2008, for the gas pipeline development multi-year appropriation made in sec. 20(f), ch. 3, FSSLA 2005, pg. 107, line 16. The amount expected to be available is \$500.0.							00	00
13	Lang.	4(c)	Natural Resources	Gas Pipeline	Extend lapse date from June 30, 2007, to June 30, 2008, for the Bullen Pt. Road right-of-way permitting multi-year allocation in sec. 20(d)(1), ch. 3, FSSLA 2005, pg. 107, line 10, as amended by sec. 34(d), ch. 82, SLA 2006, pg. 151. The amount expected to be available is \$800.0. The lapse extension also applies to sec. 20(d)(2) Division of Oil and Gas Increased Workload. This allocation is expected to be fully expended by June 30, 2007. The lapse extension also applies to sec. 20(d)(3) Commissioner's office increased workload, which expects \$10.0 to be available.							00	00
14	Lang.	5(a)	Commerce	ASMI	Increase the Alaska Seafood Marketing Institute's National Consumer Campaign promoting Alaskan seafood, as more than anticipated was received from industry assessment.				2,000.0	576.3	Receipt Supported Services	2,000.0	576.3
15		5(b)	Commerce	ASMI	Appropriates unpaid tax assessments to ASMI for FY1993 through FY2005. Taxes would normally show as ISS, however, because the unpaid tax assessments are from closed fiscal years (and have lapses), the funding must be appropriated as general funds.		1,421.7						1,421.7
16		5(c)	Commerce	ASMI	Clarifies that the general funds are for unpaid tax assessments.								0.0
17		n			Lapse of Other Appropriations							0.0	0.0
18		2			Retrospectively							0.0	0.0
19		8			Effective date							0.0	0.0
20		9			Immediate Effective Dates							0.0	0.0
21					Oil and Gas Supplemental Bill Total	33,071.7	34,495.4	0.0	2,000.0	576.3	0.0	35,071.7	35,071.7

25-GS1016K
Bailey/Kane
3/5/07

CS FOR SENATE BILL NO. 82(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act making supplemental appropriations and other appropriations; amending the**
2 **lapse dates of certain appropriations; and providing for an effective date."**

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

4 *** Section 1. DEPARTMENT OF LAW.** The sum of \$21,500,000 is appropriated from the
5 general fund to the Department of Law, oil, gas, and mining, for work related to the state gas
6 pipeline and to bringing North Slope natural gas to market, and to other oil and gas projects.

7 *** Sec. 2. DEPARTMENT OF NATURAL RESOURCES.** (a) The sum of \$6,550,000 is
8 appropriated from the general fund to the Department of Natural Resources for gas pipeline
9 analysis.

10 (b) The sum of \$1,500,000 is appropriated from the general fund to the Department of
11 Natural Resources for oil and gas lease litigation.

12 *** Sec. 3. DEPARTMENT OF REVENUE.** (a) The sum of \$3,000,000 is appropriated from
13 the general fund to the Department of Revenue for matters related to commercialization of
14 North Slope gas.

1 (b) The sum of \$521,700 is appropriated from the general fund to the Department of
2 Revenue, tax division, for implementation costs of the petroleum production tax for the fiscal
3 year ending June 30, 2007.

4 (c) The amount necessary to issue refunds for capital expenditures and lease bids as
5 provided in AS 43.55.023(f) for the fiscal year ending June 30, 2007, is appropriated from the
6 general fund to the Department of Revenue, tax division, for the purpose of making refunds
7 under AS 43.55.023(f).

8 * Sec. 4. AMENDMENT OF LAPSE OF CERTAIN PRIOR YEAR APPROPRIATIONS.

9 (a) Section 34(c), ch. 82, SLA 2006, is amended to read:

10 (c) The unexpended and unobligated balance of the appropriation made in sec.
11 7(d), ch. 6, SLA 2005, lapses June 30, 2008 [2007].

12 (b) Section 64(c), ch. 3, FSSLA 2005, is amended to read:

13 (c) The appropriations made by

14 (1) sec. [SECS. 20(a), 20(c), 20(e), 20(f), AND] 37(b), ch. 3, FSSLA
15 2005, [OF THIS ACT] lapse June 30, 2007;

16 (2) secs. 20(a), 20(c), 20(e), and 20(f), ch. 3, FSSLA 2005, lapse
17 June 30, 2008.

18 (c) Section 20(d), ch. 3, FSSLA 2005, as amended by sec. 34(d), ch. 82, SLA 2006,
19 is amended to read:

20 (d) The sum of \$1,525,000 is appropriated from the general fund to the
21 Department of Natural Resources for work related to the state gas pipeline and to
22 bringing North Slope natural gas to market, for the fiscal years ending June 30, 2005,
23 June 30, 2006, [AND] June 30, 2007, and June 30, 2008, for the following purposes:

PURPOSE	ALLOCATION
(1) Bullen Pt. Road right-of-way permitting	\$800,000
(2) Division of oil and gas increased workload	675,000
(3) Commissioner's office increased workload	50,000

28 * Sec. 5. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
29 DEVELOPMENT. (a) The sum of \$576,318 is appropriated from program receipts from the
30 seafood marketing assessment (AS 16.51.120) and from other program receipts of the Alaska
31 Seafood Marketing Institute to the Department of Commerce, Community, and Economic

1 Development, Alaska Seafood Marketing Institute, for expansion of the national consumer
2 marketing campaign for the fiscal year ending June 30, 2007.

3 (b) The sum of \$1,423,682 is appropriated from the general fund to the Department of
4 Commerce, Community, and Economic Development, Alaska Seafood Marketing Institute,
5 for expansion of the national consumer marketing campaign for the fiscal year ending
6 June 30, 2007.

7 (c) The sum appropriated in (b) of this section is intended to represent the cumulative
8 total of program receipts from the salmon marketing tax (former AS 43.76.110), from the
9 seafood marketing assessment (AS 16.51.120), and from program receipts from the Alaska
10 Seafood Marketing Institute that were collected through June 30, 2006, subject to transfer to
11 the Alaska Seafood Marketing Institute, less the cumulative total of program receipts from
12 those sources transferred to the Alaska Seafood Marketing Institute through June 30, 2006.

13 * Sec. 6. LAPSE OF OTHER APPROPRIATIONS. The appropriations made by secs. 1, 2,
14 and 3(a) of this Act are not one-year appropriations and lapse as provided in AS 37.25.020.

15 * Sec. 7. RETROACTIVITY. (a) The appropriation made by sec. 1 of this Act is retroactive
16 to October 1, 2006.

17 (b) The appropriations made by sec. 2 of this Act are retroactive to February 1, 2007.

18 * Sec. 8. Section 5 of this Act takes effect March 16, 2007.

19 * Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect immediately under
20 AS 01.10.070(c).

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Sarah Palin, Governor

Oil, Gas & Mining Section
1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5255
FAX: (907) 279-8644

March 1, 2007

The Honorable Lyman Hoffman
Attn: Tom Maher
State Senate
Alaska State Capitol, Room 514
Juneau, AK 99801-1182

Dear Senator Hoffman:

Set out below is a general breakdown of the Department of Law's oil, gas and mining funding requirements for the remainder of FY 07, and FY 08, as set out in SB 82.

Within each category are a number of matters.

For example, "TAPS Tariff" encompasses legal costs with respect to the current tariff proceeding before the FERC, TAPS tariff renegotiation costs, and the State's protest over strategic reconfiguration costs. "Income tax" encompasses a number of significant tax cases that are confidential. "Royalty" and "other litigation" describes anticipated royalty disputes with State lessees and litigation over the Pt. Thomson unit. "Gas Pipeline" is self descriptive.

Summary of FY 07 and FY 08 Budget Request

Item	FY 07 Supp	FY 08
TAPS Tariff	\$2.6 million	\$1.3 million
Income Tax	\$2.8 million	\$4.45 million
Royalty	\$0.3 million	\$1 million
Other Litigation	\$1.0 million	\$.05 million
Gas Pipeline	\$2 million	\$6 million
Total	\$8.7 million	\$12.8 million

In addition, as we discussed, below is a chart that describes expenditures for outside counsel for oil and gas related litigation, and gasline expenditures, since FY 06.

While litigation is never a preferred course, this chart demonstrates the necessity of being prepared for litigation when the State believes that taxpayer or lessee obligations have not been met, or that pipeline tariffs may be inappropriate. The size and complexity

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of these matters often, but not always, requires the State to utilize specialized outside counsel.

As you can see, the State's recovery from oil and gas related matters that the State has pursued, and used outside counsel for, since FY 06 has been on the order to 10 to 1. Between FY 06 and the present, the State has spent approximately \$ 8.9 million dollars on outside counsel for matters in which it recovered over \$92 million dollars.

This chart does not show recoveries to date in the TAPS tariff proceeding or the ongoing quality bank proceedings because those matters are still ongoing.

Funding for Litigation in FY 06 and first half of FY 07 and Recovery to the State

	FY06 TOTAL EXPENDITURES	FY07 TOTAL EXPENDITURES TO 12/1/06	COMBINED FY06 & FY07 TOTAL	RECOVERY TO DATE
MAJOR OIL AND GAS LITIGATION				
TARIFF PROCEEDINGS	\$4,281,342.82	\$2,221,605.90	\$6,502,948.72	\$0.00
CORPORATE INCOME TAX	\$291,899.22	\$468,753.58	\$760,652.80	\$69,339,001.00
ROYALTY REOPENER	\$673,403.90	\$876,142.83	\$1,549,546.73	\$23,200,000.00
QUALITY BANK	\$27,894.33	\$31,482.21	\$59,376.54	\$0.00
<i>Subtotal</i>	\$5,274,540.27	\$3,597,984.52	\$8,872,524.79	\$92,539,001.00
NON-LITIGATION				
GAS PIPELINE PROCEEDINGS	\$8,270,008.83	\$2,133,972.31	\$10,403,981.14	

Please let me know if I can provide any other information.

Sincerely

TALIS J. COLBERG
ATTORNEY GENERAL

By:

Larry Ostrovsky

Assistant Attorney General

LO/mi

cc: Craig J. Tillery, Deputy Attorney General
Deborah Behr, Assistant Attorney General, Department of Law, Civil Division
John Bitney, Legislative Director, Office of the Governor
Karen Rehfeld, Director, Office of Management and Budget
Kathryn Daughetee

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W. 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 278-1433
FAX (907) 276-7542

February 26, 2007

The Honorable Lyman Hoffman
Co-Chairman Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Burt Stedman
Co-Chairman Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801-1182

Re: Senate Bill 82

Dear Co-Chairmen Hoffman and Stedman:

At the hearing last Wednesday, February 21st regarding the referenced bill Senator Elton asked about progress being made by the Alaska Oil and Gas Conservation Commission ("AOGCC") on the study that we have undertaken on the Point Thomson reservoir designed to lead up to production rules for that reservoir. In our latest conversation with Exxon, they notified us that they are ready to resume the Point Thomson reservoir study. We anticipate the data sharing to recommence within a month and to continue until such time as our staff and consultants have completed their analyses.

As you know the AOGCC is charged with oversight of all of Alaska's oil and gas fields for the purpose of preventing waste and ensuring greater ultimate recovery of Alaska's valuable oil and gas resources.

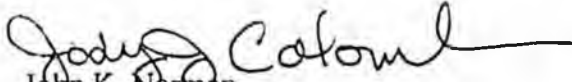
In 2006 the Commission began a study of the Point Thomson reservoir with the objective being to determine whether that reservoir should be produced as a gas field or an oil field and what steps must be taken to ensure greater ultimate hydrocarbon recovery from the field in whatever production mode is allowed.

To facilitate our study, confidentiality agreements were entered into with the field operator ExxonMobil Production Company and the other owners designed to allow the owners to provide the Commission voluntarily with as much data as possible to facilitate this study. AOGCC staff and consultants participated in one data acquisition meeting in Houston, Texas with the owner companies at which the AOGCC acquired a portion of the data that we will need to complete our study. Shortly thereafter Department of Natural Resources ("DNR") found Exxon to be in default of its obligations under the Point Thomson unit agreement and leases. This decision has understandably interrupted

the flow of information and has caused the cooperative exchange portion of our study to be suspended for a period of time to allow the operator to evaluate its legal options. The operator has decided to allow the study to continue and is working with our staff to schedule additional data-sharing meetings.

We thank you for this opportunity to respond to Senator Elton's questions.

Sincerely,


for John K. Norman
Chairman
Alaska Oil and Gas Conservation Commission

Cc: Commissioner Annette Kreitzer, Department of Administration
Commissioner Dan T. Seamount, Alaska Oil and Gas Conservation Commission
Commissioner Cathy P. Foerster, Alaska Oil and Gas Conservation Commission

SB 83

	A	B	C	D	E	F	G	H	I	J	
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	LFD Notes	
	1(a)	Commerce	ASMI	Increase the Alaska Seafood Marketing Institute's National Consumer Campaign promoting Alaskan seafood, as more than anticipated was received from industry assessment.			2,000.0	Receipt Supported Services	2,000.0	For several years, the Dept of Revenue has underestimated industry assessments to ASMI. This request authorizes ASMI to spend past collections. Funding will be used to expand advertising for AK seafood on cable TV and in the print media. The recalculations have increased ASMI's annual revenue projections: Old projections: \$5.5 to \$6 million New projections: \$6 to \$7 million	
2	1(b)	Commerce	Regulatory Commission of Alaska	Outside council for litigation at the Federal Energy Regulatory Commission (FERC) to defend RCA's jurisdiction over intrastate rates on the Trans-Alaska Pipeline (TAPS); and for other TAPS-related litigation at the Supreme Court of Alaska involving RCA.			750.0	RCA Rcpts	750.0	RCA anticipates that total litigation costs for FY07 could exceed \$1 million Much of the requested funding has already been expended RCA anticipates that the TAPS Pipeline case at FERC will last for years	
3	1(c)	Corrections	Instate Health Care	The funding is needed to meet the medical obligations for the aging and increased offender population. The driving factors are the sharp increase in the number of offenders needing treatment, the cost of dialysis and cancer treatments and the growing number of life-threatening cases. The department will potentially run out of funds as early as March 2007 and not be able to pay vendors for services provided. \$439.0 of this request is related to nurses' market-based pay increase.	3,903.4				3,903.4	Department projects that it may run out of funds as early as March. \$3,464.4 is for increased health care costs \$439.0 is requested for Market-Based pay increases for Nurses Although the nurses received a two-range increase in FY07, the department requested and received funding for a one-range increase.	
4	1(d)	Corrections	Anchorage Correctional Complex	The Anchorage Correctional complex is housing 50 offenders in crisis overflow beds in the gym due to overcrowding in the facility. This request is for required overtime for an additional security post which translates into four positions. The projected expenditures indicate that the component will run out of funds by the middle of April.	1,082.7					1,082.7	The Department projects that current funding will be exhausted by the middle of April. According to the agency, as of December 13, 2006, overtime at ACC is equivalent to 21 FTE's. The overcrowding results in an additional five correctional officers stationed around the clock.
5	1(e)	Environ Cons	Water Quality	The cruise ship head tax ballot initiative was adopted by voters during the August 2006 primary election. Passage of the initiative, however, did not result in an appropriation for the program. DEC needs a current year appropriation to cover costs that are being incurred in order to make a good faith effort to implement the program within the initiative's timeline. FY2007 expenditures are occurring to establish the program.			811.3	CPVIC Fund		811.3	Ballot Measure 2 took effect in December 2006. An initiative has no funding method similar to fiscal notes, so a supplemental appropriation is required to begin the program during FY07. Because cruise vessels register by 3/1/07 for the coming season--with arrivals beginning in May--revenues from the \$4/berth fee will be available in FY07.
6											

FY2007 REGULAR SUPPLEMENTAL REQUESTS

	A	B	C	D	E	F	G	H	I	J
1	Sec. No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds	LFD Notes
	1(f)	Health & Social Services	Capital	Fairbanks Virology Laboratory Completion. Costs have risen over what was originally determined, particularly the costs of steel, transportation, and petroleum based products. The miscellaneous receipts come from interest earnings on the Certificate of Participation (COP) which is being used to fund the majority of the project. The original appropriation was \$24.2 million in FY06.	3,500.0		3,000.0	Miscellaneous Receipts	6,500.0	The Dept. states that if funds are not received (1) the lab will not be constructed, (2) the IRS will restrict the construction fund due to non-expenditure of bond proceeds; and (3) cost projections will increase by 10%-15% annually. The miscellaneous earnings from these COPs may be used for this project, but cannot be used for other projects. The requested amount of Misc Earnings includes all earnings to date plus about \$1.7 million of anticipated earnings.
7	1(g)	Health & Social Services	Capital	Title change: "Juneau Pioneer Home Roof Replacement" to "Pioneer Homes Roof Repair and Replacement". The department would like to use excess funds from the original project to repair Sitka Pioneer Home roof.					0.0	DOT/PF estimates that a balance of \$350 0 will remain when the Juneau Pioneer Home's roof project is completed The estimated cost of repairs for the Sitka Pioneer Home ranges from \$300 0 - \$350 0 If the Sitka repairs are completed for less than estimated, remaining funds will be used for other pioneer home roof needs, such as the Palmer Veterans Home
8	1(h)	Transportation	Capital - Airport Improvement Program Appropriation	The Airport Improvement Program appropriation increases by \$2,000.0 from \$341,857.1 to \$343,857.1 because of the increase in the allocation below:					0.0	
9	1(i)	Transportation	Capital - Airport Improvement Program Allocation	Amend FY07 Project - Ketchikan: Snow Removal Equipment/Sand/Urea Building Construction - Project includes constructing a new snow removal equipment, sand and chemical mixing and storage building to house all of the airport's emergency response and snow removal equipment. Project is ready to bid as soon as funding is available.		2,000.0			2,000.0	Additional authorization needed based on recent engineer's estimate.
10	1(j)	Transportation	Capital - Surface Transportation Program Appropriation	The Surface Transportation Program appropriation increases by \$18,300.0 from \$337,095.2 to \$355,395.2 because of the allocation changes below:					0.0	
11	1(k)	Transportation	Capital - Surface Transportation Program Allocation	New: Anchorage: Eagle River Road Rehabilitation - Milepost 5.3 to 12.6 - Project includes widening shoulders, improving visibility, and repaving. The department plans to advertise as soon as funding is available.		1,750.0			1,750.0	
12	1(k)	Transportation	Capital - Surface Transportation Program Allocation	Amend: Anchorage: Eagle River Loop Road Reconstruction - Old Glenn Highway to Eagle River Road - Project includes reconstructing shoulders, turn lanes, pedestrian facilities, lighting and landscaping. The department plans to advertise in March.		2,000.0			2,000.0	Cost estimate has increased - project ready to bid as soon as receive new authorization
13	1(l)	Transportation	Capital - Surface Transportation Program Allocation	New: Anchorage: Potter Marsh Trailhead and Access Improvements - Project includes enhancing parking lot, provide new boardwalk connections, and connect the Bird Treatment Learning Center on the Old Seward Highway to the existing boardwalk. The department plans to advertise in March.		550.0			550.0	
14	1(m)	Transportation	Capital - Surface Transportation Program Allocation	New: Unalaska South Channel Bridge Construction - Project includes replacing existing bridge with a concrete deck bridge. Increased funding required as low bid was greater than existing legislative authority for project.		11,000.0			11,000.0	Previous authorization for this project totals \$18,300 0
15										