

Alaska Oil and Gas Association



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October 24, 2007

The Honorable Charlie Huggins, Chair
Senate Resources Committee
State Capitol
Juneau, AK 99801

Re: SB 2001 – Error in AOGA Testimony Yesterday to Your Committee

Dear Senator Huggins:

As I mentioned during my testimony, it may be indicative of the abundance of issues raised by Senate Bill 2001 that we have discovered an error in our written and oral testimony to the Senate Resources Committee yesterday. At the end of the last full paragraph on page 10 of our written testimony, there are two sentences from an earlier draft that were left in by mistake, which said:

You could probably repeal AS 43.55.165(d) and keep subsection (c) on the books without taking much risk, because the text of (d) is very repetitive of that in (c).
But repealing them both is taking a needless chance.

I have attached a corrected version of the testimony.

Neither subsection of AS 43.55.165 should be deleted. Subsection (d) allows DOR to authorize or require the use of amounts “billed” by an operator to a producer, while (c) allows DOR to authorize or require the use of amounts “billable” by an operator to a producer. Thus, subsection (d) is required to allow the use of the actual joint-interest billings by an operator, which we believe is essential if PPT or the tax under SB 2001 can ever be paid correctly by non-operators when it is due. Subsection (c) is also essential to allow the extension of joint-interest billings that DOR finds acceptable for one field, so the accounting system for those billings can be allowed or required by DOR for a nearby field.

We apologize for any inconvenience or misunderstanding our error may have caused.

Sincerely,

Marilyn Crockett
Executive Director

cc: Members, Senate Resources Committee