Alternative Tax Credits for Oil and Gas Exploration

ACES Amendments to AS 43.55.025

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- Before PPT, DOR offered credits for exploration wells and seismic surveys
  - AS 43.55.025 - Alternative tax credit for oil and gas exploration

- ACES original language intended to do the following
  - broaden this program by granting greater credit and extending timeline
  - Provide additional predictability to explorers by establishing a pre-approval process
  - Shore up data sharing requirements

Broaden existing program

- Expands tax credit from 20% to 30% for some exploration wells
- Creates new 5% credits for old seismic surveys if the DNR commissioner determines that the acquisition is in the best interest of the state
- Extends the timeline allowed to drill wells from 150 to 540 days

Enhances Predictability

Pre-approval process identifies up front whether or not activity qualifies for tax credit

- More fair to investors to inform them (going forward) whether or not they are credit eligible
- Predictability reduces the state's exposure to litigation by stripping out uncertainty
- Prudent practice for the state as a "working interest" owner to make forward looking investment decisions

Data Sharing

State has a right to certain data stemming from its decision to invest in project

- Seismic
- Well data
- Fluid data
- Core data

New language provides clarity and consistency in what data must be shared

These data sharing requirements are consistent with those of other jurisdictions

By shoring up the data sharing language the state preserves its ability to pursue long-range exploration incentive goals