

MEMORANDUM


State of Alaska Department of Law

TO: Scott C. Meriwether, AAC Coordinator
Office of the Lieutenant Governor

DATE: May 31, 2017

FILE NO.:

TELEPHONE NO.: 465-3600

FROM: Susan R. Pollard 
Chief Assistant Attorney General
and Assistant Regulations Attorney
Legislation/Regulations

SUBJECT: Corrections to the Alaska
Administrative Code (AAC):
11 AAC 83.241

In accordance with the authority of the regulations attorney under AS 44.62.125(b), please forward to the publisher the corrections to the Alaska Administrative Code (AAC) described below. This revision corrects a manifest error.

1. The regulation to be revised is 11 AAC 83.241(c)(2). The revision to that paragraph is as follows:

- Between the phrase “any overriding royalty share of oil and gas” and “share of oil and gas”, insert “but not including the state’s royalty”.

A handwritten correction is included for reference.

I have compared 11 AAC 83.241(c)(2) as it appears in print in Register 193, and with the text as filed on December 10, 2013 with an effective date of January 1, 2013 (Register 209) and as transmitted to the publisher; and I have confirmed the omission of “but not including the state’s royalty” was a typographical error of the publisher. Thank you for your assistance; please contact me if you have additional questions.

Enclosures

cc: w/encl. Jennifer E. Douglas, Assistant Attorney General
John Crowther, Inter-Governmental Coordinator, Department of Natural
Resources

the lessee's production revenue under 11 AAC 83.222 net of the lessee's royalty payments under 11 AAC 83.242 is multiplied by 0.8 for oil and gas that meet one or more of the criteria in AS 43.55.160(f) less the following amounts:

(1) the lessee's direct operating costs during the month under 11 AAC 83.240, excluding the production tax lease allowance under (a) of this section and abandonment costs allowed under 11 AAC 83.240(e); however, if the NPSL is within a unit subject to AS 43.55.165(j), for purposes of the calculation under this paragraph the lessee's direct operating costs during the month are replaced by one-ninth of the lessee's direct operating costs during the period April 1, 2006, through December 31, 2006, multiplied by the following factor:

- (A) 1.03 for a month in 2007;
- (B) 1.061 for a month in 2008;
- (C) 1.093 for a month in 2009; and

but not including the states

(2) the lessee's development costs under 11 AAC 83.219 incurred during the month less the product of \$.30 multiplied by the amount of the lessee's working interest Btu-equivalents of oil and gas produced from the NPSL during the month, including any overriding royalty share of oil and gas share of oil or gas.

(d) The lease-allocated tax based on price index for purposes of (b) of this section equals, for a month

(1) before July 2007, the amount of tax calculated under AS 43.55.011(g) and (h), as those provisions read on June 30, 2007, but substituting in that calculation, on a per Btu-equivalent basis as applicable, as "Btu-equivalent" is defined in 11 AAC 83.295, the monthly production tax net revenue under (c) of this section, for the monthly production tax value of the taxable oil and gas as calculated under AS 43.55.160, on a per BTU equivalent barrel basis as applicable, as "BTU equivalent barrel" is defined in AS 43.55.900;

(2) after June 2007 and before January 2014, the amount of tax calculated under AS 43.55.011(g), as repealed and reenacted by sec. 17, ch. 1, SSSLA 2007, but substituting in that calculation

(A) the monthly production tax net revenue under (c) of this section, for the monthly production tax value of taxable oil and gas as calculated under AS 43.55.160;

(B) the lessee's Btu-equivalents, as defined in 11 AAC 83.295, of oil and gas produced from the NPSL divided by the net profit deductibility factor for the month under (e) of this section, for the BTU equivalent barrels, as defined in AS 43.55.900, of taxable oil and gas;

(3) after December 2013, zero.

(e) For purposes of (a) and (d) of this section, the net profit deductibility factor

(1) equals one for a month

(A) before July 2007;