

15 AAC 05.250(a) is amended to read:

(a) Department representatives **may** [WILL, IN THEIR DISCRETION,] disclose confidential information [OBTAINED FROM A TAXPAYER] in an audit or investigation of **a** [ANOTHER] taxpayer [UNDER AS 43.55, IF THE INFORMATION IS RELEVANT TO A SALE, EXCHANGE, DISPOSITION, OR NETBACK VALUATION OF OIL OR GAS THAT RELATES TO A PERIOD AT LEAST ONE YEAR BEFORE THE DEPARTMENT'S RELEASE OF THE INFORMATION]. The information will be disclosed only to the parties, counsel, experts, and consultants involved in the proceeding after notification to the **person** [TAXPAYER] whose information is to be disclosed. The information **to be disclosed** will be **accompanied with a notice that the information is confidential, and that the recipient's use of the information is restricted pursuant to AS 43.05.230(f) and AS 43.55.040(1)(B).** [DISCLOSED ONLY UNDER AN ADMINISTRATIVE PROTECTIVE ORDER ISSUED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPARTMENT AND ONLY AFTER THE TAXPAYER WHOSE INFORMATION IS TO BE DISCLOSED HAS HAD AN OPPORTUNITY TO APPEAR AND PRESENT OBJECTIONS TO THAT REPRESENTATIVE.] **At least 15 days prior to the disclosure of any information, a department representative will give written notice of pending disclosure to the person regarding what information will be disclosed and what restrictions the department intends to impose on the recipient's use of the information. This notice will provide the person the opportunity to appear and present objections regarding the information to be disclosed or the restrictions to be imposed by the department. A department representative will provide the person with a written decision regarding any objection raised.**

(1) If the person disagrees with the decision of the department representative, the person may appeal the decision to the director. The person shall file the appeal decision within ten days of the date of delivery of the decision. The person shall present any arguments on appeal in writing within 10 days of filing the appeal. The director may, in their discretion, conduct a hearing on the appeal, the process for which will be determined on a case-by-case basis. The director shall issue a written decision on the person's appeal within 30 days after final arguments or a hearing. If the director does not issue a written decision within 30 days then the person's appeal is deemed to be denied;

(2) if the person disagrees with the director's decision, the person may appeal the director's decision to the commissioner. The person shall file any appeal within ten days of the date of delivery of the director's decision or the date that the appeal is deemed denied by the director. The person shall present any arguments on appeal in writing within 20 days of filing the appeal. The commissioner may, in their discretion, conduct a hearing on the appeal, the process for which will be determined on a case-by-case basis. The commissioner shall issue a written decision on the person's appeal within 60 days after final arguments or a hearing. If the commissioner does not issue a written decision within 60 days then the person's appeal is deemed to be denied;

(3) the commissioner's decision on appeal is the final administrative decision of the department for purposes of an appeal to the Superior Court;

(4) the department may not release any information that is subject to an objection from a person until after 10 days have passed following the time to appeal a decision if no appeal was filed or after a final decision has been issued from which no appeal may be taken;

(5) the release of any information pursuant to AS 43.55.040 or this section shall not be construed as a release of any rights of confidentiality or of privilege on the part of the person;

(6) in this subsection, “director” means the Director of the Tax Division and “commissioner” means the Commissioner of Revenue.

(Eff. 9/1/84, Register 91; am 12/20/89, Register 112; am 3/1/2017, Register 221; am

_____/_____/_____, Register _____)

Authority: AS 40.25.100 AS 43.05..230 AS 43.55.040
AS 40.05.080

15 AAC 05.255 is repealed:

15 AAC 05.255. Disclosure of tax credit certificates purchased in 2016. Repealed.

[FOR TAX CREDIT CERTIFICATES ISSUED UNDER AS 43.55.023 OR 43.55.025

PURCHASED BY THE DEPARTMENT AFTER DECEMBER 31, 2015 AND BEFORE

JANUARY 1, 2017, THE DEPARTMENT SHALL MAKE PUBLIC BY APRIL 30, 2017 THE

INFORMATION AUTHORIZED UNDER AS 43.05.230(*l*).] (Eff. 3/1/2017, Register 221;

repealed ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.05.230

15 AAC 05.340(1) is repealed::

(1) repealed ____/____/_____, [15 AAC 05.255];

(Eff. 3/1/2017, Register 221; am 1/1/2018, Register 224; am ____/____/_____, Register _____)

Authority: AS 43.05.080 Sec. 38, ch. 4, SSLA 2016 Sec. 36, ch. 3, SSLA 2017

15 AAC 55.021(a) is repealed:

(a) Repealed ____/____/_____. [AN OPERATOR OF A LEASE OR PROPERTY FROM WHICH OIL OR GAS IS PRODUCED DURING A MONTH BEFORE JANUARY 1, 2012 SHALL, NO LATER THAN THE LAST DAY OF THE FOLLOWING MONTH, SUBMIT TO THE DEPARTMENT A DETAILED ACCOUNT OF THE INDIVIDUAL WELL DATA SHOWING THE NUMBER OF DAYS AND FRACTIONS OF DAYS THAT EACH WELL OPERATED FOR THE MONTH. IF THE LEASE OR PROPERTY IS WITHIN A UNIT PARTICIPATING AREA OR INCLUDES A UNIT PARTICIPATING AREA, THE WELL DATA MUST BE REPORTED FOR THE UNIT PARTICIPATING AREA.]

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 5/3/2007, Register 182; am 10/21/2009, Register 192, am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.180
AS 43.55.030

15 AAC 55.151(e) is amended to read:

- (e) For purposes of AS 43.55 and this chapter, production of oil or gas does not include
- (1) [OIL OR] gas used in production operations on a lease or property in the state by the producer;
 - (2) gas flared, released, or allowed to escape in amounts authorized by the Alaska Oil and Gas Conservation Commission;

(3) oil or gas injected by the producer into a reservoir on a lease or property in the state in the course of operations for purposes of [REPRESSURING, INCLUDING] enhanced recovery, **including repressuring**, but not including storage;

(4) oil or gas on which production tax has been previously paid;

(5) oil or gas sold or otherwise transferred by the producer to another producer of oil or gas in the state for use in a manner described in (1) or (3) of this subsection, if

(A) the producer of the oil or gas

(i) obtains an affidavit from the purchaser or transferee certifying under penalty of perjury that the oil or gas was used in the past year for a purpose described in (1) or (3) of this subsection; and

(ii) on March 31 of each year files with the department the affidavit obtained under (i) of this subparagraph together with the producer's statement described in AS 43.55.030(a); and

(B) the oil or gas is actually used in a manner described in (1) or (3) of this subsection;

(6) oil used in production operations on a lease or property in the state by the producer if the oil is run through a field topping plant in the Alaska North Slope area

(A) processed into a product that the producer uses in production operations on that lease or property; and

(B) not capable of being returned and blended back into a production stream upstream of the point of production of oil.

15 AAC 55.151(f) is amended to read:

(f) Oil or gas deemed not to be produced under (e)(3), [OR] (5), or (6) of this section is subject to tax on the basis of prevailing conditions at the time, and for the lease or property from which, the oil or gas is ultimately produced.

(Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 5/3/2007, Register 182; am 4/30/2010, Register 194; am 9/20/2020, Register 235; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.900
AS 43.55.020 AS 43.55.150

15 AAC 55.163(a) is amended to read:

(a) This section applies to oil run through a field topping plant in the Alaska North Slope area that is not capable of being returned and blended back into a production stream upstream of a point of production for oil.

(Eff. 1/1/2003, Register 164; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.030 AS 43.55.150
AS 43.55.011 AS 43.55.040 AS 43.55.190
AS 43.55.020

15 AAC 55.171(k) is amended to read:

(k) The prevailing value for oil produced in the state and delivered to a location other than those specified in (a) or (f) – (h) [(f) – (j)] of this section is the value of comparable crudes delivered to the same regional market, as adjusted for quality and location and measured by indices of current market value.

15 AAC 55.171(m) is amended to read:

(m) For purposes of this section, the average spot price for ANS at the United States West Coast during a month is the average of the monthly average assessments for the month as reported by Platt's and Argus [REUTERS] online data providing service, calculated to three decimal places using the automatic convention in the rounding command or function in commercially available software. If Platt's or Argus [REUTERS] online data providing service ceases to report daily assessments for ANS at the United States West Coast, the average spot price for ANS at the United States West Coast is the average of the monthly average assessments by the remaining price reporting service. In this subsection, a monthly average assessment for a month is the average of the midpoints between a reporting service's high and low closing assessments for ANS at the United States West Coast for all days during the month for which closing assessments are reported.

15 AAC 55.171 is amended by adding a new subsection to read:

(o) As used in the section “applicable publicly filed pipeline tariff” means both the interstate and intrastate tariffs. (Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 11/1/2000, Register 156; am 1/1/2002, Register 160; am 1/1/2003, Register 164; am 1/1/2004, Register 168; am 5/3/2007, Register 182; am 4/30/2010, Register 194; am 6/4/2010, Register 194; am 3/1/2017, Register 221; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.020 AS 43.55.110

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Argus's prices are published by Argus Media Group, Lacon House, 84 Theobald's Road, London WC1X 8NL.

15 AAC 55.173(p)(3) is amended to read:

(3) "unprocessed gas" means gas that has not been subject to downstream gas processing; [.]

15 AAC 55.173(p) is amended by adding a new paragraph to read:

(4) "regulated utilities" do not include entities that are exempt under AS 42.05.711. (Eff. 1/1/95, Register 132; am 1/1/2000, Register 152; am 1/1/2003, Register 164; am 5/3/2007, Register 182; am 10/1/2008, Register 187; am 4/30/2010, Register 194; am 9/20/2020, Register 235; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.020 AS 43.55.030

15 AAC 55.192(b) is amended to read:

(b) A producer may not shift transportation costs between months for the purpose of reducing [A TAX LEVIED BY AS 43.55.011(g), AS THAT PROVISION READ ON JUNE 30,

2007, OR] a tax levied by as 43.55.011(e). (Eff. 5/3/2007, Register 182; am 4/30/2010, Register 194; am 9/20/2020, Register 235; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.150 AS 43.55.160
AS 43.55.110

15 AAC 55.193(b)(6) is amended to read:

(6) if transportation of oil or gas is by a nonregulated pipeline facility or gas treatment plant that is owned or effectively owned, in whole or in part, by the producer of that oil or gas, the costs calculated using the methodology under 15 AAC 55.197~~;~~[.]

15 AAC 55.193(b) is amended by adding a new paragraph to read:

(7) if transportation of oil or gas is by a truck or trailer that is not owned or effectively owned, in whole or in part, by the producer of that oil or gas, the total costs under the contract, plus any operating and trip costs which the producer is required to reimburse the transportation provider and which are not otherwise included in the contract for transportation; if the contract is for transportation of consecutive cargoes of oil or gas, the total costs under the contract for that cargo of oil or gas, plus any operating and trip costs which the producer is required to reimburse the transportation provider and which are not otherwise included in the contract for transportation; however the producer may not claim any costs associated with the transportation of oil or gas by truck or trailer not directly related to the transportation of produced oil or gas, costs related to federal, state, or other income taxes, or costs that the producer has also claimed as a lease expenditure;

15 AAC 55.193(b) is amended by adding a new paragraph to read:

(8) if transportation of oil or gas is by a truck or trailer that is owned or effectively owned, in whole or in part, by the producer of that oil, the total operating and trip costs paid by the producer, along with depreciation, not deducted below a reasonable salvage value, of the truck or trailer as calculated by the producer for financial accounting purposes and used for reporting income and expenses to shareholders and owners, but if the equipment is used for any activity other than the transportation of produced oil or gas, the cost is allocated among the different activities based on the number of hours or days, as appropriate, it is used for each activity, divided by the total number of hours or days it is used for all activities; however the producer may not claim any costs associated with the transportation of oil or gas by truck or trailer not directly related to the transportation of produced oil or gas, costs related to federal, state, or other income taxes, or costs that the producer has otherwise claimed as a lease expenditure;

15 AAC 55.193(b) is amended by adding a new paragraph to read:

(9) if transportation of oil or gas is by rail, the total costs under the contract, plus any operating and trip costs which the producer is required to reimburse the transportation provider and which are not otherwise included in the contract for transportation; if the contract is for transportation of consecutive cargoes of oil or gas, the total costs under the contract for that cargo of oil or gas; however the producer may not claim any costs associated with the transportation of oil or gas by truck or trailer not directly related to the transportation of produced oil or gas, costs related to federal, state, or other income taxes, or costs that the producer has also claimed as a lease expenditure.

(Eff. 4/30/2010, Register 194; am 3/1/2017, Register 221; am 1/1/2020, Register 232; am 9/20/2020, Register 235; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.040 AS 43.55.150
AS 43.55.020 AS 43.55.110 AS 43.55.030
AS 43.55.900

15 AAC 55.250(c)(5) is amended to read:

(5) transporting, mobilizing, or demobilizing a rig, coil tubing unit, or similar equipment, or associated supplies, to, **on**, and **from** [ON] a drill site to drill or perform downhole operations described in (6) - (8) of this subsection on a well described in (4) of this subsection; demobilization does not include transportation **beyond the nearest significant road, rail, or harbor transportation hub, and in no event does it include transportation** out of the state; (Eff. 2/27/2010, Register 193; am 12/4/2010, Register 164; am 9/20/2020, Register 235; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.160 AS 43.55.170
AS 43.55.110 AS 43.55.165

15 AAC 55.260(a)(6) is amended to read:

(6) reasonable expenses incurred or reimbursed by the employer of those employees described in (3) **or those contractors described in (11)** of this subsection for travel by those employees **or contractors when the expenses are incurred for purposes of performing labor activities allowed under those paragraphs,** [TO OR FROM THE SITE OR VICINITY OF OIL OR GAS EXPLORATION, DEVELOPMENT, OR PRODUCTION

OPERATIONS,] and for associated living quarters and meals; a reasonable per diem allowance, if paid by the employer in place of reimbursement of actual expenses, may be substituted for actual expenses for living quarters and meals;

15 AAC 55.520(f) is amended to read:

(f) A producer or explorer that **operates a lease or property, incurred more than \$1,000,000 in lease expenditures in the prior calendar year or anticipates incurring more than \$1,000,000 in lease expenditures in the current calendar year, or has production of greater than 100 BTU equivalent barrels per day** [PRODUCES OIL OR GAS DURING A MONTH, INCURS A LEASE EXPENDITURE DURING A MONTH, INCURS AN EXPENDITURE DURING A MONTH FOR WHICH A TAX CREDIT MAY BE CLAIMED UNDER AS 43.55.025, OR RECEIVES DURING A MONTH A PAYMENT OR CREDIT THAT CONSTITUTES AN ADJUSTMENT TO LEASE EXPENDITURES UNDER AS 43.55.170] shall submit to the department no later than the last day of the following month a report of

- (1) amounts and dispositions of oil and gas produced;
- (2) destination values, calculated in accordance with 15 AAC 55.151(b)(1), of oil and gas produced;
- (3) transportation costs and adjustments for oil and gas produced;
- (4) lease expenditures incurred, separately setting out
 - (A) qualified capital expenditures and other lease expenditures;
 - (B) exploration, development, and production expenditures;

- (C) expenditures for which a tax credit may be claimed under AS 43.55.025 and the anticipated amount of the tax credit;
- (D) overhead allowance;
- (E) property taxes;
- (F) net profit share payments; **and**
- (G) exclusions under AS 43.55.165(e)(18) and (19); [AND
- (H) APPLICABLE LEASE EXPENDITURES UNDER AS 43.55.165(j)
- and (k);]
- (5) payments or credits received that constitute adjustments to lease expenditures under AS 43.55.170;
- (6) tax credits subtracted in calculating the monthly installment payment of estimated tax;
- (7) potential tax credits generated during the month but of which no portion is subtracted in calculating the monthly installment payment of estimated tax;
- (8) tax credit certificates issued under AS 43.55.023 or 43.55.025 and transferred to another person;
- (9) tax payments, including conservation surcharges under AS 43.55.201 or 43.55.300, due for the month;
- (10) the volumes of oil and gas that the producer has determined qualify for a reduction in gross value at the point of production under AS 43.55.160(f), or under AS 43.55.160(f)(1) and (g), and the amounts of the reductions the producer has calculated under 15 AAC 55.211(g); and

(11) the amount of carried-forward annual losses under AS 43.55.160(e) and 43.55.165(a)(3) and (l) - (s)(1) that is included in the amount of lease expenditures subtracted in calculating the monthly installment payment of estimated tax.

(Eff. 5/3/2007, Register 182; am 5/17/2008, Register 186; am 12/25/2013, Register 208; am 12/6/2018, Register 228, am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.040 AS 43.55.165
AS 43.55.020 AS 43.55.110 AS 43.55.180
AS 43.55.030 AS 43.55.160

15 AAC 55.525(b)(3) is amended to read:

(3) third, after the department has made a final determination of the amount of funds to be allocated for the purchase of tax credit certificates the director of the tax division will send a notice to each applicant detailing the amount of the application that has been approved for purchase and also make the same information available to the public in accordance with AS 43.05.230(l) [AND 15 AAC 05.250];

(Eff. 3/1/2017, Register 221; am 1/1/2018, Register 224; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.025 AS 43.55.110
AS 43.55.023 AS 43.55.028 Sec. 38, ch 3, SSSLA 2017

15 AAC 55.900(a)(12) is repealed:

(12) repealed ____/____/_____ [“GNP DEFLATOR” MEANS THE GROSS NATIONAL PRODUCT DEFLATOR, AS CALCULATED QUARTERLY BY THE

Register _____, _____ 20____ REVENUE

BUREAU OF ECONOMIC ANALYSIS, ECONOMICS AND STATISTICS
ADMINISTRATION, UNITED STATES DEPARTMENT OF COMMERCE];