

15 AAC 55.173(a) is amended to read:

(a) For gas delivered in the Alaska North Slope area, the prevailing value per Mcf is,

(1) for gas produced before {effective date of regulations}, 10 percent of the prevailing value per barrel that would be determined under 15 AAC 55.171(g) for oil that is produced from the lease or property from which the gas is produced and that is sold at the entrance to the publicly regulated oil pipeline serving that lease or property; **if** [. IF] during the month that the gas is delivered oil is not produced from that lease or property and delivered into a publicly regulated oil pipeline serving that lease or property, the prevailing value calculation must be made with respect to the nearest lease or property from which oil is produced and delivered that month into a publicly regulated oil pipeline;

(2) for gas produced on or after {effective date of regulations}, the weighted average sales price of sales from producers of gas to publicly regulated utilities in the North Slope area for the three-month period ending one month before the end of the previous calendar quarter; the department will publish on the 15th day of each calendar quarter the prevailing value for that quarter; in the absence of sales from producers to publicly regulated utilities in the North Slope area, the department will determine the prevailing value on another reasonable basis under AS 43.55.020(f).

15 AAC 55.173(g) is repealed and readopted to read:

(g) A producer that sells gas during a month that has been produced from a lease or property in the state shall, no later than the last day of the following month, file with the

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department a copy of the sales invoice for each sales transaction and a copy of any contract for any of the sales transactions that the producer entered into during the month the sale took place. (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 ____/____/_____, Register _____)

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

The lead-in language of 15 AAC 55.205 is amended to read:

15 AAC 55.205. Calculation of production tax values for oil and gas produced before July 1, 2007. (a) A producer or, under AS 43.55.160(d), an explorer shall calculate a single production tax value for a calendar year, under AS 43.55.160(a)(1), **as the provisions of that paragraph read on June 30, 2007,** and for a month, under AS 43.55.160(a)(2), **as the provisions of that paragraph read on June 30, 2007,** for each segment.

15 AAC 55.205 is amended by adding a new subsection to read:

(e) This section applies to oil and gas produced before July 1, 2007. (Eff. 5/3/2007, Register 182; am ____/____/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.160
AS 43.55.110 AS 43.55.165

15 AAC 55 is amended by adding a new section to read

15 AAC 55.206. Calculation of production tax values for oil and gas produced after June 30, 2007. (a) A producer or, under AS 43.55.160(d), an explorer shall calculate a single production tax value for a calendar year, under AS 43.55.160(a)(1), and for a month, under AS 43.55.160(a)(2), for each segment.

(b) The provision of AS 43.55.160(b) that a production tax value may not be less than zero applies to each production tax value calculated for each segment. Adjusted lease expenditures applicable to a segment that exceed the amount of adjusted lease expenditures that may, under AS 43.55.160(b), be deducted in calculating a production tax value for the segment are considered excess adjusted lease expenditures and, except as otherwise provided under 15 AAC 55.224, may not be reallocated to, or deducted in calculating a production tax value for, a different segment. Excess adjusted lease expenditures relating to the calculation of an annual production tax value, but not a monthly production tax value, may be used to establish a carried-forward annual loss to the extent allowed under AS 43.55.023(b) and 43.55.160(e).

(c) For purposes of this section,

(1) except as otherwise provided under (2) of this subsection, each of the following is a segment for a producer:

(A) all oil and gas, if any, taxable under AS 43.55.011(e), other than gas subject to AS 43.55.011(o), that the producer produces from leases or properties in the state that include land north of 68 degrees North latitude;

(B) all oil and gas, if any, taxable under AS 43.55.011(e), other than gas subject to AS 43.55.011(o), that the producer produces from leases or properties in the state outside the Cook Inlet sedimentary basin no part of which is north of 68 degrees North latitude;

(C) oil, if any, taxable under AS 43.55.011(e) that the producer produces from each lease or property in the Cook Inlet sedimentary basin; for purposes of this paragraph, oil produced from each lease or property constitutes a separate segment;

(D) gas, if any, taxable under AS 43.55.011(e) that the producer produces from each lease or property in the Cook Inlet sedimentary basin; for purposes of this paragraph, gas produced from each lease or property constitutes a separate segment;

(E) gas, if any, taxable under AS 43.55.011(e) that the producer produces from each lease or property outside the Cook Inlet sedimentary basin and that is used in the state; for purposes of this paragraph, gas produced from each lease or property constitutes a separate segment;

(2) if a producer or explorer does not produce any oil or gas from leases or properties in the

(A) state that include land north of 68 degrees North latitude, the area of the state north of 68 degrees North latitude is a segment for the producer or explorer;

(B) state outside the Cook Inlet sedimentary basin no part of which is north of 68 degrees North latitude, the area of the state outside the Cook Inlet sedimentary basin and not including any land north of 68 degrees North latitude is a segment for the producer or explorer;

(C) Cook Inlet sedimentary basin, the Cook Inlet sedimentary basin is a segment for the producer or explorer.

(d) For leases or properties in the Cook Inlet sedimentary basin that first commenced commercial production of oil or gas before April 1, 2006, unless otherwise approved or required by the department, the producer shall continue to treat as a single lease or property each tract, group of tracts, participating area, or unit that the producer consistently treated, subject to final audit resolution, as a single lease or property for purposes of calculating an economic limit factor under former AS 43.55.013. Production of oil or gas from a lease or property in the Cook Inlet sedimentary basin that first commences commercial production of oil or gas on or after April 1, 2006, and that corresponds to a participating area or unit approved by the Department of Natural Resources under AS 38.05.180, other than a lease or property for which the producer calculated an economic limit factor under former AS 43.55.013, must be treated as production from a distinct lease or property.

(e) This section applies to oil and gas produced after June 30, 2007. (Eff.

___/___/___, Register _____)

Authority: AS 43.05.080 AS 43.55.160

AS 43.55.110 AS 43.55.165

The section heading of 15 AAC 55.223 is changed:

15 AAC 55.223. Cook Inlet lease expenditures incurred before July 1, 2007.

15 AAC 55.223(b) is amended to read:

(b) For a calendar year for which a limitation under AS 43.55.011(j) or (k), **as the provisions of those subsections read on June 30, 2007,** on the tax levied by AS 43.55.011(e) and (g), **as the provisions of those subsections read on June 30, 2007,** would have the effect, before reallocation of adjusted lease expenditures under this section, of reducing the producer's tax on oil or gas produced from one or more leases or properties below the amount of the tax that would be levied in the absence of that limitation, the producer shall reallocate under this subsection adjusted lease expenditures that are excess adjusted lease expenditures, if any, under 15 AAC 55.205(b) in the calculation of annual production tax values for segments described in 15 AAC 55.205(c)(1)(C) or (D). The producer shall (1) calculate the total amount of those excess adjusted lease expenditures; (2) multiply that total amount by 20 percent; (3) calculate for each lease or property the amount by which a limitation under AS 43.55.011(j) or (k), **as the provisions of those subsections read on June 30, 2007,** would reduce, before reallocation of adjusted lease expenditures under this section, the amount of the producer's tax levied by AS 43.55.011(e) and (g), **as the provisions of those subsections read on June 30, 2007;** (4) calculate the total of the reductions calculated under (3) of this subsection for all affected leases or properties; (5) if the amount calculated under (2) of this subsection is greater than the amount calculated under (4) of this subsection, subtract the latter from the former; and (6) multiply the amount, if any, calculated under (5) of this subsection by five. The amount, if any, calculated under (6) of this subsection is the only amount of the excess adjusted lease expenditures applicable to segments described in 15 AAC 55.205(c)(1)(C) or (D) that may be used to establish a carried-forward annual loss, to the extent allowed under AS 43.55.023(b) and 43.55.160(e).

The other excess adjusted lease expenditures applicable to segments described in 15 AAC 55.205(c)(1)(C) or (D) are considered to be reallocated to, and deducted in calculating production tax values for, other segments described in 15 AAC 55.205(c)(1)(C) or (D).

15 AAC 55.223 is amended by adding a new subsection to read:

(c) This section applies to lease expenditures incurred before July 1, 2007. (Eff.

5/3/2007, Register 182; am ____/____/____, Register _____)

Authority:	AS 43.05.080	AS 43.55.110	AS 43.55.165
	AS 43.55.011	AS 43.55.160	

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.224. Lease expenditures incurred after June 30, 2007, for Cook Inlet and for gas used in the state. (a) In calculating an annual production tax value for a segment described in 15 AAC 55.206(c)(1)(C), (D), or (E), a producer shall deduct applicable adjusted lease expenditures for the calendar year to the maximum extent that deductibility is allowed under applicable law, including (b) of this section.

(b) For a calendar year for which a limitation under AS 43.55.011(j), (k), or (o) on the tax levied by AS 43.55.011(e) has the effect of reducing the producer's tax on oil or gas produced from one or more leases or properties below the amount of the tax that would be levied in the absence of that limitation, the producer shall account under this subsection for adjusted lease expenditures that are excess adjusted lease expenditures, if any, under 15 AAC 55.206(b) in the calculation of annual production tax values for segments described in 15 AAC 55.206(c)(1)(C),

(D), or (E). Only the amount, if any, of those excess adjusted lease expenditures that is calculated under (6) of this subsection may be used to establish a carried-forward annual loss under AS 43.55.023(b). The calculations to be performed for the accounting under this subsection are as follows:

(1) calculate the total amount of excess adjusted lease expenditures subject to this subsection;

(2) multiply that total amount by 25 percent;

(3) calculate for each lease or property the amount by which a limitation under AS 43.55.011(j), (k), or (o) reduces the amount of the producer's tax otherwise levied by AS 43.55.011(e);

(4) calculate the total of the reductions calculated under (3) of this subsection for all affected leases or properties;

(5) if the amount calculated under (2) of this subsection is greater than the amount calculated under (4) of this subsection, subtract the latter amount from the former amount; and

(6) multiply the amount, if any, calculated under (5) of this subsection by four.

(c) This section applies to lease expenditures incurred after June 30, 2007.

(Eff. __/__/__, Register _____)

Authority:	AS 43.05.080	AS 43.55.110	AS 43.55.165
	AS 43.55.011	AS 43.55.160	

The lead-in language of 15 AAC 55.290(c) is amended to read:

(c) For purposes of AS 43.55.023(i), AS 43.55.165, and this chapter, whether a cost incurred by a producer or explorer was incurred before April 1, 2001, or after March 31, 2001, [AND] before April 1, 2006, or after March 31, 2006, **or before July 1, 2007, or after June 30, 2007**, is determined by the month

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(Eff. 5/3/2007, Register 182; am ___/___/_____, Register _____)

Authority: AS 43.05.080 AS 43.55.110 Sec. 72, ch. 1, SSSLA 2007
AS 43.55.023 AS 43.55.165

The section heading of 15 AAC 55.340 is changed:

15 AAC 55.340. Cook Inlet credit provisions before July 1, 2007.

The lead-in language of 15 AAC 55.340(a) is amended to read:

(a) For purposes of AS 43.55.011(m), **as the provisions of that subsection read on June 30, 2007,** the portion of a tax credit for the calendar year of production that is allocated to gas produced by a producer during a calendar year from leases or properties in the Cook Inlet sedimentary basin is, for a credit under

...

The lead-in language of 15 AAC 55.340(b) is amended to read:

(b) Except for excess tax credits remaining after reduction as determined under AS 43.55.011(m)(4), **as the provisions of that paragraph read on June 30, 2007,** and under (c)

and (d) of this section, a tax credit required to be allocated under AS 43.55.011(m) and (n), **as the provisions of those subsections read on June 30, 2007,** to gas produced by a producer during a calendar year from leases or properties in the Cook Inlet sedimentary basin

...

15 AAC 55.340(c) is amended to read:

(c) The only types of tax credits that may be included in a determination of excess tax credits under AS 43.55.011(m), **as the provisions of that subsection read on June 30, 2007,** are tax credits under AS 38.05.180(i), AS 41.09.010, and AS 43.55.025. In calculating excess tax credits, the total amount of the portions of the tax credits under AS 38.05.180(i), AS 41.09.010, and AS 43.55.025 that are allocated to gas produced from leases or properties in the Cook Inlet sedimentary basin during the calendar year is compared to the total amount of tax levied on that gas by AS 43.55.011(e), **as the provisions of that subsection read on June 30, 2007,** after application of any limitation under AS 43.55.011(j), **as the provisions of that subsection read on June 30, 2007.** If the former amount exceeds the latter amount, the difference is the amount of excess tax credits. After the amount of excess tax credits, if any, has been reduced under AS 43.55.011(m)(3), **as the provisions of that paragraph read on June 30, 2007,** the remaining amount of excess tax credits, if any, is treated as a credit under AS 43.55.025 to the extent, if any, that the producer correctly included a credit under AS 43.55.025 in determining excess tax credits, and the balance of the remaining amount of excess tax credits is treated as a credit under AS 38.05.180(i) or AS 41.09.010.

The lead-in language of 15 AAC 55.340(d) is amended to read:

(d) If a producer's excess adjusted lease expenditures are required to be reallocated under 15 AAC 55.223(b), then for purposes of AS 43.55.011(m)(3), **as the provisions of that paragraph read on June 30, 2007,** the total calculated under AS 43.55.011(m)(2), **as the provisions of that paragraph read on June 30, 2007,** is replaced by

...

15 AAC 55.340(e) is amended to read:

(e) A tax credit under AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 is subject to AS 43.55.011(m), **as the provisions of that subsection read on June 30, 2007,** and (a) - (c) of this section if the person that originally qualified for the tax credit fails to transfer the tax credit to another person before or during the calendar year that the credit becomes available to be applied against a tax levied by AS 43.55.011(e) on gas produced from leases or properties in the Cook Inlet sedimentary basin. If the tax credit is transferred to another person before or during that calendar year, the transferee's use of the tax credit is not subject to AS 43.55.011(m), **as the provisions of that subsection read on June 30, 2007,** or (a) - (c) of this section, irrespective of whether the transferee produces gas from a lease or property in the Cook Inlet sedimentary basin. For purposes of this subsection, a tax credit under AS 43.55.025 is not available to be applied against a tax until the department has issued a production tax credit certificate for the credit under AS 43.55.025(f)(5).

15 AAC 55.340 is amended by adding a new subsection to read:

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(g) This section applies to oil and gas produced and expenditures incurred before July 1, 2007. (Eff. 5/3/2007, Register 182; am ___/___/____, Register_____)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.110
AS 43.55.011 AS 43.55.025

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.341. Credit provisions after June 30, 2007, for Cook Inlet and for gas used in the state. (a) For purposes of AS 43.55.011(m) and this section, the portion of a tax credit for the calendar year of production that is allocated to gas produced by a producer during a calendar year from leases or properties

(1) in the Cook Inlet sedimentary basin is, for a credit under

(A) AS 43.55.024(c), a fraction whose numerator is the amount of gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties in the Cook Inlet sedimentary basin and whose denominator is the total amount of oil and gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties in the state;

(B) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 for an expenditure incurred for exploration in the Cook Inlet sedimentary basin and that is available to be applied for the calendar year of production, a fraction whose numerator is the amount of gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties in the Cook Inlet sedimentary basin

and whose denominator is the amount of oil and gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties in the Cook Inlet sedimentary basin;

(C) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 for an expenditure incurred for exploration outside the Cook Inlet sedimentary basin, zero;

(D) AS 43.55.024(a), zero;

(2) outside the Cook Inlet sedimentary basin and used in the state is, for a credit under

(A) AS 43.55.024(c), a fraction whose numerator is the amount of gas subject to AS 43.55.011(o) in BTU equivalent barrels produced by the producer during the calendar year, and whose denominator is the total amount of oil and gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties in the state;

(B) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 for an expenditure incurred for exploration outside the Cook Inlet sedimentary basin and that is available to be applied for the calendar year of production, a fraction whose numerator is the amount of gas subject to AS 43.55.011(o) in BTU equivalent barrels produced by the producer during the calendar year, and whose denominator is the amount of oil and gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties outside the Cook Inlet sedimentary basin;

(C) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 for an expenditure incurred for exploration in the Cook Inlet sedimentary basin, zero;

(D) AS 43.55.024(a), a fraction whose numerator is the amount of gas subject to AS 43.55.011(o) in BTU equivalent barrels produced by the producer during the calendar year from leases or properties no part of which is north of 68 degrees North latitude, and whose denominator is the amount of oil and gas taxable under AS 43.55.011(e) in BTU equivalent barrels produced by the producer during the calendar year from all leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude.

(b) Except for excess tax credits remaining after the accounting required under (c) of this section, a tax credit allocated under (a) of this section to gas produced from leases or properties in the Cook Inlet sedimentary basin or to gas produced from leases or properties outside the Cook Inlet sedimentary basin and used in the state

(1) may be applied, if at all, only against the tax levied by AS 43.55.011(e) for the respective category of gas;

(2) to the extent not applied as described in (1) of this subsection, is not available to be used as a tax credit in any manner and is considered lost.

(c) For a calendar year for which a limitation under AS 43.55.011(j), (k), or (o) on the tax levied by AS 43.55.011(e) has the effect of reducing the producer's tax on oil or gas produced from one or more leases or properties below the amount of the tax that would be levied in the absence of that limitation, the producer shall account under (d) and (e) of this section for the tax credits that are allocated under (a) of this section to gas produced from leases or properties in the Cook Inlet sedimentary basin or to gas produced from leases or properties outside the Cook Inlet sedimentary basin and used in the state.

(d) A producer subject to (c) of this section shall calculate its excess tax credits by comparing (1) the total amount of the portions of the tax credits under AS 38.05.180(i), AS 41.09.010, and AS 43.55.025 that are allocated to gas produced from leases or properties in the Cook Inlet sedimentary basin during the calendar year, to the total amount of tax levied on that gas by AS 43.55.011(e) after application of any limitation under AS 43.55.011(j); and (2) the total amount of the portions of the tax credits under AS 38.05.180(i), AS 41.09.010, and AS 43.55.025 that are allocated to gas produced from leases or properties outside the Cook Inlet sedimentary basin during the calendar year and used in the state, to the total amount of tax levied on that gas by AS 43.55.011(e) after application of any limitation under AS 43.55.011(o). For each comparison, if the former amount exceeds the latter amount, the difference constitutes excess tax credits. The producer's total amount of excess tax credits is the sum of the excess tax credits, if any, calculated for each comparison.

(e) If a producer's total amount of excess tax credits calculated under (d) of this section is greater than zero, the producer shall

(1) for each lease or property for which a limitation under AS 43.55.011(j), (k), or (o) on the tax levied by AS 43.55.011(e) has the effect of reducing the producer's tax below the amount of tax that would be levied in the absence of that limitation, calculate the amount of that reduction;

(2) calculate the total of the reductions calculated under (1) of this subsection for all affected leases or properties;

(3) reduce the amount of excess tax credits by the following amount, as applicable, but not to less than zero:

(A) the total calculated under (2) of this subsection, unless the producer has excess adjusted lease expenditures for the calendar year that are accounted for under 15 AAC 55.223(b); or

(B) if the producer has excess adjusted lease expenditures for the calendar year that are accounted for under 15 AAC 55.223(b),

(i) the remainder calculated by subtracting the amount calculated under 15 AAC 55.223(b)(2) from the amount calculated under 15 AAC 55.223(b)(4), if the former amount is less than the latter amount; or

(ii) zero, if the amount calculated under 15 AAC 55.223(b)(2) is greater than or equal to the amount calculated under 15 AAC 55.223(b)(4).

(f) Any amount of excess tax credits remaining after reduction under (e)(3) of this section may be used for a later calendar year, transferred to another person, or applied against a tax levied for oil or gas not subject to AS 43.55.011(j), (k), or (o), to the extent otherwise allowed under the law applicable to those tax credits. The remaining amount of excess tax credits is treated as a credit under AS 43.55.025 to the extent, if any, that the producer correctly included a credit under AS 43.55.025 in determining excess tax credits, and the balance of the remaining amount of excess tax credits is treated as a credit under AS 38.05.180(i) or AS 41.09.010.

(g) A tax credit under AS 38.05.180(i), AS 41.09.010, or AS 43.55.025 is subject to AS 43.55.011(m) and (a) - (f) of this section if the person that originally qualified for the tax credit fails to transfer the tax credit to another person before or during the calendar year that the credit becomes available to be applied against a tax levied by AS 43.55.011(e) for gas produced from

leases or properties in the Cook Inlet sedimentary basin or for gas produced from leases or properties outside the Cook Inlet sedimentary basin and used in the state, as applicable. If the tax credit is transferred to another person before or during that calendar year, the transferee's use of the tax credit is not subject to AS 43.55.011(m) or (a) - (f) of this section, irrespective of whether the transferee produces gas from a lease or property in the Cook Inlet sedimentary basin or gas from a lease or property outside the Cook Inlet sedimentary basin and that is used in the state. For purposes of this subsection, a tax credit under AS 43.55.025 is not available to be applied against a tax until the department has issued a production tax credit certificate for the credit under AS 43.55.025(f)(5).

(h) At the request of the person seeking a production tax credit certificate under AS 43.55.025(f), the department will defer issuing a certificate that is otherwise ready for issuance in December of a calendar year until January of the next calendar year.

(i) This section applies to oil and gas produced and expenditures incurred after June 30, 2007. (Eff. __/__/__, Register _____)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.110
AS 43.55.011 AS 43.55.025

15 AAC 55.800 is amended by adding new subsections to read:

(f) The following provisions apply retroactively to July 1, 2007:

- (1) 15 AAC.55.206;
- (2) 15 AAC 55.224;
- (3) 15 AAC 55.341.

(g) The provisions of 15 AAC 55.805 apply retroactively to July 1, 2007, insofar as that section affects the determination of tax for periods after June 30, 2007, and otherwise apply retroactively to January 1, 2007. (Eff. 5/3/2007, Register 182; am ____/____/_____, Register _____)

Authority: AS 43.05.080 Sec. 37, ch. 2, TSSLA 2006

AS 43.55.110 Sec. 72, ch. 1, SSSLA 2007

15 AAC 55 is amended by adding a new section to read:

15 AAC 55.805. Rules for 2007 mid-year statutory changes. (a) Except as provided by AS 43.55.011(f), (j), (k), and (o) and by (e) of this section, the tax levied on a producer for calendar year 2007 by AS 43.55.011, other than the tax levied by AS 43.55.011(i), is the sum of the tax calculated under (b) of this section for the period January 1, 2007, through June 30, 2007, and the tax calculated under (c) of this section for the period July 1, 2007, through December 31, 2007.

(b) For purposes of (a) of this section, the tax for the period January 1, 2007, through June 30, 2007, is the sum of

(1) 22.5 percent of the production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1), as the provisions of that paragraph read on June 30, 2007, but substituting in that calculation the gross value at the point of production of the oil or gas, as applicable, produced during the first six months of the calendar year in place of the entire calendar year and the lease expenditures, as adjusted, for the first six months of the calendar year in place of the entire calendar year; and

(2) the sum, over the first six months of the calendar year, of the amounts calculated for each month under AS 43.55.011(g), as the provisions of that subsection read on June 30, 2007.

(c) For purposes of (a) of this section, the tax for the period July 1, 2007, through December 31, 2007, is the sum of

(1) 25 percent of the production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1) as amended by sec. 54, ch. 1, SSSLA 2007, but substituting in that calculation the gross value at the point of production of the oil or gas, as applicable, produced during the last six months of the calendar year in place of the entire calendar year and the lease expenditures, as adjusted, for the last six months of the calendar year in place of the entire calendar year; and

(2) the sum, over the last six months of the calendar year, of the tax amounts determined for each month under AS 43.55.011(g) as repealed and reenacted by sec. 17, ch. 1, SSSLA 2007.

(d) For purposes of

(1) paragraphs (b)(1) and (c)(1) of this section, in the case of a unit subject to AS 43.55.165(j) and (k), the lease expenditures, other than qualified capital expenditures, for each six-month period of 2007 are equal to one-half of the lease expenditures, other than qualified capital expenditures, determined under AS 43.55.165(j) and (k) for calendar year 2007;

(2) paragraphs (b)(2) and (c)(2) of this section, monthly production tax values are calculated using 1/6 of the lease expenditures for the respective six-month period of 2007 and an

appropriate monthly share, as determined using an acceptable method under 15 AAC 55.192, of the producer's costs of transportation for the respective six-month period.

(e) The maximum amount of tax provided by AS 43.55.011(j) and (k) is determined separately for the first six months and the last six months of 2007, based on the amount of taxable gas or oil, respectively, produced from the lease or property during the applicable six-month period rather than during the entire calendar year, but with reference to the average price per barrel for ANS for sale on the United States West Coast for the entire calendar year. The minimum amount of tax provided by AS 43.55.011(f) is determined separately for the first six months and the last six months of 2007. The maximum amount of tax provided by AS 43.55.011(o) is determined only for the last six months of 2007.

(f) The limitation in AS 43.55.023(a)(1) that not more than half of a tax credit under AS 43.55.023(a) may be applied for a single calendar year applies only to tax credits for qualified capital expenditures that are incurred after June 30, 2007.

(g) A tax credit under AS 43.55.023(b) that is applied against a tax levied for calendar year 2007 is 20 percent of the amount of the carried-forward annual loss.

(h) For purposes of determining tax credits under AS 43.55.023(b) based on lease expenditures incurred during 2007, a carried-forward annual loss for the

(1) first six months of 2007 is the amount of adjusted lease expenditures that was not deductible in calculating production tax values under (b)(1) of this section, and the tax credit rate applicable to the carried-forward annual loss is 20 percent;

(2) last six months of 2007 is the amount of adjusted lease expenditures that was not deductible in calculating production tax values under (c)(1) of this section, and the tax credit rate applicable to the carried-forward annual loss is 25 percent.

(i) The provision of AS 43.55.023(d) for issuance of two transferable tax credit certificates and postponement of use of the credit shown on the second of the two certificates applies only to tax credits based on expenditures incurred after June 30, 2007, and for which a transferable tax credit certificate had not been issued before December 20, 2007.

(j) For purposes of calculating the gross value at the point of production of oil or gas produced during the last six months of 2007, the lower of actual costs of transportation or reasonable costs of transportation is determined under AS 43.55.150(b) for the six-month period beginning July 1, 2007, and ending December 31, 2007.

(k) The provisions of 15 AAC 55.223 and 15 AAC 55.224 are applied respectively for the first six months and the last six months of 2007, using production tax values, adjusted lease expenditures, and determinations of the maximum amount of tax provided by AS 43.55.011(j), (k), and (o) for the applicable six-month period instead of for the calendar year.

(l) For calendar year 2007, the exclusion from lease expenditures provided by AS 43.55.165(e)(18) is determined separately for the first six months and the last six months of the calendar year, based on the expenditures incurred during the respective six-month period and the total taxable production during the respective six-month period.

(Eff. ___/___/___, Register ___)

Authority:	AS 43.05.080	AS 43.55.110	AS 43.55.165
	AS 43.55.011	AS 43.55.150	Sec. 73, ch. 1, SSSLA 2007

Register ____, _____ 2008

REVENUE

AS 43.55.023

AS 43.55.160

Sec. 74, ch. 1, SSSLA 2007