

# State of Alaska

## Alternative Tax Credit for Oil Gas Exploration Under AS 43.55.025

Review Alaska Statute (AS) 43.55.025 and regulations 15 AAC 55.305 - 380 and 15 AAC 55.900 to determine if a project qualifies for an Alternative Tax Credit for Oil and Gas Exploration.

For a qualifying exploration well, seismic exploration project or other geophysical exploration project where qualifying exploration expenditures were incurred for work performed after June 30, 2008 and before July 1, 2016, complete the Exploration Tax Credit Summary Form 0405-310 and Schedule A for exploration wells or Schedule B for seismic exploration; and supporting schedules as follows:

### Schedule A - use for Exploration Wells

Select the statute(s) that applies to the exploration activity for which you are claiming a credit as follows:

- Select AS 43.55.025(b) and (c) if the project is an exploration well; information requirements to the Department of Natural Resources listed under AS 43.55.025(c)(2)(A) have been met; the bottom hole is not less than 3 miles from the nearest preexisting well (other than for the Cook Inlet area); and the commissioner of the Department of Natural Resources has determined that the well was consistent with achieving the explorer's stated geological objective in accordance with AS 43.55.025(c)(2)(C).
- Select AS 43.55.025(b) & (d) if the project is an exploration well and is not less than 25 miles outside the outer boundary of a unit outside the sedimentary basin of Cook Inlet or 10 miles outside a unit boundary in the sedimentary basin of Cook Inlet.
- Select AS 43.55.025(b), (c) and (d) if the qualifying well meets all the criteria above under AS 43.55.025(b), (c) and (d).
- Select AS 43.55.025(l) for 80%, 90%, or 100% if you are one of the first three unaffiliated persons that drill an offshore exploration well for the purposes of discovering oil or gas in Cook Inlet. If oil or gas is produced from the exploration well that receives this credit, 50% of the credit must be repaid to the Department by the person that received the credit in equal monthly installments over a 10-year period.

### Schedule B - use for Seismic Exploration

Select the statute(s) that apply to the exploration activity for which you are claiming a credit:

- Select AS 43.55.025(b) & (e) for qualifying seismic exploration outside a unit boundary that was performed after June 30, 2008, and before July 1, 2016. Any portion of the seismic taken inside a unit is proportionately deducted from allowable expenditures receiving the credit.
- Select AS 43.55.025(k) for qualifying seismic exploration that was performed prior to July 1, 2003.

**Schedule C** - must be signed by the lessor of the mineral rights as authorization for data provided to the Alaska Department of Natural Resources (DNR) to be publicly released by the DNR in accordance with AS 43.55.025(f)(2)(C). If the lessor is the State of Alaska or the Federal government, a signature is not required, but the form must still be completed and the lessor should be identified as the State or Federal government.

**Schedule D** is a required statement for the Alternative Tax Credit for Oil and Gas Exploration Claim. This form is the applicant's agreement to provide the DNR with the information & data required under AS 43.55.025(f)(2).

\*SB 309 passed the jack-up rig credits as AS 43.55.025(m), but this citation changed when the bill was published and the revised citation for the jack-up rig credits is AS 43.55.025(l).

**Schedule E** is required for applications filed by a consortium of explorers. The designated joint applicant must file and complete the Alternative Tax Credit for Oil and Gas Exploration Claim Summary Form and Schedules A, B, C, D and E, as necessary, to claim credit for the qualified expenditures the group actually incurred, under AS 43.55.025. The credit must be proportionately allocated by the cost incurred by each explorer and signed by each explorer confirming the allocation is correct.

**Schedule F** - Every partner/joint applicant must separately complete and file directly with the Tax Division a Schedule F to declare their Individual Tax Credit Information. This information is completed by each partner/joint applicant separately to disclose other tax credits under AS 43.55.023 that may have been taken for the same project. This information will not be disclosed to other members of the consortium.

### DUE DATE AND FILING INFORMATION

The Alternative Credit for Oil and Gas Exploration Claim form must be filed no later than six months following the completion of the exploration activity.

Claim forms are encouraged to be submitted through the Tax Division's Online Tax Information System (OTIS) at [www.tax.alaska.gov](http://www.tax.alaska.gov), but may also be delivered or mailed to:

STATE OF ALASKA  
DEPARTMENT OF REVENUE, TAX DIVISION  
PRODUCTION TAX GROUP  
550 W 7TH AVE STE 500  
ANCHORAGE AK 99501-3555

### OTHER FORMS & INFORMATION

To report the sale or transfer of an Alaska Oil and Gas Production Tax Credit Certificate, use Form 0405-315, Notice of Transfer of Alaska Oil and Gas Production Tax Credit.

To apply an Alaska Oil and Gas Tax Credit to production tax liabilities use Form 0405-320, Alaska Oil and Gas Exploration Tax Credit Applied to Oil & Gas Production Tax.

To apply for the State of Alaska to purchase your Exploration Tax Credit Certificate under AS 43.55.028, use Form 0405-325.

These forms can be found on our website at [www.tax.alaska.gov](http://www.tax.alaska.gov)

By submitting this application and claiming a credit under AS 43.55.025, it is understood that the Alaska Department of Revenue may disclose to the Alaska Department of Natural Resources the information contained herein or obtained upon examination of books and records for the exploration expenditures for which a credit is claimed.

### QUESTIONS? CONTACT US AT:

STATE OF ALASKA  
DEPARTMENT OF REVENUE, TAX DIVISION  
PRODUCTION TAX GROUP  
550 W 7TH AVE STE 500  
ANCHORAGE AK 99501-3555  
Telephone 907-269-6620  
Fax 907-269-6644