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15 AAC 55.310 is amended to read:

15 AAC 55.310. Qualified capital expenditure credits. For purposes of AS 43.55.023(a) and **(o)** [(k)], if an expenditure incurred by a producer or explorer during a calendar year is an outlay for work-in-progress with respect to an asset the cost of which is treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, the fact that the asset is not placed in service until a later calendar year does not prevent the expenditure from constituting a qualified capital expenditure. (Eff. 5/3/2007, Register 182, am ___/___/___, Register _____)

Authority: AS 43.05.080 AS 43.55.023 AS 43.55.110

15 AAC 55.320 is amended to read:

15 AAC 55.320. Transferable tax credit certificates. (a) A producer or explorer may apply for a transferable tax credit certificate for

(1) a qualified capital expenditure credit under AS 43.55.023(a) **or a well lease expenditure credit under AS 43.55.023(l)** at any time after the [QUALIFIED CAPITAL] expenditure in question is incurred but no more frequently than once a calendar quarter;

(2) a carried-forward annual loss credit under AS 43.55.023(b) no earlier than January 1 of the calendar year following the calendar year in which the carried-forward annual loss in question is incurred.

(b) Information and documentation that the department will require a producer or explorer to provide in an application for a transferable tax credit certificate under AS 43.55.023(d) include

(1) the applicant's certification, under oath, that the expenditures for which the credit is claimed have been incurred, that the credit has not been used, and that the applicant is aware of no reason why the applicant does not qualify for the credit;

(2) a list of any authorizations for expenditure that apply to the expenditures for which the credit is claimed and copies of those authorizations;

(3) a schedule of the relevant expenditures incurred, identifying any applicable authorizations for expenditure and showing the accounts charged and, in the case of expenditures included in a joint interest billing, the month billed;

(4) a description of the lease or property or other land where the exploration, development, or production activities with respect to which the relevant expenditures were incurred took place, and a map or survey showing the location of the activities;

(5) if the relevant expenditures include costs associated with drilling a well, a

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(A) copy of

(i) the Well Completion or Recompletion Report and Log (Form 10-407) filed with the Alaska Oil and Gas Conservation Commission under 20 AAC 25.070; or

(ii) a well completion report that is filed with a federal agency and that is substantially similar to the filing described in (i) of this subparagraph; or

(B) well status report, if at the time the application is made material described in (A) of this paragraph is not yet due to be filed and has not been filed;

(6) if the lease or property where the exploration, development, or production activities with respect to which the relevant expenditures were incurred took place is subject to a unit operating agreement, identification of the applicable unit operating agreement;

(7) a list of any partners or other entities that shared in costs of which the relevant expenditures incurred by the applicant are the applicant's share;

(8) if the relevant expenditures are subject to joint venture audit by a participant in a joint venture, identification of and contact information for the joint interest auditor; and

(9) **for** [IN THE CASE OF] a **tax credit under AS 43.55.023(a) or AS 43.55.023(l) for an** [QUALIFIED CAPITAL] expenditure incurred in

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connection with geological or geophysical exploration or in connection with **an exploration** [A] well,

(A) the applicant's written agreements described in
AS 43.55.023(a)(2)(A) **or AS 43.55.023(I)(2)(A), as applicable**; and

(B) documentation that the applicant has submitted to the
Department of Natural Resources all data referred to in
AS 43.55.023(a)(2)(B) **or AS 43.55.023(I)(2)(B), as applicable**. (Eff.
5/3/2007, Register 182; am 10/21/2009, Register 192; am ___/___/___,
Register ___)

Authority: AS 43.05.080 AS 43.55.110 AS 43.55.023

The heading of 15 AAC 55.341 is amended to read:

15 AAC 55.341. Credit provisions after June 30, 2007, and before January 1, 2011, for Cook Inlet and for gas used in the state.

15 AAC 55.341(i) is amended to read:

(i) This section applies to oil and gas produced and expenditures incurred after June 30, 2007, **except that for a tax credit under**

(1) AS 38.05.180(i), AS 41.09.010, or AS 43.55.025, this section does not apply to expenditures incurred after December 31, 2010;

(2) AS 43.55.024, this section does not apply to oil or gas produced after December 31, 2010 [AND BEFORE JANUARY 1, 2022].

(Eff. 10/21/2009, Register 192, 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 55.345(b) is amended to read:

(b) In addition to other information required by the department, a claim under this section for a tax credit for a qualified capital expenditure under AS 43.55.023(a), [OR] carried-forward annual loss under AS 43.55.023(b), **or well lease expenditure under AS 43.55.023(I)** must include

(1) a description and accounting of the expenditures for which the credit is claimed, including a summary of the types of expenditures and the month and calendar year each expenditure was incurred;

(2) a description of the lease or property or other land where the exploration, development, or production activities with respect to which the relevant expenditures were incurred took place, and if the producer is not the operator, identification of the operator;

(3) a list of any partners or other entities that shared in costs of which the relevant expenditures incurred by the producer are the producer's share,

providing the respective shares of the partners or other entities, including the producer, and identifying the operator of the venture;

(4) identification of the custodians of the accounting records for the relevant expenditures, including the general ledgers, contracts, progress billings and invoices, and joint interest billings;

(5) if applicable, the producer's written

(A) agreement required under AS 43.55.023(a)(2), as the provisions of that paragraph read on June 30, 2007, in the case of an expenditure incurred for exploration work performed before July 1, 2008;

(B) agreements required under AS 43.55.023(a)(2), as amended by sec. 25, ch. 1, SSSLA 2007, **or AS 43.55.023(D)(2)**, and documentation that the producer has submitted to the Department of Natural Resources all data referred to in AS 43.55.023 (a)(2)(B), as amended by sec. 25, ch. 1, SSSLA 2007, in the case of **a claim for a tax credit under AS 43.55.023(a) for** an expenditure incurred for exploration work performed after June 30, 2008, **or referred to in AS 43.55.023(I)(2)(B), in the case of a claim for a tax credit under AS 43.55.023(I) for a well lease expenditure, respectively**; and

(6) in the case of a

(A) claim for a tax credit under AS 43.55.023(a) for a qualified capital expenditure, the producer's certification that a tax credit

has not been and is not being taken for the expenditure under AS 38.05.180(i), AS 41.09.010, AS 43.20.043, AS 43.55.023(L), or AS 43.55.025, except as provided under (c) of this section;

(B) claim for a tax credit under AS 43.55.023(L) for a well lease expenditure, the producer's certification that a tax credit has not been and is not being taken for the expenditure under AS 38.05.180(i), AS 41.09.010, AS 43.20.043, AS 43.55.023(a), or AS 43.55.025, except as provided under (c) of this section.

15 AAC 55.375(c) is amended to read:

(c) Except as provided under (a) and (b) of this section, a producer may apply tax credits in any order, if the producer submits with the statement required under AS 43.55.030(a) a separate schedule setting out the order in which the tax credits are applied. In the absence of that schedule, tax credits must be applied in the following order:

- (1) first, any credit under AS 43.55.024(a);
- (2) second, any credit under AS 43.55.024(c);
- (3) third, any credit under AS 43.55.019 [AS 43.55.025];
- (4) fourth, any credit under AS 43.55.025 [AS 43.55.023(i)];
- (5) fifth, any credit under AS 43.55.023(i) [AS 43.55.023(a)];
- (6) sixth, any credit under AS 43.55.023(a) [AS 43.55.023(b)];
- (7) seventh, any credit under AS 43.55.023(L) [AS 41.09.010];

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(8) eighth, any credit under **AS 43.55.023(b)** [AS 38.05.180(i)];

(9) ninth, any credit under **AS 41.09.010** [AS 43.55.023(e)];

(10) tenth, any credit under AS 38.05.180(i);

(11) eleventh, any credit under AS 43.55.023(e). (Eff. 5/3/2007,

Register 182, am 10/21/2009, Register 192, am ___/___/___, Register ____).

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.110
AS 43.55.023 AS 43.55.025

15 AAC 55.900(a)(22) is amended to read:

(a)(22) “qualified capital expenditure” has the meaning given in

AS 43.55.023(o) [AS 43.55.023 (k)];

(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 1/1/2004, Register 168, am 5/3/2007, Register 182,
am 10/21/2009, Register 192, am 2/27/2010, Register 193; am 4/30/2010, Register
194; am 12/4/2010, Register 196; am ___/___/___, Register ____)

Authority: AS 43.05.080 AS 43.55.024 AS 43.55.160
AS 43.55.011 AS 43.55.025 AS 43.55.165
AS 43.55.020 AS 43.55.110 AS 43.55.170
AS 43.55.023 AS 43.55.150 AS 43.55.900