

**In the Matter Of:**  
**PUBLIC HEARING RE HB 247**

---

**HEARING**  
*October 19, 2016*

---

**PACIFIC RIM REPORTING**  
STENOGRAPHIC COURT REPORTERS  
711 M STREET, SUITE 4  
ANCHORAGE, ALASKA 99501  
907-272-4383  
[www.courtreportersalaska.com](http://www.courtreportersalaska.com)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

BEFORE THE DEPARTMENT OF REVENUE

STATE OF ALASKA

---

In re:

Alaska Department of Revenue  
Public Hearing for Proposed  
Production Tax Regulation  
under HB 247.

---



---

TRANSCRIPT OF PROCEEDINGS

---

Pages 1 - 107, inclusive

Wednesday, October 19, 2016  
9:00 A.M.

Taken at  
REGULATORY COMMISSION OF ALASKA  
701 West 8th Avenue, Suite 300  
Anchorage, Alaska

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A-P-P-E-A-R-A-N-C-E-S

For State of Alaska, Department of Revenue:

John Larsen, Audit Master  
550 West 7th Avenue, Suite 500  
Anchorage, Alaska 99501  
907/269-8436

Also Present:

Ken Alper, Department of Revenue  
Diane Colley, BP  
Dan Dickinson, Dan E. Dickinson, CPA  
Jennifer Douglas, Department of Law  
Marie Evans, ConocoPhillips  
Destin Greeley, Department of Revenue  
Tom Habermann, Brooks Range Drilling  
Michael Hurley, ConocoPhillips  
Jon Iversen, Stoel Rives  
Jennifer Mainor, Department of Revenue  
Robert Mintz, working for DOR  
Kara Moriarty, AOGA  
Erin Ruebelmann, Department of Revenue  
Paul Rusch, ConocoPhillips  
Dan Seckers, ExxonMobil  
Tom Williams, BP

Present via Teleconference:

Ryan Fitzpatrick, Manley & Brautigam  
Paul Jones, Kempel, Huffman & Ellis  
Will Nebesky, Chevron  
Ralph Portell, BP  
Wendy Sheasby, AIX Energy  
Dave Talerico, Representative

Court Reporter:

Gary Brooking, Registered Professional Reporter  
PACIFIC RIM REPORTING  
711 M Street, Suite 4  
Anchorage, Alaska 99501

1 ANCHORAGE, ALASKA; WEDNESDAY, OCTOBER 19, 2016

2 9:05 A.M.

3 -o0o-

4 MR. LARSEN: Well, good morning, folks. Good  
5 morning. Can everybody hear me there? We'll go ahead  
6 and get started.

7 My name is John Larsen. I'm an audit master  
8 with the Department of Revenue. And today's date is  
9 Wednesday, October 19th, 2016. And the time is 9:05.

10 Welcome everyone to today's public hearing on  
11 regulation changes proposed by the Alaska Department  
12 of Revenue to implement Chapter 4 from the Fourth  
13 Special Session of the 2016 legislature, commonly  
14 known as HB 247, as well as other conforming changes.

15 The purpose of today's public hearing is to  
16 receive input and testimony from the public and other  
17 interested parties regarding regulation changes  
18 proposed by the Department in the Department's public  
19 notice dated September 21, 2016.

20 In the public notice, the Department  
21 identified numerous regulations as being proposed to  
22 be either implemented, amended or, in some cases,  
23 repealed for regulations that are no longer in effect  
24 or necessary to implement the Department's oil and gas  
25 production tax program.

1           Today's public hearing is scheduled to run  
2 from 9:00 to 12:00, but may be extended if necessary  
3 to accommodate those present before 10:00 a.m. who  
4 have not had an opportunity to comment.

5           After the close of the public comment period  
6 on Monday, October 24th, 2016, the Department will  
7 either adopt the proposed regulation changes or other  
8 provisions dealing with the same subject without  
9 further notice or decide to take no action.

10           The language of the final regulations may be  
11 different from that of the proposed regulations. If  
12 you believe that your interests may be affected, the  
13 Department encourages you to submit any relevant  
14 comments either here today or by the close of the  
15 written comment period on Monday, October 24th, 2016,  
16 at 4:30 p.m.

17           The timeline proposed by the Department is  
18 that for all of the comments received, we will  
19 accumulate them and post them on the Tax Division  
20 website at [www.tax.Alaska.gov](http://www.tax.Alaska.gov). And current with  
21 the draft -- excuse me -- concurrent with the drafting  
22 of the final regulations, the Department will  
23 aggregate its responses to substantially similar  
24 questions and make the questions and responses  
25 available on the Alaska public online notice system

1 and Tax Division website.

2 As some of the statutes that are the subject  
3 of the regulations proposed by the Department have an  
4 effective date of January 1, 2017, it is the aim of  
5 the Department to have the regulations in effect on  
6 January 1, 2017.

7 However, if the regulations are not in effect  
8 at that time, the Department will include regulatory  
9 provisions to specify that certain regulations are to  
10 be retroactive to January 1, 2017.

11 And I want to take a break here for just a  
12 second. I hope that all of you received the  
13 supplemental public notice that went out Monday  
14 evening. And I apologize for that inconvenience. The  
15 dial-in information for the phone lines, and  
16 specifically the PIN code, were incorrect. And so I  
17 sent out another notice Monday evening with the  
18 correct phone number.

19 I spoke briefly with the Department of Law,  
20 and what we will likely do is extend the comment  
21 period and have an additional public hearing. I still  
22 encourage people to submit comments by the comment  
23 period that's indicated in the notice here on  
24 October 24th. And what I would do is for all comments  
25 that are received by the 24th, I will take those and

1 post those on the online public notice system, as well  
2 as on our Tax Division website.

3 And then as far as the responses to the  
4 public comments, I just want to clarify that that will  
5 come out at the same time as any regulations. In  
6 other words, we're not going to write up the  
7 responses, post those on the website and then draft  
8 the regulations. It will be kind of a concurrent  
9 process, and those will both be published at the same  
10 time.

11 So as far as submitting comments, you can  
12 submit those to me, John Larsen, by any of the  
13 following means, via e-mail to J-o-h-n, dot,  
14 L-a-r-s-e-n at Alaska, dot, gov; via fax at  
15 907/269-6644, or delivered either in person or by U.S.  
16 mail to 550 West 7th Avenue, Suite 550, Anchorage,  
17 Alaska 99501.

18 And, again, we would like to have all  
19 comments in by October 24th, 2016, 4:30.

20 Prior to starting the hearing, there's some  
21 administrative matters. In the event of a fire, the  
22 stairs are located next to the elevators where you  
23 came in. Please don't use the elevators.

24 The restrooms are out the door and around to  
25 your right here.

1           If anyone is listening by their cell phone,  
2 I'd ask that you please turn your cell phone on to  
3 mute until you are making a presentation.

4           If you haven't done so already, please sign  
5 in. There are copies of the public notice and  
6 proposed regulations near the front sign-in sheets.  
7 There are a limited number of copies there, however.  
8 But with the crowd that we have here today, there's  
9 probably enough where we can share if you need them.

10           When making any comments, please use the  
11 microphones at the front table and give your name and  
12 affiliation, if any.

13           The hearing is being transcribed and copies  
14 will be made available on the Department's website  
15 after they have been received by the Department.

16           The hearing and all written comments received  
17 will become part of the public record and subject to  
18 public inspection.

19           With that, I'd like to go around the room and  
20 have everyone introduce themselves and their  
21 affiliation, and then onto the phone lines.

22           So I'm John Larsen, Audit Master, with the  
23 Department of Revenue.

24           MS. DOUGLAS: I'll start. I'm Jenny Douglas,  
25 with to Department of Law.

1 MS. GREELEY: Destin Greeley, Tax Division,  
2 Audit Supervisor.

3 MS. ROGERS: Jenny Rogers, Department of  
4 Revenue, Audit Master.

5 MS. RUEBELMANN: Erin Ruebelmann, Tax  
6 Division auditor.

7 MR. MINTZ: Rob Mintz, just myself. And I'm  
8 working with the Department of Revenue.

9 MS. MAINOR: Jennifer Mainor, Department of  
10 Revenue. I'm a supervisor.

11 MS. EVANS: Marie Evans, ConocoPhillips Tax  
12 Counsel.

13 MR. HURLEY: Michael Hurley, ConocoPhillips.

14 MR. HABERMANN: Tom Habermann, Brooks Range  
15 Drilling.

16 MR. SECKERS: Dan Seckers with ExxonMobil.

17 MR. IVERSEN: Jon Iversen with Stoel Rives.

18 MR. WILLIAMS: Tom Williams with BP.

19 MS. COLLEY: Diane Colley, BP.

20 (Mr. Dickinson joins hearing.)

21 MS. MORIARTY: Kara Moriarty, Alaska Oil and  
22 Gas Association.

23 MR. DICKINSON: Dan Dickinson, behind the  
24 times.

25 MR. LARSEN: Thanks, everyone.

1           As previously stated, the Department is  
2 holding the public hearing in order to provide  
3 opportunity for the public and interested parties to  
4 provide input and testimony for suggestions on  
5 regulations that may need to be amended, implemented  
6 or repealed.

7           For the making of comments, I would like to  
8 start here in Anchorage and then move to the phone  
9 lines. And when you make your comments, we would like  
10 you to come to any one of the microphones at the front  
11 table. And you will have to activate the microphone  
12 by pushing the button. And you'll know that you're  
13 live when the green light comes on.

14           So with that, I will open the floor to  
15 comments to anyone that would like to come forward.

16           MS. MORIARTY: John, you want me at this  
17 table or here?

18           MR. LARSEN: Your choice, wherever you're  
19 more comfortable.

20           THE REPORTER: Actually, the front would be  
21 better.

22           MS. MORIARTY: I don't know if I'm going to  
23 be comfortable in any seat. Here are some copies of  
24 the testimony.

25           Good morning. My name is Kara Moriarty, and

1 I am the president of the Alaska Oil and Gas  
2 Association. And I am here today to present the  
3 collective comments of AOGA's membership regarding  
4 changes to the production tax regulations in 15 AAC 55  
5 that the Department of Revenue, which I will probably  
6 refer to as DOR or Department interchangeably  
7 throughout the rest of this testimony, that the  
8 Department proposed on the 21st of September of this  
9 year.

10 As is our practice regarding public  
11 statements on tax matters, these comments represent  
12 the unanimous consensus of AOGA's membership. And we  
13 currently have 12 active members.

14 The context for the Department's proposed  
15 regulations is the production tax legislation that  
16 Governor Walker introduced at the beginning of the  
17 regular session of the legislature this year, which  
18 was eventually enacted in a substantially different  
19 form as Chapter 4 of the Fourth Special Session Laws  
20 of Alaska in 2016. And as Mr. Larsen indicated, we  
21 commonly refer to that as House Bill 247 or HB 247.  
22 Many of these proposals, in fact, appear to have been  
23 made specifically to implement that legislation or to  
24 adapt the changes it makes.

25 Our testimony is organized by topic or issue

1 in the order in which it appears in the proposed  
2 regulations, instead of addressing them individually  
3 in their numerical order in the Alaska Administrative  
4 Code. This allows us to address, in a single  
5 discussion, proposed regulations that share a  
6 particular issue or topic, instead of addressing it  
7 piecemeal.

8 But before beginning discussing specific  
9 proposals, we'd like to acknowledge the considerable  
10 care in drafting that is reflected in many of these  
11 regulations, particularly by the way complex subjects  
12 are organized into their individual elements which are  
13 then formatted as paragraphs, subparagraphs, or even  
14 smaller subdivisions. By their very layout on the  
15 page, they show clearly which elements are parallel to  
16 one another, and how some sets of parallel elements  
17 fit together as a part of a specific element within  
18 the next higher level of elements.

19 Just one of many examples of this is  
20 15 AAC 55.335 subsection (e) as it would be amended,  
21 where the existing three-paragraph structure  
22 reflecting the three steps in determining the amount  
23 of a producer's tax credits under 43.56.024(j) is  
24 unchanged. But within the overall structure,  
25 paragraph (e) subsection (1) is divided into

1 subparagraphs (A) and (B) which respectively deal with  
2 oil and gas produced before 2017 or after 2016, with  
3 (A) containing two subparts, (A)(i) and (A)(ii), that  
4 deal with two different conditions.

5 In (A)(i), the producer has not applied a  
6 gross value reduction, or a GVR, under AS 43.55.160,  
7 subsection (f)(3), to the oil, while in (A)(ii), the  
8 oil is not included in the volume of oil the producer  
9 is required under 15 AAC 55.212(1) to determine  
10 qualifies for such a GVR under AS 43.55.160(f),  
11 subsection (3).

12 Simply by its organizational structure, this  
13 proposed regulation makes it clear how all of its  
14 provisions fit together, and that in turn will help  
15 taxpayers to determine what we refer to as "024(j)"  
16 tax credits correctly.

17 So let me begin. We have several subsections  
18 or topics that we're going to go through, so I  
19 allow -- I appreciate your patience and indulgence.

20 So the first one is the disclosure of a  
21 taxpayer's information to another during an audit of  
22 the latter.

23 15 AAC 05.250 was adopted in 1984 and last  
24 amended in 1989. DOR now proposes to delete the  
25 language in 15 AAC 05.250(a) requiring that a

1 taxpayer's information be at least a year old before  
2 it may be disclosed to another taxpayer. We do not  
3 see why this deletion is being proposed.

4           House Bill 247 certainly doesn't call for it.  
5 True, Section 9 of House Bill 247 does require DOR to  
6 publish, by April 30 each year, the name of each  
7 person from which the Department purchased a  
8 transferable tax credit certificate and the aggregate  
9 amount of the tax credit certificates purchased from  
10 the person in the preceding calendar year, unquote.

11           But the situation that Section 9 deals with  
12 is not an audit, but simply the publication of the  
13 names of those from whom DOR has purchased tax credit  
14 certificates and the total amount it bought from each  
15 of them during the prior year, which does not require  
16 disclosure of details about any particular credit and  
17 the certificate for it.

18           So House Bill 247 does not justify or require  
19 this proposed amendment to a regulation that deals  
20 only with disclosures during audit.

21           In addition, the Department's proposed change  
22 to 15 AAC 05.250(a) would increase the risk that  
23 taxpayer confidential or commercially sensitive  
24 information would now, in realtime, be made available  
25 to competitors of the taxpayer, thereby increasing the

1 risk that the value of that confidential or  
2 commercially sensitive information is undermined or  
3 compromised.

4 While many companies actively pursuing or  
5 developing oil and gas resources in the state may be  
6 partners in various projects, they nonetheless are  
7 competitors, and as such are required under federal  
8 law or prudent business standards to protect certain  
9 information from being released to competitors.

10 Removing a restriction that any information  
11 disclosed under 15 AAC 05.250(a) be at least a year  
12 removed from the release of the information eliminates  
13 a minimum level of safeguard to disclosure of taxpayer  
14 confidential or commercially sensitive information to  
15 potential competitors.

16 AS 43.55.040(1), which was amended to its  
17 present form by Section 21, Chapter 2 of the Third  
18 Special Session Laws of Alaska of 2006 and left  
19 unchanged by House Bill 247, provides DOR with  
20 specific and detailed authority and procedural  
21 safeguards for disclosing one taxpayer's production  
22 tax information to another.

23 The procedural safeguards in 15 AAC 05.250(a)  
24 date from 1989. And while they may be similar in some  
25 respects to those in AS 43.55.040(1), they are not

1 identical. And those differences open the door for  
2 error in applying the regulation when the statute  
3 provides for a different or more appropriate safeguard  
4 in a particular situation.

5 More fundamentally, in our view, the  
6 Department's notice describes all its proposed  
7 regulations as, quote, changes in regulations  
8 affecting the oil and gas production tax, unquote.

9 But with a few specific exceptions, like the  
10 property tax under AS 43.56, 15 AAC 05.250 applies  
11 generally to taxes levied under Title 43 of the Alaska  
12 statutes, not just the production tax.

13 Accordingly, the notice is misleading with  
14 respect to this proposed amendment to 15 AAC 05.250,  
15 because taxpayers under other taxes who read it will  
16 have no indication whatsoever that the one-year rule  
17 for disclosing their information to other taxpayers  
18 under those taxes would also be eliminated. Thus the  
19 notice does not meet the requirement under  
20 AS 44.62.200(a) that a, quote, notice of proposed  
21 amendment of a regulation must include, three, an  
22 informative summary of the proposed amendment.  
23 **Emphasis added in the text.**

24 Accordingly, the adoption of this proposed  
25 amendment in violation of AS 44.62.200(a)(3) would, in

1 turn, make the amendment itself invalid under  
2 AS 42.62.300(a)(1).

3 Both on substantive and procedural grounds,  
4 we urge the Department not to amend this section.

5 The second one, number two, regulations  
6 proposed for amendment, but no changes shown. So  
7 page 1 of the set of proposed regulations states,  
8 quote: 15 AAC 05.250(b) is amended to read, unquote,  
9 and then sets out the text of that subsection.  
10 Similarly, pages 102 to 103 say, quote:  
11 15 AAC 55.800(f) is amended to read, unquote, and sets  
12 out the text of that subsection.

13 However, in both cases, no deletions of  
14 existing text nor insertions of new text are  
15 indicated, although AS 43.55.040 is being added to the  
16 statutory authority cited for 15 AAC 05.250,  
17 subsection (b). Our comparisons of the, quote,  
18 amended regulations to the Alaska Administrative Code  
19 shows no change between the amended versions and the  
20 present versions.

21 Accordingly, if the Department is, in fact,  
22 intending to change either regulation and simply  
23 failed to indicate what that change is in the  
24 subsection as set out, we believe the notice for that  
25 change would not meet the requirement that, as we

1 mentioned previously, quote, a notice of proposed  
2 amendment of a regulation must include, under  
3 subsection (3), an informative summary of the proposed  
4 amendment, unquote, under AS 44.62.200(a) and  
5 accordingly, the adoption of that regulation in  
6 violation of AS 44.62.200(a)(3) would make the  
7 regulation itself invalid under AS 44.62.300(a)(1).

8           The third thing we want to point out:  
9 Disclosures by DOR under AS 43.05.230(1) regarding tax  
10 credit certificates it has purchased. Enacted by  
11 Section 9 of House Bill 247, AS 43.05.230(1) specifies  
12 that for tax credit certificates purchased by the  
13 Department in the preceding calendar year under  
14 AS 44.55.028, the Department shall make the following  
15 information public by April 30th of each year: One,  
16 the name of each person from which the Department  
17 purchased a transferable tax credit certificate; and,  
18 two, the aggregate amount of the tax credit  
19 certificates purchased from the person in the  
20 preceding calendar year.

21           This requirement for publishing information  
22 by April 30th of each year about purchases during,  
23 quote, the preceding calendar year, unquote, clearly  
24 contemplates that DOR will purchase tax credit  
25 certificates during more than one single calendar

1 year, and not just during 2016 in particular.

2 By its literal terms, however, the proposed  
3 regulation in 15 AAC 05.255(1) would apply only to  
4 certificates purchased during 2016. So if DOR  
5 purchases even one certificate in 2017,  
6 AS 43.05.230(1) will require a publication, and the  
7 regulation would need to be amended to reflect that.

8 This proposed regulation adds nothing to what  
9 the statute provides, except for this questionable  
10 limitation to purchases in 2016 only. We therefore  
11 recommend against adopting the proposed regulation  
12 change in 15 AAC 05.255(1).

13 The fourth thing, interest on delinquent tax.  
14 Section 8 of House Bill 247 amended AS 43.05.225 to  
15 create a special rule under AS 43.05.225(1)(C),  
16 applicable to production taxes only with respect to  
17 interest accruing on or after January 1st, 2017.

18 For convenience, AS 43.05.225 as amended is  
19 set out in full as an endnote in the written copy of  
20 this testimony which I just submitted.

21 The computation of interest under this  
22 special rule in AS 43.05.225, subsection (1)(C),  
23 requires -- or varies according to when the production  
24 tax becomes delinquent.

25 First, if it becomes delinquent after 2016,

1 the rule is very straightforward. Compound interest  
2 under (1)(C)(i) accrues quarterly at an annual  
3 percentage rate, or APR, equal to seven percentage  
4 points above the Fed's APR charged to member banks  
5 and, under (1)(C)(ii), interest stops accruing  
6 altogether after three years.

7 Second, consider the case where the  
8 production tax delinquency arose in 2010 or after,  
9 where at least three years of compound interest had  
10 accrued before 2014 under the rule in paragraph  
11 (1)(A), which was enacted by Section 2, Chapter 23, of  
12 the Session Laws of Alaska of 1991.

13 Paragraph (1)(C)(i) says a delinquent  
14 production tax bears compound interest, quote, for the  
15 first three years after it becomes delinquent,  
16 unquote. And (1)(C)(ii) says the tax, quote, does not  
17 bear interest, unquote, after the first three years  
18 after it becomes delinquent.

19 This does not mean that, if four or more  
20 years of compound interest under (1)(A) had accrued  
21 before 2014, then that compound interest would have to  
22 be wound back to just three years. This is because  
23 the rule in (1)(C) applies to interest accruing after  
24 2016, not to interest accrued in years before 2014.

25 But it does mean that, under (1)(C)(ii), no additional

1 compound interest can accrue after 2016 on a pre-2011  
2 delinquency that has already accrued three years or  
3 more of compound interest under the provisions that  
4 are not designated as paragraph (1)(A).

5 Consistent with this, no compound interest  
6 under (1)(C)(i) can accrue after 2016 on the simple  
7 interest under (1)(B) that had accrued in 2014 to 2016  
8 on that delinquency. This is because computing  
9 interest on the 2014 to 2016 simple interest would  
10 itself be compound interest on that simple interest,  
11 and in this situation the three-year limit on compound  
12 interest under (1)(C) would have already been reached  
13 before the end of 2013.

14 Third, for pre-2014 production tax that  
15 became delinquent after 2010 and thus accrued less  
16 than three years of compound interest under (1)(A) as  
17 of January 1st, 2014, compound interest under  
18 (1)(C)(i) can accrue after 2016 on both the  
19 delinquency and its pre-2014 compound interest, but  
20 under (1)(C) this compound interest can only accrue  
21 until there is a total of three years of compound  
22 interest, and then (1)(C)(ii) ends the accrual of  
23 further interest. Consistent with the result above  
24 for a delinquency arising in 2010 or earlier, compound  
25 interest under (1)(C) does not accrue on the simple

1 interest that accrued in 2014 to 2016, because that  
2 would be compound interest over and above the compound  
3 interest that (1)(C) allows.

4 Finally, with respect to a delinquency  
5 arising after 2014 and before 2017, only simple  
6 interest under (1)(B) would have accrued by the time  
7 compound interest under (1)(C) begins. If one  
8 considered this situation abstractly and in isolation,  
9 one might be able to read (1)(C) as allowing compound  
10 interest under (1)(C) to accrue after 2016 on both the  
11 delinquency and the simple interest that had accrued  
12 on it as of December 31st, 2016.

13 But this final situation does not exist all  
14 by itself. In the two previous situations involving  
15 pre-2014 delinquencies, compound interest does not  
16 accrue under (1)(C) on the simple interest that  
17 accrued during 2014 to 2016.

18 For consistency, and in the absence of a  
19 logically compelling reason to deviate from those two  
20 situations, the simple interest accrued by the end of  
21 2016 should not be included in the compounding under  
22 (1)(C) that begins in 2017.

23 The proposed regulation, 15 AAC 05.330,  
24 subsection (e), disregards the context to which the  
25 legislature intended the rule in (1)(C) to be applied,

1 as well as the words that were carefully chosen in  
2 drafting (1)(C) for application in those contexts.  
3 Instead, it charges blindly toward the interpretation  
4 that is the most punitive, namely that compounding  
5 under (1)(C) will apply to any accrued and unpaid  
6 interest that the taxpayers owe on January 1st, 2017.

7 This is not what the words of AS 43.05.225(1)  
8 call for or allow, and we ask the Department to modify  
9 the proposed regulation for legal and for policy  
10 reasons so it reflects the proper application of the  
11 statute.

12 Number five, updates of references to  
13 external sources. The Department proposes a change in  
14 the editor's note following 15 AAC 55.141, which would  
15 update the citation of the website where data under  
16 Federal Reserve Bank interest rates can be found.

17 Similarly, it proposes to, one: Update the  
18 references to Platts and Reuters and delete the  
19 reference to Dow Jones Energy Service in  
20 15 AAC 55.171(m) and in its editor's note, and in  
21 15 AAC 55.193(d)(1).

22 It also proposes to do two: Update the  
23 reference to Platts in the editor's note to  
24 15 AAC 55.191 and in 15 AAC 55.193(d)(1) and in its  
25 editor's note; and, three, replace Morningstar, "The

1 Cost of Capital Yearbook" by Duff & Phelps, "Valuation  
2 Handbook, Industry Cost of Capital," as the source for  
3 "cost of capital" information for purposes of the  
4 subsections that are in the testimony.

5 It is a good idea to update the references to  
6 external sources that continue to be used. But where  
7 an external source like Dow Jones Energy Service  
8 ceases to be used, or where one source is replaced by  
9 another, we believe the respective editor's note  
10 should state the date as of which the change becomes  
11 effective for purposes of respective regulations.  
12 This will save time for both the taxpayers and the  
13 Department personnel in the future, while avoiding  
14 opportunities for potential disagreements over such a  
15 date to arise.

16 Number six: Repeal of seemingly outdated  
17 provisions. The Department proposes to delete  
18 15 AAC 55.151(b)(2)(A) in its entirety. Since  
19 subparagraph (A) by its terms pertains only to oil and  
20 gas produced "before July 1st, 2007," one might argue  
21 that its deletion is justified because it has, in  
22 practical effect, become a dead letter that can be  
23 pruned from the regulations.

24 We believe a similar purpose may underlie the  
25 Department's proposed repeals or deletions with

1 respect to the following: One, the reference to  
2 AS 43.21 in 15 AAC 05.250(a); two, 15 AAC 55.173(i);  
3 three, 15 AAC 55.180 plus the cross-references to it  
4 that appear in 15 AAC 55.191; four, 15 AAC 55.205 plus  
5 the cross-references to it that appear in  
6 15 AAC 55.275(a) and 15 AAC 55.280(a); five,  
7 15 AAC 55.223; six, 15 AAC 55.325; seven, 15 AAC  
8 55.330; eight, 15 AAC 55.340 plus the cross-references  
9 to it in 15 AAC 55.370(b); nine, 15 AAC 55.345(e), (f)  
10 and (g); ten, 15 AAC 55.350; 11, 15 AAC 55.355; 12,  
11 15 AAC 55.375(a)(2) and (b); 13, 15 AAC 55.380; 14,  
12 15 AAC 55.410(b); 15, 15 AAC 55.420; 16, 55.430; 17,  
13 55.510; 18, 55.520(f)(1)(H); 19, 55.800(a)(2), (a)(4),  
14 (a)(10), (a)(14), (a)(15) and (a)(17); 20,  
15 55.800(c)(14); and last, 55.805.

16 A fair number of these provisions to be  
17 repealed pertain to periods before July 1st of 2007.  
18 Indeed, AS 43.21, the former "separate accounting"  
19 income tax, was repealed by Chapter 113 of the Session  
20 Laws of Alaska of 1981.

21 Our concerns about these repeals and  
22 deletions are twofold. First, we are concerned  
23 whether the respective regulations are actually dead  
24 letters, or does any taxpayer still have an audit or  
25 an appeal pending for tax periods covered by one or

1 more of these regulations?

2 We would be stunned to learn that any  
3 taxpayer still has an audit or appeal pending under  
4 AS 43.21, which was repealed as of the end of  
5 taxpayers' 1981 tax years almost 35 years ago. So  
6 unless the Department knows of such an audit or  
7 appeal, deleting the reference to AS 43.21 and  
8 15 AAC 05.250(a) would be appropriate.

9 But even when the three-year statute of  
10 limitations under AS 43.05.260 applied to production  
11 taxes, taxpayers commonly agree to extend the statute  
12 of limitations in order to accommodate a DOR auditor  
13 for completing the audit, often extending it more than  
14 once.

15 Since the six-year statute under  
16 AS 43.55.075(a) took effect, the extensions may be  
17 less frequent, but the audits are not materially  
18 shorter. We believe that audits approaching a decade  
19 in length have occurred in some cases. Thus, even  
20 though a regulation applies to periods before a date  
21 in 2006 or 2007, it is not clear to us that all  
22 production tax audits and ensuing appeals arising when  
23 the regulation apply have all been resolved and  
24 closed.

25 We are concerned that the repeal of a

1 regulation under which audits or appeals or still  
2 pending might be argued by one side or the other as  
3 creating a change in the meaning or applicability of  
4 that regulation for purposes of those old pending  
5 audits or appeals.

6 Even when such arguments are unmerited, it is  
7 wasteful for the parties to argue over whether such a  
8 change in meaning or applicability has resulted from  
9 the repeal.

10 Perhaps more importantly, once the regulation  
11 is repealed, it becomes increasingly likely as time  
12 passes that legal counsel or the person hearing the  
13 appeal may look at the then-current version of the  
14 regulation, will see that some parts of it have been  
15 repealed, and may conclude that they are not  
16 applicable to the issue or issues at hand, without  
17 actually taking the time and effort to track down the  
18 regulation as it read before the repeal.

19 We do not want the repeal now of such a  
20 regulation to lead to either of these situations, and  
21 we don't think the Department would either. If any  
22 taxpayer still has an appeal pending that involves  
23 production tax for periods when the regulation  
24 applied, the regulation should stay on the books.  
25 There is no harm, nor any administrative cost for DOR,

1 in letting it stand.

2 Our second concern with this comes from the  
3 specific way the Department is proposing to make the  
4 repeal of some of the regulations. For example, the  
5 proposed repeal of 15 AAC 55.151(b)(2)(A), for  
6 example. As it currently stands, paragraph (b)(2) has  
7 two subparagraphs, (A), which applies to production  
8 before the 1st of July, 2007, and (B) which applies to  
9 production after June 30 of 2017.

10 The Department could simply repeal  
11 subparagraph (A) and replace its text with the  
12 notation "repealed," and the effective date of the  
13 appeal, as it has done in the past with  
14 55 AAC 191(b)(6) and (7), for example.

15 And even now, the Department is following  
16 that historic practice by inserting such notations for  
17 its pending proposed repeals of 15 AAC 55.345(e), (f)  
18 and (g). This practice preserves the existing  
19 organization of the regulation and its logic, while  
20 eliminating the text that has become obsolete.

21 But instead of this, the Department here  
22 proposes to delete all traces of subparagraph (A) and  
23 the (B) designation for the subparagraph and collapse  
24 subparagraph (B) into paragraph (1) so it reads as if  
25 there were never any subparagraphs. This does alter

1 the organization and logical structure of the  
2 regulation, which conceals the original.

3 We are not going to speculate why the  
4 Department is now proposing to repeal certain  
5 regulations differently from how it has done so in the  
6 past and is still doing for other proposed repeals  
7 that it has proposed. We say instead that changing  
8 the organization and logical structure of a regulation  
9 as proposed in this 55.151(b)(2), which is not the  
10 only example in the proposed regulations, we believe  
11 this restructuring and changing of the organization is  
12 unwise and unnecessary.

13 Number seven, amended definition of  
14 "utilities." The only proposed change to  
15 15 AAC 55.173(a) is the insertion of the words "gas or  
16 electric" before the words "utilities" in the fourth  
17 line of paragraph (a)(2). We fail to see why the term  
18 "utility" should be limited in this fashion.

19 For purposes of the Alaska Public Utilities  
20 Regulatory Act, which is under AS 42.05, the term  
21 quote, unquote, utility is defined along with, quote,  
22 unquote, public utility to mean every corporation,  
23 individual, or association of individuals, their  
24 lessees, trustees, or receivers appointed by a court  
25 that owns, operates, manages, or controls any plant,

1 pipeline, or system for: (A), furnishing, by  
2 generation, transmission, or distribution, electrical  
3 service to the public for compensation; (B),  
4 furnishing telecommunications service to the public  
5 for compensation; (C), furnishing water, steam, or  
6 sewer system to the public for compensation; (D),  
7 furnishing by transmission or distribution of natural  
8 or manufactured gas to the public for compensation;  
9 (E), furnishing for distribution or by distribution  
10 petroleum or petroleum products to the public for  
11 compensation when the consumer has no alternative in  
12 the choice of supplier or a comparable product and  
13 service at an equal or lesser price; (F), furnishing  
14 collection and disposal service of garbage, refuse,  
15 trash, or other waste material to the public for  
16 compensation; (G), furnishing the service of natural  
17 gas storage to the public for compensation; and  
18 finally, (H), furnishing the service of liquefied  
19 natural gas storage to the public for compensation.

20 One can plausibly imagine "utilities" under  
21 this broad definition, besides "oil and gas"  
22 utilities, that serve areas of the North Slope which  
23 might or would purchase gas from North Slope  
24 producers. Trash disposal by using gas to burn the  
25 trash is one possibility that comes to mind. A

1 communications service on the Slope that purchases gas  
2 as fuel for its own electric generators is another.

3 Whether or not such utilities exist now, why  
4 preemptively exclude them or other utilities? For  
5 purposes of determining the prevailing value of gas on  
6 the North Slope under 15 AAC 55.173(a)(2), the price  
7 they pay for the gas they buy should be at least as  
8 reliable and at arm's length as the prices that an  
9 "oil utility" or "gas utility" on the Slope would pay.

10 We ask, therefore, that this proposed  
11 amendment to 15 AAC 55.173(a) not be adopted.

12 Number eight, our favorite. Gross value  
13 reductions, GVRs. As proposed, new 15 AAC 55.211(i)  
14 states that a GVR, quote, unquote, is not optional,  
15 which appears to be a result of existing language in  
16 15 AAC 55.212(1) that, quote, a producer elects,  
17 unquote, or, quote, has not reflected, unquote, for  
18 any month to reduce, under AS 43.55.160(f)(3), the  
19 gross value at the point of production of any oil or  
20 gas produced during the month from the participating  
21 area.

22 The criterion set out in 160(f)(3) is: (3),  
23 the oil or gas is produced from acreage that was added  
24 to an existing participating area by the Department of  
25 Natural Resources on or after January 1st, 2014, and

1 the producer demonstrates to the Department that the  
2 volume of oil or gas produced is from acreage added to  
3 an existing participating area.

4 It is grossly inaccurate and misleading for  
5 15 AAC 55.212(1) to represent that a producer's  
6 failure to demonstrate to the Department that the  
7 volume of oil or gas produced is from acreage added to  
8 an existing participating area, unquote, constitutes  
9 an election by the producer not to use the GVR for  
10 that acreage.

11 If there is no GVR under (f)(3) for a lease  
12 or property that does not qualify under (f)(1) or  
13 (f)(2), it is almost surely because the demonstration,  
14 if one is made, was not sufficient to establish  
15 clearly, under the stringent requirements of  
16 15 AAC 55.211 and 212, that the production is only  
17 from acreage added to the existing participating area  
18 in question and not from any other acreage.

19 Even in cases where a producer hasn't  
20 attempted to make such a demonstration, there still is  
21 no election in that. They result from a belief or  
22 actual knowledge that the production does not come  
23 exclusively from the added acreage, or because there  
24 is no practical way to determine clearly how much  
25 production comes from added acreage and how much comes

1 from other acreage in the participating area.

2 With respect to the amendments to  
3 15 AAC 55.212(1) that the Department is proposing,  
4 they are made simply as part of the implementation of  
5 the provisions in Sections 26 and 27 in House Bill 247  
6 about when GVRs begin, how long they last and when  
7 they end. We have no objection to the proposed  
8 amendments themselves, but we do object to the  
9 inappropriate and misleading, quote, unquote, election  
10 language that currently exists in 15 AAC 55.212(1),  
11 and we ask the Department to remove it.

12 And with the removal of the notation that  
13 producers make any elections or other voluntary acts  
14 regarding GVRs, there is no purpose for  
15 15 AAC 55.211(i), and it should not be adopted.

16 This brings us then to 15 AAC 55.214, the new  
17 regulation being proposed to address the issues under  
18 House Bill 247 about when a GVR begins, whether it  
19 lasts for seven years or a shorter time, and the  
20 specific date when it ceases to apply.

21 Subsection (a) is a brief three-line  
22 statement about what the regulation does. In an  
23 intricate and complex regulation like 15 AAC 55.214,  
24 such a description can provide a helpful overview of  
25 how the rest of the regulation fits together. Of

1 course, as a technical matter, what the regulation  
2 actually does is determined by the substantive  
3 provisions in the other subsections, and a description  
4 in (a) cannot alter what those subsections actually  
5 do. So in this technical sense, subsection (a) is  
6 unnecessary. But if the Department decides that (a),  
7 as currently written, should remain in the regulation  
8 it adopts, we wouldn't expect any harm to flow from  
9 that.

10 Subsection (b) covers GVRs arising under  
11 AS 43.55.160(f)(1), as well as the additional GVR  
12 which that production might qualify for under  
13 AS 43.55.160(g). We believe this part of the  
14 regulation does reflect what House Bill 247 provides,  
15 assuming the alternative expiration date determined  
16 under (e) of the regulation correctly reflects House  
17 Bill 247's provisions to end the term of a GVR once  
18 there are, quote, three years, consecutive or  
19 nonconsecutive, in which the average annual price per  
20 barrel for Alaska North Slope crude oil for sale on  
21 the United States West Coast is more than \$70,  
22 unquote, which, for convenience, we'll call the  
23 price-based expiration date, which we'll get to here  
24 in a minute.

25 Subsection (c) covers GVRs arising under

1 AS 43.55 160(f)(2) for production from a participating  
2 area, or a PA, established after 2011, that is in a  
3 DNR-approved unit formed before 2003 and does not  
4 contain a reservoir that had previously been in a PA  
5 established before 2012.

6 It is not entirely clear to us how  
7 subsection (c) is intended to work. Structurally it  
8 parallels subsection (b) in terms of having an opening  
9 sentence prescribing the expiration date if a PA has  
10 GVR-qualified production before 2017, and a sentence  
11 beginning "otherwise" that prescribes both a starting  
12 date and an expiration date, which, while not  
13 explicit, we believe is applicable to PAs that first  
14 have GVR-qualified production after 2016.

15 But then it continues: However, if before  
16 establishment of the qualifying participating area,  
17 regular production of oil or gas commenced from a well  
18 producing from a tract to be included in the  
19 participating area, the period begins on the date the  
20 participating area is established and ends on the  
21 earlier of the following dates: The seventh  
22 anniversary of the date the participating area was  
23 established, or the day after the price-based  
24 expiration date.

25 We're not sure how this "however" sentence is

1 supposed to interface with the two sentences preceding  
2 it. Is it an alternative only to the "otherwise"  
3 sentence preceding it, which we read as applying to  
4 PAs whose first GVR-qualified production begins after  
5 2016? Or does it also provide an alternative to the  
6 expiration date in the first sentence for a PA with  
7 pre-2017 GVR-qualified production?

8 We are also not sure if we understand the  
9 "however" sentence correctly. As we read it, the term  
10 of the GVR runs from the date the PA is established,  
11 rather than the date the first well began producing  
12 from a tract that is included in the PA once the  
13 latter is established.

14 Under this interpretation, it is possible for  
15 a PA formed before the enactment of the GVR provisions  
16 to have qualified production receiving less than the  
17 statutory required seven years of GVR in absence of  
18 the application of the price-based expiration date.

19 If this is what the Department intends, the  
20 proposed amendment would appear to be inconsistent  
21 with the amendments to Statute 43.55.160 enacted in  
22 House Bill 247.

23 We also do not understand the policy reasons  
24 behind the proposed regulatory language. Our question  
25 is: Why shouldn't that tract well's pre-PA production

1 have a GVR with the expiration date of the GVR being  
2 the seventh anniversary of the formation of a PA?

3 The tract is indeed acreage added to an  
4 existing participating area, which is all that  
5 AS 43.55.160(f)(3) calls for in order to qualify, so  
6 its production should get a GVR under (f)(3).

7 Subsection (d) for GVRs under  
8 AS 43.55 160(f)(3) has a parallel structure to that in  
9 (c), except that it does not have a subpart to the  
10 second section (c) -- or second sentence (c) that  
11 begins with "otherwise." This is what makes us think  
12 that the "however" section in (c) is applicable to  
13 both of the two sentences preceding it instead of just  
14 the "otherwise" sentence.

15 In subsection (d), the "however" sentence is  
16 much more complex than the one in (c), but that  
17 complexity is clearly organized and laid out as two  
18 paragraphs in the subsection, and it shouldn't be an  
19 issue in comparing subsections -- in comparing the  
20 subsections.

21 This brings us to subsection (e) of the  
22 regulation, dealing with the price-based expiration  
23 dates. House Bill 247's amendment to AS 43.55.160(f)  
24 and the parallel one to it, 160(g), speak in terms of  
25 GVRs expiring after three years, consecutive or

1 nonconsecutive.

2 The levies of tax under AS 43.55.011 are all  
3 on a calendar-year basis. This regulation, however,  
4 chooses to define year amendments as any sequence or  
5 12 consecutive months for purposes of determining the  
6 duration of a GVR under House Bill 247 amendments.

7 We acknowledge that the word "year" could be  
8 interpreted to mean 12 consecutive calendar months,  
9 but we believe this interpretation is inappropriate  
10 for a tax that is levied on a calendar-year basis with  
11 monthly estimated installment payments of tax that are  
12 trued up by March 31st of the following calendar year  
13 to reflect the actual prices and lease expenditures  
14 for the calendar year when the oil and gas is  
15 produced.

16 We would remind the Department that GVRs  
17 exist to provide an incentive for explorers and  
18 producers to seek, develop, and produce new fields in  
19 Alaska. That's what it was all about. If and as  
20 those efforts prove successful, the resulting new  
21 production adds to the tax base for the production  
22 tax, increases royalties, creates infrastructure  
23 subject to state property tax under AS 43.56, and  
24 increases the "extraction" and "sales" factors for  
25 purposes of apportioning those companies' worldwide

1 net business income to Alaska under the state  
2 corporate income tax.

3 Any new oil production will increase the  
4 throughput through TAPS as well as each North Slope  
5 pipeline through which it may pass en route to Pump  
6 Station 1, which lowers pipeline transportation cost  
7 per barrel for all North Slope production, thereby  
8 increasing the netback value of the oil in the field  
9 for royalty and production tax purposes, while  
10 lowering the economic hurdles for any other prospects  
11 that might be on the verge of development and  
12 production.

13 In other words, Alaska and Alaskans are  
14 better off by growing the size of the total revenue  
15 pie, rather than trying only to increase the size of  
16 the production-tax slice in that pie. Proposed  
17 15 AAC 55.214(e) runs against the grain for all of  
18 this, and that's why it should be changed so that a  
19 "year" is a calendar year.

20 Subsection (f) of this proposed regulation  
21 addresses situations where a GVR has started for  
22 production from certain land, and then later that land  
23 is combined with other land and the combination is  
24 treated as a lease or property qualifying for a GVR  
25 under AS 43.55.160(f)(1), (2) or (3).

1           In such a situation, the expiration of the  
2 GVR for the original land, and for the land that is  
3 combined with it, is to be determined as if the  
4 combination had not occurred. This seems reasonable.

5           Finally, 15 AAC 55.214(g) would provide that  
6 a GVR is not allowed for oil or gas produced on the  
7 day that a period specified under (b) through (d) of  
8 this section ends. While we recognize the value in  
9 having a clear, unambiguous termination date for each  
10 GVR, we note that this clarity can be provided just as  
11 well by saying the GVR is not allowed for oil or gas  
12 produced after the day that the period specified under  
13 (b) through (d) of this section ends.

14           The Department should let the statutory  
15 incentives from GVRs have their fullest effect. The  
16 symbolism of its choice as reflected in 214(g)  
17 promises to have a greater cumulative negative impact  
18 on Alaska over time than the additional production tax  
19 that the State stands to collect from each of these  
20 extra days.

21           Number nine. Outstanding liabilities under  
22 AS 43.55.028(j). Enacted by Section 25 of House  
23 Bill 247, AS 43.55.028(j) provides in pertinent part:  
24 (j), if an applicant or claimant has an outstanding  
25 liability to the State directly related to the

1 applicant's or claimant's oil or gas exploration,  
2 development, or production, and the Department has not  
3 previously reduced the amount paid to that applicant  
4 or claimant for a certificate or refund because of  
5 that outstanding liability, the Department may  
6 purchase only that portion of a certificate or pay  
7 only that portion of a refund that exceeds the  
8 outstanding liability.

9 And we did emphasize in the written testimony  
10 the outstanding liability related to oil or gas  
11 exploration, development or production.

12 15 AAC 55.320(c), 345(i) and 525(a)(1) and  
13 (g) apparently reflect how the Department intends to  
14 implement this new statute, since each of them deals  
15 with an applicant's or claimant's outstanding  
16 liability to the State.

17 Proposed 15 AAC 55.320(c) requires a producer  
18 or explorer, when applying for or requesting payment  
19 of a tax credit certificate, to provide the Department  
20 with certain information and documentation related to  
21 any outstanding liabilities which may be due from the  
22 applicant to the Department or another department, as  
23 well as a certification, under oath, of the amount of  
24 any outstanding liabilities with the Department or  
25 another deputy of the State.

1 Proposed 15 AAC 55.345(i) similarly requires  
2 information and documentation and a certification,  
3 under oath, for any outstanding liabilities to the  
4 State. Proposed 15 AAC 55.525(g) requires that an  
5 outstanding liability to the State of Alaska be  
6 deducted from the value of the tax credit certificate  
7 or portion of the tax credit certificate being  
8 requested for purchase, but does not require any  
9 certifications under oath.

10 None of these reflects the language in the  
11 statute 43.55.028(j) expressly -- and there was a lot  
12 of debate around this -- expressly limiting the scope  
13 of outstanding liabilities to just those that are  
14 directly related to the applicant's or claimant's oil  
15 or gas exploration, development or production.

16 Proposed 15 AAC 55.525(a)(1) applies to an  
17 outstanding liability to the State for unpaid  
18 delinquent taxes. While this, at least, is some  
19 limitation on the outstanding liabilities it applies  
20 to, unlike the others just mentioned, it is not the  
21 limitation that the statute in 43.55.028(j) calls for.

22 AS 44.62.030 provides that a regulation  
23 adopted is not valid or effective unless consistent  
24 with the statute that it is implementing,  
25 interpreting, making specific or otherwise carrying

1 out. None of the proposed regulations implementing  
2 AS 43.55.028(j) reflects its limitation on the kinds  
3 of outstanding liability to be considered. And  
4 accordingly, if the Department adopts them as  
5 proposed, none of them could withstand judicial  
6 challenge to their validity.

7           Number ten. Tax credits under  
8 AS 43.55.024(a) or (c). A \$6 million a year credit  
9 under subsection (a) is available if a qualified  
10 producer's pre-credit tax liability under  
11 AS 43.55.011(e) for non-North Slope, non-Cook Inlet  
12 Basin production, i.e., what we all call Middle Earth  
13 production, during the respective calendar year is  
14 greater than zero.

15           AS 43.55.024(c) offers a \$12 million a year  
16 credit for qualifying producers whose average  
17 statewide production during a calendar year is 50,000  
18 BTU equivalent barrels a day or less, and where a  
19 qualifying producer's average daily production is more  
20 than 50,000 but less than 100,000 BTU equivalent  
21 barrels a day, the \$12 million is reduced in direct  
22 proportion to how far up it lies in the range between  
23 50,000 and 100,000 BTU equivalent barrels a day.

24           If the producer has credits under both  
25 subsections, the credit under (c) is applicable only

1 against the tax liability remaining after the  
2 subsection (a) credit is applied. These credits are  
3 nontransferable, and any unused portion of either  
4 credit does not carry forward from one year to  
5 another. House Bill 247 did not amend either of these  
6 subsections of AS 43.55.024. The full text of these  
7 subsections appear as another endnote in the written  
8 copy of this testimony.

9 I will spare you. I won't read you the  
10 endnote. I promise.

11 The Department proposes to amend  
12 55 AAC 55.335(a) to read as follows: For any calendar  
13 year, the maximum tax credit that a producer may take  
14 under AS 43.55.024(a) or (c) is equal to the  
15 percentage expressed as the number of days in a  
16 calendar year during which the producer had commercial  
17 production during the calendar divided by the number  
18 of days in that calendar year.

19 We believe the words "during the calendar"  
20 remain from an earlier draft and accidentally were not  
21 deleted when the present draft was prepared. Hence,  
22 we understand the proposal to mean that if a producer  
23 has production on, say, 45 days during a non-leap  
24 year, the amount of its credit would be 45  
25 three-hundred-sixty-fifths, or 12.3287671 percent of

1 6 million or 12 million, or as reduced for producers  
2 in the fifty to 100,000 barrel-a-day range.

3 We object, first, that even if this were  
4 appropriate for the \$12 million credit under (c),  
5 which it is not, the proposal is totally inappropriate  
6 for the \$6 million credit.

7 AS 43.55.024(a) requires only that a  
8 producer's tax liability under AS 43.55.011(e) on oil  
9 and gas produced in, again, Middle Earth, exceeds zero  
10 before application of any credits under this chapter.  
11 That's all. It says nothing about days of production,  
12 nor even daily averages.

13 The statute says this credit is not more than  
14 \$6 million because if the tax from Middle Earth  
15 production is less than 6 million, the credit is  
16 simply the amount that reduces that liability to zero,  
17 and there's no remaining or leftover credit. The  
18 statute creating the \$6 million credit simply does not  
19 contemplate, and thus does not authorize, any scaling  
20 down of the credit on the basis of how many days  
21 during a year a producer is producing oil and gas in  
22 Middle Earth.

23 Second, with respect to the \$12 million  
24 credit, AS 43.55.024(c) already addresses the matter  
25 of daily production by the way it sets the amount of

1 the credit on the basis of the producer's average  
2 amount of oil and gas produced today. In other words,  
3 the total amount produced during a calendar year is  
4 divided by 365, or 366 in a leap year, and the result  
5 determines how large the producer's credit is.

6 If it averages 50,000 a day or less, the  
7 credit is 12 million, and otherwise it's scaled down  
8 to zero on the basis of how far the average exceeds  
9 50,000.

10 In doing this, the legislature has already  
11 addressed the Department's concern, i.e., the degree  
12 to which the producer's production is continuous or  
13 intermittent during a calendar year, and it has done  
14 so in a way that is different from the one that DOR is  
15 now proposing. But the legislature, having already  
16 fully addressed this topic, has preempted DOR from  
17 addressing it a second time as it is proposing with  
18 this regulation.

19 As a sidebar to this second objection, if DOR  
20 intends to adopt a regulation as proposed, then it  
21 should define "day" as a calendar day, not as a period  
22 of 24 consecutive hours. The Alaska Oil and Gas  
23 Conservation Commission has already defined "day" in  
24 20 AAC 25.990(17) as a calendar day for its purposes,  
25 and using the same "day" would allow production

1 reports to AOGCC to be used for DOR's purposes as  
2 well.

3 In addition, some small producers may have  
4 many production days, but very little tax to offset  
5 with the credit, due to small working interest  
6 percentages or Cook Inlet ceiling rates. Accordingly,  
7 DOR should allow such producers to simply show that  
8 the AS 43.55.024(c) credit taken is not  
9 disproportionate to its days of production, rather  
10 than create unduly burdensome production tracking and  
11 reporting requirements. For instance, a producer  
12 taking a million dollars in credit could simply show  
13 that it had 31 days of production in that year, even  
14 though it may have had 200 days.

15 Third, the legislature's purpose in having  
16 these two credits is to provide incentives to  
17 encourage smaller producers to come to Alaska and  
18 explore and develop and produce more oil and gas,  
19 instead of leaving that entirely to larger  
20 corporations. Even though they are ineligible for  
21 them, the larger members of AOGA support these credits  
22 and have welcomed the new players coming to Alaska.  
23 Competition is good, and no one can say when or how or  
24 by whom some of the challenges for producing Alaska's  
25 hydrocarbon resources will be overcome, or who might

1 make an important discovery like we have had in a  
2 place like Smith Bay.

3 DOR's proposal here would hamstring the  
4 effectiveness that these credits have as incentives  
5 for new players to come to Alaska. How, you might  
6 ask? By cutting the incentive on the basis of things  
7 that are outside the control of an explorer or  
8 producer, things like equipment turnarounds and  
9 temporary shutdowns that are necessary events, as well  
10 as unexpected problems that -- trust me -- do come out  
11 of the blue. And frankly, if the State government  
12 truly needs the modicum of additional revenue that  
13 these proposals would bring in, there are a whole lot  
14 of other choices available that are less damaging to  
15 the business and economic climate of the state and its  
16 competitiveness against other places that are dying to  
17 get more petroleum activity.

18 For all of these reasons, we ask the  
19 Department not to adopt its proposed revision of  
20 15 AAC 55.335(a).

21 Number 11. 18-month-from-spud-date limit on  
22 expenses qualifying for credits under AS 43.55.025(m).  
23 The proposed amendment to 15 AAC 55.351(d) would  
24 require, for a well spud before July 1st, 2017, that  
25 only expenditures incurred within 18 months of the

1 date when the well was spud are eligible for the  
2 alternative oil and gas exploration tax credit under  
3 AS 43.55.025(m).

4 A similar 18-month limitation would also be  
5 adopted in the amendments to 15 AAC 55.356(g) and  
6 15 AAC 55.360(a). In pertinent part, AS 43.55.025(m),  
7 as amended by House Bill 247, provides:  
8 Notwithstanding (b) of this section, exploration  
9 expenditures eligible for the credit in this  
10 subsection must be incurred for work performed after  
11 June 1st, 2012, and before July 1st, 2017, except that  
12 expenditures to complete an exploration well that was  
13 spudded but not completed before July 1st, 2017, are  
14 eligible for the credit under this subsection.

15 There is nothing in the emphasized language  
16 quoted above about when a well spudded before  
17 July 1st, 2017, must be completed. All that is  
18 required is that it is spudded by July 1st, 2017. The  
19 Department is effectively amending the statute by  
20 adopting a regulation about when such a well must be  
21 completed.

22 Moreover, suppose a well is spudded, let's  
23 say, on the 15th of May, next year, and is being  
24 diligently drilled and on schedule to be completed by  
25 the 1st of November of 2018, which would be about the

1 right time, within the 18 months of the spud date.  
2 And then there is an accident, however, shortly before  
3 breakup in 2018 that seriously damages the drilling  
4 rig. The heavy parts to fix it cannot be brought in  
5 until after a freeze-up in the fall of 2018, and as a  
6 result, the well is not completed until, let's say,  
7 the 15th of March of 2019. Through no fault of its  
8 own, the explorer, slash, producer drilling the well,  
9 under the proposed regulations, wouldn't be able to  
10 include any of the costs incurred after the 15th of  
11 November 2018 for this well. We don't see how that is  
12 right or fair.

13           Number 12. Including GVR in installment  
14 payment calculation. Proposed 15 AAC 55.511(c) would  
15 be amended by turning part of the present text into  
16 paragraph (1) in the subsection and by adopting a new  
17 paragraph (2) that provides for installment payments  
18 to reflect the GVR when one applies the production.  
19 We concur in this.

20           Number 13. House Bill 247's time-based  
21 changes to percentages allowed for AS 43.55.023  
22 credits.

23           Just three subsections of AS 43.55.023  
24 actually establish tax credits, subsection (a), for a  
25 qualified capital expenditure, which we referred to as

1 QCE, subsection (b) for a carry-forward annual loss,  
2 which we all refer to as NOLs, and subsection (1) for  
3 lease expenditures incurred in connection with  
4 geological or geophysical exploration or in connection  
5 with an exploration well. Even before House Bill 247,  
6 the percentages for the credits under 023(b) were  
7 different, depending on when or where the underlying  
8 expenditure was incurred.

9 Section 17 of House Bill 247 amended the QCE  
10 credit for Cook Inlet and Middle Earth under  
11 subsection (a) from 20 percent to 10 percent,  
12 effective as of the general January 1st, 2017,  
13 effective date for House Bill 247.

14 Section 18 amended the NOL credit for Cook  
15 Inlet and Middle Earth, making it 25 percent of an NOL  
16 for lease expenditures incurred before January 1st,  
17 2017, but only 15 percent of an NOL for lease  
18 expenditures incurred on or after January 1st, 2017.

19 Further, the credit is allowed for an NOL in  
20 Cook Inlet only if the expenditure is incurred before  
21 January 1st, 2018. And Section 19 of House Bill 247  
22 amended AS 43.55.023(1) to make the credit 40 percent  
23 of the lease expenditure incurred before January 1st,  
24 2017, but only 20 percent of the expenditure incurred  
25 on or after January 1st, 2017.

1           As you can see, we emphasized "incurred" in  
2 italics, but it is -- the statute doesn't do that.

3           In the interest of consistency among the  
4 AS 43.55.023 credits, we would suggest that the  
5 Department clarify by regulation that the QCE  
6 transition from 20 percent to 10 percent is based on  
7 when the expenditures are incurred, as it is with the  
8 other two credits.

9           Accordingly, the regulation would provide  
10 that the QCE is 20 percent for qualified capital  
11 expenditures incurred before January 1st, 2017, and  
12 10 percent for qualified capital expenditures incurred  
13 on or after January 1st of 2017.

14           Number 14. Purchases of tax credit  
15 certificates. Proposed 15 AAC 55.525 is the  
16 regulation that would govern purchases of tax credit  
17 certificates with cash from the Oil and Gas Tax Credit  
18 Fund, which we refer to as the Credit Purchase Fund or  
19 the CP Fund for abbreviation purposes.

20           Its approach is to divide the universe of the  
21 application into two parts: Those received by the  
22 Department prior to January 1st, 2017, and those it  
23 receives in 2017 or later.

24           It will purchase all of the ones in the  
25 earlier group before it begins buying any of those

1 received in the later group. When it does start  
2 buying certificates from the later group, it will  
3 first buy only the ones whose applications were  
4 received during 2017, and they will be, quote,  
5 prioritized based upon the date upon which the  
6 application was submitted, unquote, which could be  
7 different from when they were received by the  
8 Department, a drafting flaw we note in passing.

9           Once those are all purchased, the Department  
10 will start buying those with applications received  
11 during 2018 with a similar prioritization among them,  
12 and so on year by year.

13           Prioritization based upon when an application  
14 for purchase of a certificate is received by the  
15 Department makes sense as a broad proposition, given  
16 that those who invested in Alaska earlier deserve to  
17 benefit from the resulting tax credits ahead of those  
18 who invested later. However, there are problems in  
19 both parts of this divided universe of applications  
20 under 15 AAC 55.525.

21           Subsection (a) of this regulation, having  
22 divided the universe using the principle of when  
23 applications are received, incongruously casts that  
24 principle aside in favor of allocating funds  
25 proportionately among applicants based on the balance

1 of tax credit certificates they had requested as of  
2 December 31st, 2016.

3 The Department doesn't propose any similar  
4 system of proportional allocation among those whose  
5 applications it received the very next day or later,  
6 and there is no reason we can see to warrant such a  
7 disparity in treatment. The only time it might be  
8 appropriate to allocate proportionately between two or  
9 more pre-2017 applicants would be to break a tie among  
10 applications the Department may receive on the same  
11 day. And even then, it would only be to use the last  
12 of the money remaining in the Certificate Purchase  
13 Fund. The unpaid remainder of those applications, as  
14 well as all the other pre-2017 applications still in  
15 line, would carry over at the end of the line of the  
16 following year, before payments start being made to  
17 those applications that are received by the Department  
18 in 2017.

19 Things are scarcely better for applicants in  
20 the part of the tax credit universe lying on the other  
21 side of midnight of December 31st, 2017. In  
22 particular, 15 AAC 525(b) does not expressly  
23 prioritize the criteria as between the date an  
24 application for cash purchase is received versus an  
25 applicant's percentage of resident workers.

1           Accordingly, the regulation should explicitly  
2 provide that the determination of priority for cash  
3 payment should be made in the first instance based on  
4 when the application is received. Then the need to  
5 look to resident-worker percentages would only arise  
6 if two operations for cash purchases are received on  
7 the same date. This would clarify the priority,  
8 prevent delay and narrow the uncertainty for all  
9 applicants about how high their resident-hire  
10 percentage is relative to the rest, and reduce the  
11 Department's own administrative effort related to the  
12 resident-hire determination.

13           The priority issue can be addressed in the  
14 proposed 15 AAC 55.525(f). Subsection (f)(1)  
15 recapitulates subsection (a), so we won't repeat what  
16 we've already said about it. The opening words of  
17 subsection (f)(2) are clear that each year's tranche  
18 of applications will be paid off before the next  
19 year's tranche is considered.

20           We believe the Department intends for  
21 priority to be determined as described above. If that  
22 is true, subsection (f)(2)(A) and (B) should be  
23 rewritten to provide that applications will be  
24 prioritized based on (A), first the date upon which  
25 the application for purchase of the tax credit

1 certificate or portion of the certificate was  
2 received, with earlier received applications paid in  
3 full before later-received applications are paid,  
4 except that (B), among applicants for purchases  
5 received on the same day, the Department will grant a  
6 preference to the applicant with the higher percentage  
7 of resident workers, such that the applicant with the  
8 higher percentage of resident workers is paid in full  
9 before the applicants with lower percentages of  
10 resident workers are paid.

11 The current proposal says the Department will  
12 consider both the timing of applications and an  
13 applicant's percentage of resident workers, but it  
14 does not prioritize the criteria. Revising it, as we  
15 have just described, clarifies the preference, which  
16 in turn resolves the ambiguities that arise in  
17 subsection (d). Otherwise, subsection (d) creates a  
18 mass of questions, including the following examples.

19 For applications for purchase received after  
20 December 31st, 2016, subsection (d) sets out a series  
21 of tests to rank the applications based on the  
22 applicant's respective percentage of resident workers.  
23 But paragraph (d)(2) calls for this ranking to be done  
24 twice a year, which mechanically brings into the  
25 analysis the order in which the applications were

1 received.

2 The Department could still make this work by  
3 a provision saying that for any re-ranking in the  
4 second half of a year, priority is given to the  
5 applications ranked in the first half of the year and  
6 not purchased then. But (d)(2) speaks specifically  
7 about the Department making a final determination of  
8 funds to be allocated, implying each ranking stands  
9 alone.

10 If this determination is indeed a final  
11 ranking, does it mean the applications in the first  
12 ranking are all paid before the Department begins  
13 paying the applications in the second ranking? If  
14 not, then are the first-half and second-half rankings  
15 ever compared? And what happens if they are  
16 different?

17 Paragraph (d)(3) makes all this even more  
18 confusing by saying that two or more applications  
19 during a calendar year by an applicant shall be  
20 considered to be submitted as a single application.  
21 When applications become considered as one, what is  
22 their application date: The earliest one, the latest  
23 one, or is there some -- or will there be an average?

24 Number 15. Credit repurchase limits -  
25 implementing AS 43.55.028(e) and (g)(3).

1 AS 43.55.028(e) limits the amount of tax credit  
2 certificates that the Department may buy from a person  
3 during a calendar year to \$70 million. Under  
4 AS 43.55.028(g)(3), the Department must purchase the  
5 first 50 percent of the credit repurchase limit for a  
6 person at a rate of 100 percent of the value requested  
7 to be purchased and the next 50 percent at a rate of  
8 75 percent to the value requested to be purchased.

9 With respect to this limitation and its  
10 implementation, we suggest, even though the credit  
11 purchase limit for purposes of AS 43.55.028(g)(3)  
12 should logically be the 70 million in subsection (a)  
13 of that statute, the Department should, in order to  
14 foreclose now all potential disputes down the road,  
15 include the following as a new subsection at the end  
16 of 15 AAC 55.525. We suggest: For purposes of  
17 AS 43.55.028 and this section, "credit purchase limit"  
18 means the \$70 million limitation in AS 43.55.028(e).

19 Number 16. Credit repurchases - reduction  
20 for "outstanding liability to the State" under  
21 AS 43.55.028(j).

22 When a person, a certificate presenter,  
23 presents a tax credit certificate to the Department  
24 and requests a repurchase of only a portion of that  
25 credit with money in the Credit Purchase Fund, it is

1 possible that the Department may have found, or may  
2 believe there exists, some outstanding liability to  
3 the State directly related to the person's oil or gas  
4 exploration, development, or production with respect  
5 to which it has not previously reduced an amount paid  
6 to that credit -- or for that certificate presenter.  
7 This means that the amount the Department pays for  
8 this certificate or a portion of it would be less than  
9 what the certificate presenter expected at the time it  
10 made the repurchase request.

11 It is also possible that the amount paid to a  
12 certificate presenter is less than the requested  
13 amount because other certificate presenters with  
14 higher percentages of resident workers in their  
15 workforces were paid so much for their certificates  
16 that the amount left for those with resident-worker  
17 percentages equivalent to that of this certificate  
18 presenter is not enough to pay their request fully.

19 In such a circumstance, it is quite possible  
20 that a certificate presenter would want to amend its  
21 request downward in order to optimize its amount of  
22 the certificate that can be repurchased at a hundred  
23 percent and leave the rest to carry forward into the  
24 next year as 15 AAC 55 -- this new reg proposes, when  
25 it might then be repurchased at 100 percent. The

1 Department, therefore, should have a provision in  
2 15 AAC 55.525 allowing a certificate presenter to  
3 amend its request just before the repurchase of part  
4 of it is made, so that they don't lose out on being  
5 able to carry some forward.

6           Number 17. The Alaska resident preference.  
7 AS 43.55.028(g)(2) requires the Department, when  
8 allocating available money in a Credit Purchase Fund,  
9 grant a preference, between two applicants, to the  
10 applicant with the higher percentage of resident  
11 workers in the applicant's workforce. A major portion  
12 of House Bill 247.

13           It is the role of the Attorney General of  
14 Alaska, not AOGA, to advise the Department on any  
15 legal questions, especially those involving the  
16 constitutionality of a provision that was of  
17 significant importance to the members of the Alaska  
18 Legislature when they voted to enact the statute. Nor  
19 do we mean to offer any advice or opinion now about  
20 the constitutionality of AS 43.55.028(g).

21           The Supreme Court of the United States in  
22 *Hicklin versus Orbeck*, 1978, struck down former  
23 AS 38.40, enacted in 1972, which created a preference  
24 for Alaska residents in the hiring of people to work  
25 in the construction of TAPS. A unanimous Court held

1 that this preference violated the "Privileges and  
2 Immunities Clause" in Section 2 of Article IV of the  
3 U.S. Constitution. The Court found that Alaska's  
4 historical unemployment problems before and while the  
5 law enacted did not justify the hiring preference, nor  
6 did the State of Alaska's ownership of the oil and gas  
7 to be transported through TAPS.

8 The 1972 hiring preference was made through a  
9 provision in the lease contract giving TAPS a  
10 right-of-way across state lands, which created the  
11 preference and required each lessee to include a  
12 similar "Alaska Hire" provision in all its contracts  
13 with companies to build TAPS, including a clause  
14 requiring those primary contractors to put the same  
15 provisions into all their TAPS-related contracts with  
16 subcontractors, who in turn had to include the  
17 provisions in contracts with their sub-subcontractors  
18 and so on down the line. That legal source for  
19 creating the preference is significantly different  
20 from the one now in AS 43.55.028(g)(2), which is a  
21 preference in the order for having tax credits paid  
22 from the Credit Purchase Fund.

23 Assuming the Department remains committed to  
24 implement this new statute, it may be prudent to have  
25 the Attorney General carefully review, before their

1 formal adoption, the final regulations that implement  
2 028(g)(2) so that the Department can have the  
3 strongest possible case for defending the preference  
4 from constitutional attacks.

5           Having noted all this, our concern is that  
6 the Department's regulations to implement the  
7 preference need to be as clear and open as possible,  
8 so that certificate presenters will know as clearly  
9 and as early as possible in the process, where, in  
10 terms of money remaining available in the Credit  
11 Purchase Fund, they will be in the line for presenting  
12 certificates to the Department for payment.

13 Otherwise, unfairness to certificate presenters may  
14 taint the defense against challenges by nonresidents.

15           So the proposed regulation says: For  
16 purposes of 028(g)(2), an applicant shall report the  
17 percentage of resident workers, including direct  
18 contractors, to the Department and shall retain the  
19 necessary documentation to support those percentages  
20 for a period of three years following the purchase of  
21 the tax credit certificate.

22           We agree with the Department that a  
23 regulation is necessary to address how the percentage  
24 of resident workers in someone's workforce is to be  
25 shown and documented. But proposed 525(e) is not

1 merely inadequate for this purpose; it doesn't even  
2 take a stab at being adequate.

3 To begin with, it doesn't address what  
4 documentation is necessary, not even a description of  
5 the kinds of documents and records that are or could  
6 be necessary.

7 It does not address whether, and if so how, a  
8 certificate holder is supposed to safeguard the  
9 integrity of documentation for the resident-worker  
10 percentage of its workforce, nor does it address  
11 whether documentation about the certificate holder's  
12 own workforce must be kept separately from any  
13 documentation from contractors, or further, whether  
14 contractors' documentation must remain separate for  
15 each contractor.

16 The regulation does not address how a  
17 certificate holder is supposed to get this residency  
18 documentation from its contractors, nor how the  
19 certificate holder must maintain the security and  
20 integrity of documentation it receives from  
21 contractors, or alternatively, if the contractors keep  
22 it, how the certificate holder is to make each  
23 contractor retain it for a period of three years  
24 following the purchase of the tax credit certificate  
25 so that the Department can review it. Nor does the

1 regulation address what a certificate holder is  
2 supposed to do if a contractor refuses to adhere to  
3 the Department's requirements about the contractor's  
4 residency documentation.

5 It does not address whether the documentation  
6 may be generated in the ordinary course of business  
7 for a certificate holder or its contractors, and if  
8 so, whether it must be kept in hard copy, or can it be  
9 an electronic document. Nor does the regulation  
10 address the matter of which documentation, if any,  
11 must be made under oath.

12 The regulation doesn't address by what  
13 process or legal proceedings the Department, as part  
14 of verifying an applicant's claim percentage of  
15 resident workers, plans to get access to or obtain  
16 copies of documentation from contractors. Nor does  
17 the proposed regulation address how and in which legal  
18 forum DOR intends to meet and presumably overcome  
19 objections based on the confidentiality of employee  
20 records that the contractors keep.

21 It does not address whether a certificate  
22 holder can use information from the Department of  
23 Labor to substantiate part or all of the  
24 resident-worker percentage of its workforce, nor the  
25 follow-up question whether it may use documentation or

1 information that it or its contractor provides to the  
2 Department of Labor upon which Labor relies for  
3 purposes of compiling its information that DOR intends  
4 to use.

5 The proposed regulation does not address the  
6 question whether documentation, even if not necessary  
7 for verification process, may still be used to verify  
8 the resident-worker percentage of someone's workforce.  
9 Consequently, it does not attempt to describe or  
10 categorize what this relevant, albeit "not necessary"  
11 documentation might be.

12 And further, while unrelated to the  
13 document -- matter of documentation, there is a matter  
14 of what happens if the resident-worker percentage in  
15 an applicant's workforce, including contractors,  
16 changes from year to year while the applicant is  
17 waiting for the Department to reach its application.

18 If the percentage is higher when the  
19 Department reaches the application, does the applicant  
20 move forward in that year's line or backward if its  
21 current percentage is lower? Or does the percentage  
22 stay the same during the waiting period? Whichever  
23 way the Department wants to address this issue, it  
24 just needs to put that answer, we think, in the  
25 regulations.

1           We note, in addition, that, at a different  
2 level, there is a problem with the revenue -- with  
3 Revenue Online. Based on actual experiences with the  
4 batches of certificates that the Department processed  
5 last summer, apparently certain settings in Revenue  
6 Online were required in order for applicants to  
7 receive an e-mail notification that their applications  
8 were ready for payment. And if those settings weren't  
9 right, they didn't get a notification.

10           Regardless of what the regulations end up  
11 saying about how an applicant finally gets to the  
12 front of the line for certificate repurchases, the  
13 Department must either make Revenue Online more  
14 transparent about what needs to be enacted in order to  
15 be notified that one's certificate is ready for  
16 cashing out, or it must provide a bypass around  
17 Revenue Online that allows applicants who reach this  
18 position to get notice of it.

19           By these failures and others, the proposed  
20 regulation disregards basic concepts of due process  
21 and the principle that government must inform people  
22 about what they need to do or show in order to receive  
23 benefits that the law has entitled to them.

24           We opened our comments about the  
25 resident-worker priority with a discussion of a

1 landmark court decision, and we're going to close our  
2 comments on the resident-worker portion of this  
3 testimony with another landmark Court decision, and  
4 this time by the Alaska Supreme Court.

5 U.S. Smelting, Refining and Mining Company  
6 versus the Local Boundary Commission in 1971 involved  
7 the statute governing the Commission which had two  
8 subsections, subsection (a) listing functions that the  
9 commission "shall" perform, and subsection (b) listing  
10 functions it "may" perform.

11 The Supreme Court wrote that since under  
12 AS 44.19.260(a) the legislature required the  
13 commission to develop standards in order to recommend  
14 boundary changes, and the commission had not developed  
15 standards prior to the Nome annexation proceedings, we  
16 hold that the commission lacked the power to recommend  
17 the Nome boundary changes in question.

18 In the first line -- now back to our question  
19 at hand, in the first line of AS 55.028(g) in the  
20 amendment in Section 24 of House Bill 247, the  
21 legislature changed the opening of subsection (g) by  
22 replacing the existing word "may" to "shall."

23 It now reads: The Department shall adopt  
24 regulations to carry out the purposes of this section,  
25 including, in paragraph 2 thereof, the resident-worker

1 preference.

2 The word "shall" in legislative drafting is  
3 still mandatory in nature, and "may" is still  
4 permissive. And we listed the reference of the  
5 "Manual of Legislative Drafting."

6 Use the word "shall" to impose a duty upon  
7 someone. Use the word "may" to grant a privilege or  
8 discretionary power. Thus, if there were any doubt,  
9 the manual makes it clear that House Bill 247 has  
10 explicitly made it mandatory for the Department to  
11 adopt regulations to carry out the purposes of  
12 028(g)(2). Those purposes include the evidence and  
13 documentation that is appropriate or necessary to  
14 establish the resident-worker percentage of someone's  
15 workforce for purposes of subsection (g)(2).

16 In our view, the Department so far has not  
17 attempted to do this, but if it does not address  
18 regulations that do address, and sufficiently answer,  
19 the issues and questions we described in the U.S.  
20 Smelting decision says the Department will lack the  
21 power to disregard, overrule or rely on different  
22 kinds of evidence in place of whatever information or  
23 materials a person may present about the  
24 resident-worker percentage of someone's workforce.

25 Moving on to a different concern. Number 18.

1 Parties' undoing of an assignment of a tax credit  
2 certificate.

3 We concur with the requirement in proposed  
4 15 AAC 55.525(i) that both the assignor and assignee  
5 must consent to a withdrawal of an application for a  
6 cash payment of an assigned credit -- or certificate  
7 or an assigned portion of it. But we object to the  
8 last sentence of that subsection, requiring the  
9 assignor and assignee to revoke the assignment itself  
10 that they made.

11 This objection is based first on policy  
12 grounds. If the assignor and assignee have both  
13 consented to the withdrawal of the request payment of  
14 the assigned certificate or assigned portion of it,  
15 that is all the Department really needs to know at  
16 that time.

17 It is quite possible, having agreed to the  
18 terms of the assignment itself, the two parties may  
19 wish only to change the timing of the cash payment to  
20 be made, but not the assignment that will be cashed  
21 out at a new time. Indeed, revoking the assignment  
22 may jeopardize the tax credit as collateral and as a  
23 source of repayment upon which parties have arranged  
24 their financing.

25 The Department should not keep them from

1 making such arrangements, nor should it require the  
2 parties to take an action that imperils those  
3 arrangements as would happen under the proposed  
4 252(i) [as spoken] section.

5 Second, requiring revocation of an assignment  
6 would be contrary to the assignment statute,  
7 AS 43.55.029. The assignment statute clearly provides  
8 that the assignment remains effective after the  
9 certificate is issued, through the cash repurchase --  
10 or the cash purchase process.

11 43.55.029(a) provides that if a production  
12 tax credit certificate is issued to the explorer or  
13 producer, the notice of assignment remains effective  
14 and shall be filed with the Department by the explorer  
15 or producer, together with any application for the  
16 Department to purchase the certificate under  
17 55.028(e).

18 The Department's proposed regulation would  
19 run directly contrary to this unambiguous language  
20 that the assignment remains effective regardless of  
21 the timing of the purchase application. The statute  
22 also clearly precludes the Department from preventing  
23 or undoing assignments because AS 43.55.029(b)  
24 provides that to be effective, the assignment does not  
25 require the approval or consent of the Department.

1           And third, the impairment of the security  
2 arrangements for financing arrangements that have  
3 already been made is prohibited under the "impairment  
4 of contracts" clause of the United States and Alaska  
5 Constitutions.

6           Number 19. Definition of workforce.  
7 Proposed 15 AAC 55.900(a)(46) would define "workforce"  
8 to be employees who are resident workers and workers  
9 who do not meet the definition of a resident worker.  
10 Literally, this grammatical structure defines  
11 "workforce" in terms of employees that are resident  
12 workers and workers who are not resident workers. But  
13 an employee cannot be both at the same time as the  
14 regulation is saying.

15           To eliminate any question about this, we  
16 recommend changing the definition to read:  
17 "Workforce" means employees who are resident workers  
18 as well as employees who do not meet the definition of  
19 a resident worker.

20           Number 21 (sic). Definition of "sells to  
21 another party." Proposed 15 AAC 55.900(b)(28) would  
22 read: "Sells to another party," when used in  
23 reference to oil or gas of a producer that is a  
24 municipal entity under 55.895, means sells to a person  
25 other than the producer.

1           This is ambiguous in situations where a  
2 municipal utility sells some of its oil or gas  
3 production to another utility of the same  
4 municipality. To avoid that ambiguity, we suggest  
5 replacing "the producer" at the end of the definition  
6 with the words "that entity."

7           And the last one, number 21. Typos and  
8 manifest errors. As we reviewed the proposed  
9 regulations, we did find some typos and manifest  
10 errors in them. Instead of taking your time to  
11 outline them, they are included in the endnote.

12           So this brings me to the end of AOGA's  
13 testimony. And, again, on behalf of all the members  
14 of our association, I do appreciate your patience and  
15 indulgence, as I mentioned at the beginning, for  
16 allowing us the opportunity to testify today and to  
17 share our thoughts and concerns with you. We look  
18 forward to any feedback or follow-up now during this  
19 hearing or at a later date.

20           So, again, thank you, John.

21           MR. LARSEN: Thank you, Kara, for that  
22 comprehensive review and recitation of the statutes  
23 and the regulations there. I appreciate you putting  
24 those in writing for us. There's far too much for us  
25 to comment on today, but we'll certainly take those

1 under consideration and recognize -- or appreciate  
2 that you recognize that those are also issues that the  
3 Department was similarly grappling with.

4 MS. MORIARTY: We can only imagine. And I  
5 would also say that I think our comments -- we  
6 recognize that they're very extensive and very  
7 lengthy, but I think it reflects the broad, diverse  
8 nature of the trade association, because we have  
9 companies in Cook Inlet, on the North Slope, those  
10 that qualify for cash credits, those that don't, so --  
11 and, again, I can assure you we have input from every  
12 single one of our AOGA members, including the  
13 refineries, who have one of the major concerns about  
14 the outstanding liability provision. They're not the  
15 only ones, but that's one in particular that, you  
16 know, the refineries even noticed. So it's not even  
17 just the producers that -- and explorers that provided  
18 comment to the testimony that I delivered today and  
19 delivered in writing.

20 MR. LARSEN: Okay. That's good to know as  
21 well.

22 MS. MORIARTY: Thank you.

23 MR. LARSEN: Thank you.

24 Moving forward, is there another party that  
25 would like to make comment?

1 MS. EVANS: Need a bathroom break?

2 MR. LARSEN: Would you like to take a break  
3 before you start?

4 MS. EVANS: Oh, no. I'm good. I was worried  
5 about you.

6 MR. LARSEN: Okay. Thanks. Appreciate, but  
7 I'm doing all right so far. We'll see where we are  
8 after your comments.

9 MS. EVANS: All right. Marie Evans,  
10 ConocoPhillips.

11 Okay. I will provide you written comments,  
12 but I am not going to be as smooth as Kara was. I'm  
13 going to use my letter kind of as a checklist for what  
14 I reviewed and discussed internally, and the concerns  
15 that were brought forth, or just the questions.

16 I'll start by saying, John, I know we're  
17 always pressed for time, but if we could have a  
18 workshop before the public formal notice, it would  
19 help a ton, because sometimes when I went to make a  
20 comment, I didn't really know how to compose the  
21 comment so that it would be the most helpful to the  
22 Department. Because usually I assume, when you put  
23 words in the regulation, you put them there for some  
24 reason, and a lot of the times when I was reading this  
25 111 pages, I didn't really get: Why are the words

1     there?

2                   MR. LARSEN:   Okay.

3                   MS. EVANS:   So the ability to have -- and I  
4     know it's a lot of regs to get out and I know  
5     everybody is pressed for time, and there's never a  
6     good time to get everybody together.  But at the same  
7     time, it's hard to compose a comment that means  
8     something and will actually help, rather than just  
9     say, well, why didn't you do this, or we disagree with  
10    this or -- so to the extent I can advocate for  
11    workshops before the public notice, I will do so at  
12    the start right here.

13                   And, for instance, I will give you a couple  
14    examples of where I found that the most difficult to  
15    understand -- let me look here.  And the first one  
16    actually is this regulation 15 AAC 05.250(a).  And  
17    here you're removing the language that relates to a  
18    period at least one year before the Department's  
19    release of information.

20                   And I get why you're removing AS 43.21.  
21    That's really obvious.  But when you're looking at  
22    this regulation and you're saying, okay, so you remove  
23    this period of at least one year before the Department  
24    releases the information, why are they doing that?

25                   So you go back to House Bill 247; you say,

1     okay, well, there wasn't anything in there.  So what  
2     am I missing?

3             And so how do I construct a comment to the  
4     Department of Revenue, other than I don't like it?  
5     Okay.  Well, that's not very helpful.  So my comment  
6     is that that exposes current commercially sensitive  
7     information, and I don't understand why.

8             MR. LARSEN:  Okay.

9             MS. EVANS:  Okay.  And that's kind of the  
10    reason I'm begging for a workshop before we publicly  
11    notice.

12            Let me turn to another kind of general  
13    comment that I have, which there is one place in the  
14    regs where you put an example, which is helpful, and I  
15    think in some circumstances, where you're trying to  
16    implement the GVR, if you have time and ability to  
17    actually put some examples or illustrations on how you  
18    believe the regulation should work, that may also be  
19    helpful.

20            MR. LARSEN:  In the workshop format, you're  
21    saying?

22            MS. EVANS:  Actually, just in the reg.

23            MR. LARSEN:  In the reg.  Okay.

24            MS. EVANS:  In the regulations.  Because  
25    there was one regulation in here which doesn't come to

1 mind, off the top of my head. But you did put an  
2 example in. And I think, for those of us who have to  
3 deal with GVRs, some examples may be helpful.

4 MR. LARSEN: Okay.

5 MS. EVANS: And I will get to that when we  
6 kind of go through some specific questions that I have  
7 on the regs at the GVR point.

8 The other general comment that I have is the  
9 repeal of all these statutory sections. Is there any  
10 thought that we could have a snapshot in time of these  
11 existing regulations before January 1st, 2017, and put  
12 them on the Department's website so that the auditors  
13 and the taxpayers have them as a reference? Because  
14 if you go to the Alaska legislature Infobases, that  
15 updates realtime.

16 MR. LARSEN: Okay.

17 MS. EVANS: I haven't gone into Lexis to  
18 see -- that is what I have a subscription to. I don't  
19 know if they're going to have the regulations, like,  
20 at a standstill or captured like a snapshot in time,  
21 because a lot of the years to be audited are now going  
22 to happen after these regulations are promulgated.  
23 And with the repeal of a lot of this, we're not going  
24 to have a good reference document.

25 MR. LARSEN: Okay.

1 MS. EVANS: And I'm pretty sure that Alaska  
2 legislature info is realtime and doesn't -- it's  
3 really going to be hard to keep up. So that was one  
4 of my other suggestions there.

5 My other general comment has to do with GVRs.  
6 And I know, at the workshop, Michael Hurley brought  
7 this up, but there are several places where the  
8 existing regulations have difficulty or cause  
9 difficulty and adversely impact our investment  
10 decisions. And I can't figure out why the Department  
11 isn't addressing them or whether you just completely  
12 disagree.

13 And the first regulation would be  
14 15 AAC 55.211(d), which has to do with the timing  
15 requirements for when a company knows it's going to  
16 receive a gross value reduction. Because the  
17 legislature's objective in enacting gross value  
18 reductions was to positively influence our investment  
19 decisions.

20 And right now, the way these regulations are  
21 written, prior to and after the package we have in  
22 front of us, we don't know that we're going to get a  
23 PA until 60, 90 days before production starts. And by  
24 not knowing that, we cannot put that in our investment  
25 decision criteria.

1           We can't say that we want more capital to  
2 invest in Alaska because we know we're going to get  
3 this gross value reduction, because we don't know  
4 until the last minute.

5           And that final investment decision is made  
6 several years, at least three years before we know  
7 whether we're going to get a PA. And that's whether  
8 it's a new PA or an expanded PA.

9           And when I started looking at the additional  
10 regulations that are in this package for expanded PAs,  
11 I don't know how anybody could qualify for an expanded  
12 PA anymore.

13           So if you go back to the Senate Bill 21, and  
14 I sat through hours of it, the premise of an expanded  
15 PA was that companies would drill around the flanks,  
16 and they would use new technology to get at oil that  
17 we know is there, but would not be economic if you  
18 were just punching vertical holes into the ground.  
19 And so you would use the horizontal drilling to get to  
20 that oil. And that's why the gross value incentive  
21 was created. That's what we refer to as 160(f)(3).

22           However, we have metering requirements, which  
23 I know you're probably tired of hearing me talk about,  
24 the metering requirements that are onerous. And on  
25 top of that, we now have new regulations in this

1 package, which I will talk about a little bit later.

2 And in part, it's hard to actually articulate  
3 what some of them are doing when we have starting and  
4 stopping based on intervals that are all crossing or  
5 not crossing, and I will cite those later. It is in  
6 15 AAC 55.213. There's some assumptions made there.

7 One of the other difficulties, and I know you  
8 know this, with the expanded PA under 160(f)(3) is the  
9 requirement that the land has never been in a  
10 participating area before. And if you read the  
11 statute, I do not see where the statute put that as a  
12 requirement. The only time I see that, or the only  
13 time that I saw it come up, was actually in the  
14 regulations when they were first promulgated under or  
15 after SB 21.

16 And I know I sound like a broken record, but  
17 sometimes DNR actually has you contract your  
18 participating areas. And I wish you would take a look  
19 at that and see what you could come up with.

20 So anyway, with those kind of general  
21 comments, I will start -- my first specific comment  
22 has to do with interest. And AOGA covered this in  
23 depth, but some of it I will reiterate. But the  
24 regulation's purpose is, on its face, apparently  
25 punitive for some reason. I don't understand why the

1 regulation is redefining delinquent tax and implicitly  
2 compounding retroactively on the simple interest that  
3 existed.

4 And so you can -- there's several different  
5 ways to look at it. The Legislature's change in the  
6 interest section was specific to after a tax becomes  
7 delinquent. But then the regulation went in and said,  
8 for purposes of this subsection, a delinquent tax now  
9 consists of the balance for the unpaid tax as of  
10 January 1st, 2017, and includes any accrued or unpaid  
11 interest.

12 But we had two years where there was simple  
13 interest and tax, and they were in two different  
14 piles. And so now we're combining those two different  
15 piles and starting to compound them.

16 The other part I don't understand about the  
17 purpose of the regulation was the legislature  
18 specifically selected a three-year application period.  
19 And the discussions were evident. If Ken Alper was  
20 here on the line, I'm sure he could resuscitate some  
21 of the discussions. And I have put them in my letter  
22 that you will get.

23 But the purpose of the three years of  
24 interest and then no interest was to encourage the  
25 audits to occur faster than they are.

1           And now we are going to have -- take tax year  
2 2010, which will now be subjected to I think four  
3 years under the 11 percent or higher compounding  
4 quarterly, then two years of simple interest and then  
5 at least three years of this 7 percent plus fed  
6 compounding quarterly. And so I don't understand how  
7 the goal of three years is being met with the  
8 legislative intent there either.

9           Turning to prevailing value for gas -- I know  
10 AOGA also mentioned this one -- this is another  
11 example of where, if we had a workshop, I think we  
12 probably could have, like, talked through this and  
13 figured out what was going on.

14           But this is 15 AAC 55.173(a)(2). And this is  
15 the one where all of a sudden we changed it to gas or  
16 electric utilities for calculating the prevailing  
17 value of gas delivered in the North Slope area. And  
18 the question is: Why?

19           I mean, are there not -- are you trying to  
20 narrow down the number of utilities? Was the  
21 prevailing calculation using something other than gas  
22 or electric utilities? So a lot of it is just  
23 understanding why the change, which you just can't  
24 glean from the draft.

25           MR. LARSEN: Right.

1 MS. EVANS: Okay?

2 MR. LARSEN: Okay.

3 MS. EVANS: The next specific section I wrote  
4 comments on was the gross value reductions. And  
5 starting with 15 AAC 55.211(h), it states: The gross  
6 value at the point of production of oil is not reduced  
7 under AS 43.55.160(f) or (g) for the purpose of  
8 calculating an average gross value at the point of  
9 production of oil for the month under AS 43.55.024(j).  
10 And then there's a comma, and it goes on to: Or for  
11 the purpose of calculating a gross value at the point  
12 of production under 43.55.011(f) and then under the  
13 020 sections.

14 So my question is: Why all of a sudden are  
15 we removing the ability of a taxpayer to reduce the  
16 gross value at the point of production when you're  
17 under the minimum tax? I didn't see that as part of  
18 HB 247. And I recognize it was not addressed into the  
19 regulations that were promulgated by SB 21 or  
20 following SB 21. Is that because the Department just  
21 didn't want you to do it? Is that because the  
22 Department made a policy decision? So I guess it's  
23 more of a question.

24 MR. LARSEN: Okay. Thanks. And we will take  
25 all the questions and comments into consideration.

1 MS. EVANS: Okay. At 15 AAC 55.211, little  
2 (i), we have this new subsection, and it mandates the  
3 application of gross value reduction. And then it has  
4 a little "except for," and that "except for" takes you  
5 into some very limited circumstances.

6 But then the rest of the regulations discuss  
7 the gross value in permissive language: May do this.  
8 There's no "shall."

9 And this again generates a question of: Why  
10 is the gross value reduction mandatory now?

11 (Mr. Ken Alper joins hearing.)

12 MS. EVANS: I assume it was purposely thought  
13 out, but I didn't see there was any discussion in SB  
14 21 or HB 247, so now all of a sudden we get a  
15 regulation and it's, like, mandatory.

16 So what happens if the Department of Revenue  
17 says, "Yeah, you don't qualify for that"? Then I  
18 assume that it's not mandatory that you take it? So  
19 it's only mandatory if you meet all the  
20 qualifications.

21 MR. LARSEN: That would seem to be a  
22 reasonable interpretation of what's written there, but  
23 like I say, we'll take those comments under  
24 consideration.

25 MS. EVANS: It would just help to understand

1 why it's mandatory. There's got to be a reason that  
2 it's mandatory. Otherwise, I thought you're going to  
3 write a regulation.

4 Turning to the duration of gross value  
5 reductions. And I think this is another section where  
6 we probably could have benefited from some discussion.  
7 So look at 214, subsection (a), which is the first  
8 subsection. And it says that it's going to implement  
9 the time limits for AS 43.55.160(f) and (g), so the  
10 GVR reduction, whether it's a 20 percent or a  
11 30 percent, which makes sense, for oil and gas  
12 produced on or after January 1, 2017, which is great  
13 until you turn to the next subsection (b), and it  
14 starts to discuss everything before January 1, 2017.

15 So then you turn the page back and forth,  
16 back and forth, and you go: Hmm, okay, next.

17 MR. LARSEN: I did see that comment there --

18 MS. EVANS: Okay.

19 MR. LARSEN: -- Marie, and we will certainly  
20 address that.

21 MS. EVANS: Okay. So I think we need some  
22 clarification there.

23 Then you look at 214(b)(c) and (d). And this  
24 is kind of tedious to go through, but the second  
25 sentence in both (b) and (c) starts out: If any

1 gas -- oil or gas was produced, dot, dot, dot, before  
2 January 1, the period for which this oil or gas  
3 produced may receive a gross value reduction ends on  
4 the earlier of these following dates. And it uses the  
5 January 1, 2023, or the January 1 following the  
6 alternate expiration date as determined under (e),  
7 which is the section on over \$70.

8 Okay. So then we turn to the sentences that  
9 begin "otherwise." So the first question that you  
10 have is what's meant by "otherwise"? Are you trying  
11 to tell the taxpayer everything after January 1, 2017?  
12 Or is it any situation that doesn't fit in that first  
13 sentence in (b) or (c)?

14 MR. LARSEN: Yeah. And I noted that's a  
15 similar comment to what --

16 MS. EVANS: I think AOGA --

17 MR. LARSEN: -- Kara made with --

18 MS. EVANS: Yeah.

19 MR. LARSEN: -- AOGA, yes.

20 MS. EVANS: And it's not that we're being  
21 picky. It's just that you're kind of like trying to  
22 figure out how to do the compliance work.

23 MR. LARSEN: It's not being picky when  
24 clarification is appropriate. Let's put it that way.

25 MS. EVANS: Okay. And if you just want after

1 January 1st, I would say just say that.

2 MR. LARSEN: Okay. All right.

3 MS. EVANS: So then looking back at both  
4 those same sections again, we have the -- some  
5 discussion in 214(b) and (c) on the start and finish  
6 of the GVR. And this left me a little perplexed as  
7 well.

8 I'm going to try and see if I can -- because  
9 I think this is where I did some testing of  
10 circumstances, so I did some "for example."

11 So I think here is where I did a "for  
12 example." If I start on October 30th, 2016, and I  
13 calculate everything out for seven years, and I did it  
14 just the simple way, which was to ignore the \$70  
15 situation, so just assume that I have seven years  
16 under 70.

17 If I start on October 30, 2016, I have to go  
18 to the earlier of January 1, 2023, or January 1  
19 following the alternate expiration date. If the  
20 alternate expiration date does not apply, then I go to  
21 January 1, 2023, which means I think I passed my seven  
22 years.

23 MR. LARSEN: Okay. We'll take a look at  
24 that.

25 MS. EVANS: And then I did the -- actually

1 the other situation, which I know AOGA mentioned,  
2 which is I calculated it where I ended up terminating  
3 the GVR before the seven years was up. So I did both,  
4 I think, reading the statutes -- or I'm sorry -- the  
5 regulations, not the statutes.

6 Okay. And then I think AOGA mentioned this  
7 one, too, which is in 214, subsection (c). There's  
8 some conflicting language in there, where you're going  
9 to have the date that a GVR starts tied to when DNR  
10 would approve the participating area. But actually  
11 the statute, under HB 247, said it starts when AOGCC  
12 determines regular production started.

13 MR. LARSEN: Okay.

14 MS. EVANS: So I don't think you can have the  
15 PA conflicting now with a statute which says it starts  
16 with regular production. So I think under 214,  
17 subsection (c), you've got some language that has to  
18 be reconciled with the new statutory language.

19 MR. LARSEN: Okay. And did you say  
20 subsection (d) or (b)?

21 MS. EVANS: (c) like cat, 214.

22 And then if you go to 214(d), this is where I  
23 almost don't know how to articulate the confusion,  
24 which is there is a phrase "all of the producing  
25 intervals of the well are within that acreage."

1           And this is part of my earlier frustration,  
2 especially with the PA expansions and how I don't know  
3 you would actually ever be able to qualify for one  
4 because there's so many requirements. And this added  
5 wording of: "All the producing intervals of the wells  
6 are within that acreage."

7           Subsection 214(e). Okay. This is our  
8 alternate expiration date. I think you may have  
9 missed a couple words in there. So when you start the  
10 sequences -- we did a test on these sequences, and you  
11 start the first sequence and then you start the second  
12 sequence and then you start the third sequence.

13 However, you never end the first sequence before the  
14 second sequence, and you never end the second sequence  
15 before the third sequence. So if you read it the way  
16 it's written, you actually could end your GVR in 14  
17 months, because when you go through this, if you turn  
18 to 214(e) -- let me see what page that's on.

19           MR. LARSEN: I have got it here. Is that on  
20 page 34?

21           MS. EVANS: Yes. Okay. So when you read  
22 through this -- okay. An alternate expiration date  
23 for a period under subsection (b) through  
24 subsection (d) of this section for which oil and gas  
25 may receive a gross value reduction in determining by,

1 one, identifying the first sequence, if any, of 12  
2 consecutive months over which the average price per  
3 barrel ANS for sale on the United States West Coast  
4 exceeds 70, that begins on or after the latter of  
5 January 1, 2017, or the first day of the period in  
6 question. Two, identifying the next sequence, if any,  
7 of 12 consecutive months over which the average price,  
8 da, de, da, de, da, that begins after the first  
9 sequence.

10 I think you have to say "after the first  
11 sequence ends."

12 MR. LARSEN: Yeah.

13 MS. EVANS: I think. Because otherwise you  
14 would have sequence one running, sequence two running,  
15 and then sequence three. And if your timing's  
16 correct, then you're just going to terminate with your  
17 price.

18 MR. LARSEN: Right. That may be appropriate.

19 MS. EVANS: Okay. The use of the phrase "or  
20 the first day of the period in question" probably  
21 needs a little more definition around it, because I'm  
22 not quite sure what you're referring to.

23 MR. LARSEN: And I'm sorry, Marie. Which  
24 part was that?

25 MS. EVANS: So that's under (e), and it is

1 one, two, three, four -- the fifth line, basically,  
2 down. So you're saying U.S. West Coast exceeds \$70  
3 that begins on or after the latter of January 1, 2017,  
4 or the first day of the period in question. And I  
5 think maybe what you're trying to say is the first  
6 month for the 12 consecutive months.

7 MR. LARSEN: Okay. I won't make a  
8 determination --

9 MS. EVANS: Yeah, not --

10 MR. LARSEN: -- but I'll --

11 MS. EVANS: -- not here.

12 MR. LARSEN: -- right now, but I'll take a  
13 look at that.

14 MS. EVANS: Yeah. Okay. I think then the  
15 next comment I had was on 214(g), which is a gross  
16 value reduction is not allowed for oil or gas produced  
17 on the day that a period specified under (b) through  
18 (d) of this section ends.

19 And I recognize that there has to be some  
20 ending, but I think, from a practical compliance  
21 standpoint, it would be helpful if the regulations  
22 thought about the fact that if I have got a GVR that  
23 starts on -- pick January 15th or January 23rd, so now  
24 seven years later or even three years later I can't do  
25 a GVR on January 23rd. I have to end it on

1 January 22nd.

2 The fact that I'm starting something on  
3 January 23rd is just bad because all of our  
4 calculations for production tax, whether it's a  
5 monthly estimate or an annual, are all based on month.  
6 So now I'm going to have several days where I'm going  
7 to have to calculate it and then, at the end, have one  
8 more day that's not on a month end.

9 MR. LARSEN: So an interesting comment. We  
10 did discuss this a little bit. And so would you  
11 prefer that the regulation have, you know, a "first of  
12 month," "end of month" convention --

13 MS. EVANS: Yes.

14 MR. LARSEN: -- something like that?

15 MS. EVANS: And when I talked to our  
16 compliance folks, they said he didn't even care if it  
17 cut it off a month early. I didn't go into the  
18 statutory legal issues that we can't just do that  
19 but --

20 MR. LARSEN: Right.

21 MS. EVANS: -- the difficulty of seven days  
22 here or two days here, it's just not worth it.

23 MR. LARSEN: Okay.

24 MS. EVANS: And I don't think it's going to  
25 be easy on the Department's end or our end.

1 MR. LARSEN: Okay. Appreciate it.

2 MS. EVANS: Okay. On 214, subsection (h),  
3 this is the date that regular production of oil  
4 commences from a well, which is going to be determined  
5 by AOGCC. I don't know if you're planning on putting  
6 a form out there or how we're going to do this, but it  
7 might be helpful that we have some kind of guidance  
8 on: Call the commissioner, e-mail the commissioner.  
9 Then the commissioner is going to e-mail the AOGCC.  
10 Just some type of hint of process, because otherwise  
11 I'm just going to call you all the time.

12 MR. LARSEN: Okay. All right. Well, we'll  
13 see if we can save us both the trouble there --

14 MS. EVANS: Okay.

15 MR. LARSEN: -- and come up with some limit,  
16 some kind of solution there to process.

17 MS. EVANS: Okay. Let's see what else I had  
18 in here. 335(e), I had one last comment on that one.  
19 Let me see what that was.

20 This was another section where I figured you  
21 put the words in here for a reason, but I can't figure  
22 out -- you've got a before and an after January 1st,  
23 2017. And that's the way this statute is now dividing  
24 things up for the 024(j) credits. But I just couldn't  
25 really figure out what the purpose was. I could

1 insert some purposes, but I thought maybe if you just  
2 even put it in the brief descriptions that were in the  
3 notice, it would have helped.

4 MR. LARSEN: Okay. And tell me again, Marie.  
5 I'm sorry. Which regulation proposed for that?

6 MS. EVANS: It's 15 AAC 553.35(e).

7 MR. LARSEN: Okay.

8 MS. EVANS: And it's where you're talking  
9 about how to do the tax credits, the sliding scale tax  
10 credits, which we all call them --

11 MR. LARSEN: Right.

12 MS. EVANS: -- in normal language, so the  
13 024(j) credits. And we've got the before January 1,  
14 2017, and then we have got the after. And I couldn't  
15 figure out if it was because the term "criteria" was  
16 used in SB 21, and then HB 247 changed it to: "Does  
17 not receive a reduction."

18 And maybe there's just no reason, other than  
19 you were trying to divide between January 21, 2017,  
20 before and after. So maybe I'm surmising that there's  
21 some other purpose in those.

22 MR. LARSEN: No. I think that's correct,  
23 Marie. And we'll go back and check. But, yeah,  
24 formerly there was only -- there was no section (a) or  
25 (b), so those were added. So we had to have some

1 conforming changes in just the formatting. And so  
2 the -- like you say, the (a) addresses before  
3 January 1, 2017, and the (b) afterwards.

4 MS. EVANS: Okay. And those were really all  
5 my comments. I mean they take up a lot of more pages  
6 than what I have just described here. So I will  
7 provide you with some written comments.

8 MR. LARSEN: Okay.

9 MS. EVANS: And I walked all the way over to  
10 the Department to give you my property tax letter  
11 yesterday.

12 MR. LARSEN: Yesterday?

13 MS. EVANS: You were not there.

14 MR. LARSEN: Sorry.

15 MS. EVANS: So I will come back today. So  
16 that's all I have.

17 MR. LARSEN: Thanks, Marie. I appreciate  
18 your time here today.

19 It's 11:25. I know we have at least some  
20 folks on line that -- or maybe yet to comment, and  
21 there's some other people here in the room.

22 Do we want to just take a short five-minute  
23 break right now, and then we'll proceed through the  
24 lunch hour and try and get through after that, rather  
25 than breaking for lunch and coming back? Does that

1 sound acceptable to everybody?

2 So I have got 11:23. Why don't we come back  
3 at 11:30. Okay? We are off the record for now.

4 (Recess taken.)

5 MR. LARSEN: Well, welcome back. We'll go  
6 back on the record. Time passes quickly. We went a  
7 little past 11:30 there.

8 Before we continue on, one thing I left out  
9 at the beginning of the meeting was getting a call in  
10 from the folks that are on line. If they would just  
11 identify themselves, if they would, please.

12 MR. TALERICO: This is Dave Talerico. I'm  
13 the Representative for District 6.

14 MR. NEBESKY: Hi, John. Will Nebesky, with  
15 Chevron.

16 MR. FITZPATRICK: Ryan Fitzpatrick from  
17 Manley & Brautigam.

18 MR. JONES: This is Paul Jones, with Kempel,  
19 Huffman & Ellis.

20 MS. SHEASBY: Wendy Sheasby with AIX Energy.

21 MR. PORTELL: Ralph Portell, with BP.

22 MR. LARSEN: Okay. Thanks. And what we'll  
23 do is we'll go ahead and continue with testimony from  
24 those remaining in the room here. And then once we're  
25 done with that, then we'll proceed to the phone lines.

1           So at this time, is there someone else that  
2 would like to step forward here in the room? Dan.

3           MR. DICKINSON: Good morning still. My name  
4 is Dan Dickinson. I'm a CPA in practice here in  
5 Anchorage, formerly with BDO, now on my own again as  
6 Dan E. Dickinson, CPA.

7           And I represent many producers, explorers,  
8 developers in my practice, and these comments, while  
9 I'll use some examples that apply to them, aren't from  
10 anyone in particular. They really are my comments,  
11 and they're mostly focused on trying to make things as  
12 clear as possible.

13           So I have four comments. The first one has  
14 to do with the so-called small producer credit. And I  
15 just want to say: All of my comments I'm going to try  
16 to build on what was said earlier both by AOGA and  
17 Conoco.

18           In this matter, what's happening is the  
19 statute laid out the conditions for the small producer  
20 credit. I simply believe that the Department has  
21 exceeded those limitations by putting its own -- a new  
22 fraction in there that's driven by the amount of  
23 production.

24           I guess the -- two observations I'll make  
25 about that. The first one is that the regulation

1 that's being repealed did indeed establish nine --  
2 that you could use a small producer credit in nine  
3 months out of an entire year, but that was not based  
4 on the amount of production; it was not based on who  
5 was in and out of production. It was based on when  
6 the entire statute became law.

7 So the rest of what was in the PPT became law  
8 three months into the year, and so, you know, that  
9 particular provision was restricted to the remaining  
10 nine months.

11 The second point I would like to add, and I  
12 believe I probably represent a majority of the users  
13 of the small producer credit, if not today, I  
14 certainly will by January, when some folks will no  
15 longer be able to take it, including 11 very, very  
16 small producers in the Pt. Thomson Unit.

17 And I'll define "very, very small" as when  
18 I'm filing for them in the Revenue Online, you know, I  
19 have to put in one barrel, and I have to put in a 001  
20 working interest because if I put in what they  
21 actually got produced, it rounds to zero, and then I  
22 don't have data, and Revenue Online pushes back.

23 So I'm talking very, very small interests,  
24 literally barrel or barrels a month. So the amount of  
25 small producer credit they're using is five or ten

1 dollars.

2           And as a consequence of that, they'll now  
3 have to go to their operator, figure out what the  
4 definition of "commercial production" is, figure out  
5 this new ratio, put it in. It's just going to  
6 generate a lot of work for the Department, for the  
7 operator, for each working interest owner. And the  
8 dollars involved could -- you know, the dollars the  
9 State might collect in addition, if any, are probably  
10 going to be minimal compared to the amount of effort.  
11 So I'm simply saying please do not put in that new --  
12 that new rule.

13           And then just to reemphasize what was said,  
14 if you do put it in, at least please put it in as a  
15 new section. A lot of the folks, for example, I  
16 represent aren't terribly sophisticated and might have  
17 a year or two old version of the regulations, and  
18 they'll look at it and go, wait a minute. That's not  
19 what (a) says. How can it apply? But the best  
20 solution would be simply not to adopt that.

21           My other three comments have to do with the  
22 proposed 15 AAC 55.525, which deals with the rules  
23 under which credits will be paid out.

24           The first one really has to do with what is  
25 structured as 525(b), which suggests that if a

1 producer applies for -- post-2017, applies for  
2 \$75 million -- or \$70 million in credits, 35 will be  
3 paid 100 percent, 35 million will be paid at  
4 75 percent, and that the remaining 12 and a half  
5 percent will vaporize, not be available.

6 And, A, I don't find anything in the words of  
7 the statute that say that. Everyone I talk to says,  
8 yeah, this is how this works. When I actually read  
9 the statute, nothing says that.

10 And secondly, there's a section 023(c) that's  
11 very clear, that if there's any unused credit, or  
12 portion of a credit, may be applied in a later  
13 calendar year. That has been part of 023 for many  
14 years, for the entire time these credits were being  
15 earned.

16 HB 247 did not change that language, and so I  
17 just -- I see the -- I guess the phrase we used, the  
18 overreach that the regulations at 525(b) that the  
19 Department's proposed, you know, simply prohibits  
20 someone from using a certificate when I believe the  
21 statute absolutely permits them to.

22 Now, there may be -- you know, there may be  
23 something internal to 028 about whether the remaining  
24 25 percent can be paid or not. I'm not going to get  
25 into that, but it clearly -- according to the words

1 that are still existing in the statute, unused credit  
2 or a portion of credit may be applied in a later  
3 calendar year.

4 MR. LARSEN: Yeah, Dan. Let me just point  
5 out that although for the -- you know, what I'll call  
6 the second tranche, the second 35 million there, if a  
7 producer or an applicant were to apply for that all in  
8 the same year, there is kind of a haircut.

9 And, again, this only applies when there's  
10 not sufficient cash to make the payment, right?  
11 However, as the regulation has been proposed, if an  
12 applicant structures their tranches, they can carry  
13 anything above the \$35 million forward into future  
14 periods and claim that then without having any kind of  
15 a detriment.

16 MR. DICKINSON: Correct. And I -- well, the  
17 first part of your statement -- I mean, I believe the  
18 limit applies whether there is cash available or not.  
19 In other words, the \$70 million limit is flat.

20 But the second piece of your statement I  
21 agree with. Nonetheless, if you applied for  
22 70 million and only got 62.5, the remaining amounts  
23 should be, at least according to the 023(c), then be  
24 applied for in a later calendar year.

25 MR. LARSEN: Right.

1           MR. DICKINSON: My third comment is actually  
2 more of an observation, and that is, as I see -- as  
3 the regulations are established now, let's take  
4 someone who has \$100 million in certificates, and it's  
5 in the year that they received those certificates, in  
6 the year 2017. They're going to -- let's say they  
7 apply for 35 million. There's a single cash  
8 appropriation. They are paid their 35 million. The  
9 day after that, they receive that cash appropriation,  
10 I assume they're going to turn around and then apply  
11 for an additional 35 million.

12           So it may be during the year, they're not  
13 going to get paid anything more during that year, but  
14 they will be standing first in line for the payments  
15 that are going to be made in the next year.

16           And so there's just going to be the situation  
17 where, I believe, folks are going to sort of  
18 essentially -- if as you suggest, they limit their  
19 purchase by some amount, then the day they receive  
20 that they're going to be reapplying for the rest. So  
21 they stand in line before anyone else.

22           So I guess just mechanically, in fact, you  
23 will have applications that are made in a year that  
24 won't be paid in that year, and they'll have been made  
25 in that year because the prior -- because they

1 received payout on the prior amount.

2 In other words, if you have an application in  
3 for 35 million or 70, you're not -- it would be silly,  
4 at least as I understand it, to apply for any more,  
5 because at least as this is being read, it may  
6 disappear, and so you're going to have to sort of make  
7 these consecutive applications.

8 And just, I guess, as I was thinking about  
9 the structure of it -- so the implication is that you  
10 wouldn't have these older applications lag. So that  
11 was more an observation than a comment.

12 At any time you are writing the regulations  
13 and thinking about the ordering, there will be folks  
14 that are applying later in a year right after their  
15 grant has been paid off.

16 I think that the discussion -- you've already  
17 heard a lot of discussion about the resident-worker  
18 clauses, but I'm going focus in on them one more time,  
19 mainly asking: When is the Department going to ask  
20 for that information? Is it going to be part of what  
21 is submitted with the actual credit application?  
22 Presumably not, because you won't know what the  
23 previous year is at that time. Is it part of the  
24 cash-out application?

25 Do you actually -- you know, what the statute

1 says, that when you're allocating the money, that's  
2 when you look for the resident workers in the previous  
3 calendar year.

4 It's not clear to me if the allocation of the  
5 money is the first time you make a decision that X  
6 will get the money and Y won't, and then let's say a  
7 year later Y comes up in the queue. Now, is the -- is  
8 that considered a second allocation when you get ready  
9 to pay them?

10 So what year a previous applies to, A, it  
11 could have several interpretations, and then some of  
12 those interpretations could apply, the previous could  
13 apply to various different years at various different  
14 times.

15 MR. LARSEN: Okay. Thanks.

16 MR. DICKINSON: And, again, my only other  
17 comment on that is that I assume that it will be  
18 auditable by the Department. I assume the  
19 Department's decision can be appealed. If you're in  
20 appeal, how does that affect your standing in the line  
21 when the cash is available?

22 I'm just saying those are additional things  
23 that should be clearer, could be clearer. And while I  
24 certainly disagree with the idea behind 525(b), it  
25 does lay things out very clearly, and it may be that

1 you want to do a similar sort of table and lay out  
2 exactly who stands in line, how, for the certificates  
3 themselves.

4 MR. LARSEN: Okay.

5 MR. DICKINSON: So those are my comments.

6 MR. LARSEN: All right.

7 MR. DICKINSON: Thank you.

8 MR. LARSEN: Thank you, Dan. I appreciate  
9 that.

10 And is there anyone else here in the room  
11 here today that would like to make comment?

12 Okay. Hearing none, on to the phone lines.  
13 Is there someone that would like to step forward and  
14 volunteer to be first on the phone line making  
15 comment?

16 Going once. Anyone on the phone lines that  
17 would like to make comment on the Department's  
18 proposed regulations for production tax here at our  
19 public hearing today?

20 Okay. Hearing none, thanks everybody for  
21 your time here today and the time you put in reading  
22 our proposed regulations and putting together your  
23 comments. I think they have been very helpful.

24 I would like to remind everybody that after  
25 the close of the public comment period on Monday,

1 October 24th, the Department will either adopt the  
2 proposed regulation changes or other provisions  
3 dealing with the same subject without further notice  
4 or decide to take no action.

5 As a reminder, have all your comments to me  
6 by the close of business at 4:30 p.m. on Monday,  
7 October 24th, 2016.

8 Once we received all the public comments,  
9 we'll aggregate them and post them on our website.  
10 And if you want to mail your comments to me, you can  
11 do via e-mail to John Larsen, J-o-h-n, dot, L-a-r-s-en  
12 at Alaska.gov or via fax at 907/269-6644. You can  
13 deliver to me or have sent through the U.S. mail to  
14 550 West Seventh Avenue, Suite 500, Anchorage, Alaska  
15 99501.

16 All comments will be considered in the final  
17 drafting of regulations proposed for adoption by the  
18 Commissioner of Revenue. The language of the final  
19 regulations may be different from that of the proposed  
20 regulations. Therefore, if you believe your interests  
21 may be affected, you should comment during the time  
22 allowed. Written comments are public records and  
23 subject to public inspection.

24 Thank you again everyone for your time here  
25 today and interest in these matters. This public

1 hearing is now closed. The time is 12:52.

2 UNIDENTIFIED SPEAKER: 11:52.

3 MR. LARSEN: 11:52. Thank you.

4 (Proceedings concluded at 11:52 a.m.)

5 -o0o-

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

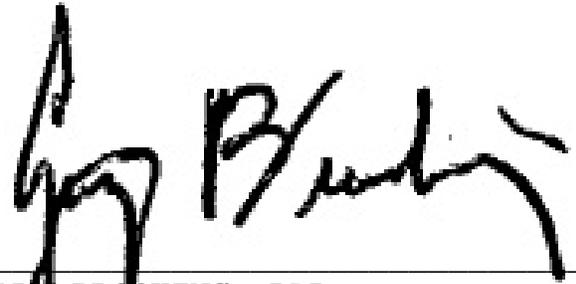
25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE

I, GARY BROOKING, Registered Professional Reporter and Notary Public in and for the State of Alaska, do hereby certify that the foregoing proceedings were taken before me at the time and place herein set forth; that the proceedings were reported stenographically by me and later transcribed by computer transcription; that the foregoing is a true record of the proceedings taken at that time; and that I am not a party to nor have I any interest in the outcome of the action herein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 2nd day of November, 2016.



GARY BROOKING, RPR  
My Commission Expires 6/28/2020

\$	84:23 87:20 88:24 90:18	1
	(d)(2) 55:23 56:6	
<b>\$100</b> 101:4	(d)(3) 56:17	<b>1</b> 5:4,6,10 16:7 38:6 84:12,14
<b>\$12</b> 42:15,21 44:4,23	(e) 11:20,25 21:24 29:9 33:16 36:21 85:6 89:25	85:2,5,11 86:18,21 89:5 90:3 93:13 94:3
<b>\$35</b> 100:13	(f) 24:9 27:17 29:13 38:20	<b>10</b> 50:11 51:6,12
<b>\$6</b> 42:8 44:6,14,18	(f)(1) 31:12 54:14	<b>100</b> 57:6 58:25 99:3
<b>\$70</b> 33:21 57:3,18 85:7 86:14 90:2 99:2 100:19	(f)(2) 31:13 54:17	<b>100,000</b> 42:20,23 44:2
<b>\$75</b> 99:2	(f)(2)(a) 54:22	<b>102</b> 16:10
	(f)(3) 12:7 31:11 36:6	<b>103</b> 16:10
	(g) 24:10 27:18 29:16 40:13 66:21 82:7 84:9	<b>10:00</b> 4:3
	(g)(2) 67:15	<b>11</b> 24:10 47:21 81:3 97:15
<b>(1)</b> 11:25 27:24 49:16	(g)(3) 56:25	<b>111</b> 73:25
<b>(1)(A)</b> 19:11,20 20:4,16	(h) 29:18 92:2	<b>113</b> 24:19
<b>(1)(B)</b> 20:7 21:6	(i) 83:2	<b>11:23</b> 95:2
<b>(1)(C)</b> 18:22 19:23 20:12,20,25 21:3,7,9,10,16,22,25 22:2,5	(j) 39:24	<b>11:25</b> 94:19
<b>(1)(c)(i)</b> 19:2,13 20:6,18	(l) 50:2	<b>11:30</b> 95:3,7
<b>(2)</b> 38:25 49:17	-	<b>11:52</b> 106:2,3,4
<b>(3)</b> 12:11 17:3 30:22 38:25	-o0o- 3:3 106:5	<b>12</b> 10:13 24:10 37:5,8 44:1 45:7 49:13 89:1,7 90:6 99:4
<b>(7)</b> 27:14	0	<b>12.3287671</b> 43:25
<b>(a)</b> 12:1,3 23:19 27:7,11,22 29:1 32:21 33:4,5,6 42:9 43:2 49:24 50:11 52:21 54:15,24 57:12 66:8 84:7 93:24 94:2 98:19		<b>12:00</b> 4:2
<b>(a)(10)</b> 24:14	<b>001</b> 97:19	<b>12:52</b> 106:1
<b>(a)(14)</b> 24:14	<b>020</b> 82:13	<b>13</b> 24:11 49:20
<b>(a)(15)</b> 24:14	<b>023</b> 99:13	<b>14</b> 24:11 51:14 88:16
<b>(a)(17)</b> 24:14	<b>023(b)</b> 50:6	<b>15</b> 10:4 11:20 12:9,23,25 13:22 14:11,23 15:10,14 16:8,11,16 18:3,12 21:23 22:14,20,21,24 23:18 24:2,3,4,6,7,8,9,10,11,12 25:8 27:5,17 28:15 30:6,11,13,16 31:5,16 32:3,10,15,16,23 38:17 39:5 40:12,17 41:1,4,16 47:20,23 48:5,6 49:14 50:17 51:15 52:20 53:22 54:14 56:24 57:16 58:24 59:2 68:4 70:7,21 74:16 77:14 79:6 81:14 82:5 83:1 93:6 98:22
<b>(a)(2)</b> 28:17	<b>023(c)</b> 99:10 100:23	<b>15th</b> 48:23 49:7,10 90:23
<b>(a)(4)</b> 24:13	<b>024(j)</b> 12:15 92:24 93:13	<b>16</b> 24:12 57:19
<b>(a)(i)</b> 12:3,5	<b>028</b> 99:23	<b>160(f)(2)</b> 34:1
<b>(b)</b> 12:1 16:17 24:11 27:8,23,24 29:3 33:10 34:8 39:7,13 48:8 50:1 54:22 55:4 66:9 84:13,25 85:13 87:20 88:23 90:17 93:25 94:3	<b>028(g)(2)</b> 61:2,16 67:12	<b>160(f)(3)</b> 30:22 36:8 78:21 79:8
<b>(b)(2)</b> 27:6	<b>05.250</b> 12:23 15:10,14 16:16	<b>160(g)</b> 36:24
<b>(c)</b> 29:5 33:25 34:7 36:9,10,12,16 42:8,25 43:14 44:4 84:25 85:13 86:5 87:7,17,21	<b>05.250(a)</b> 12:25 13:22 14:11,23 24:2 25:8 74:16	
<b>(d)</b> 29:6 36:7,15 39:7,13 55:17,20	<b>05.250(b)</b> 16:8	
	<b>05.255(l)</b> 18:3,12	
	<b>05.330</b> 21:23	

**17** 24:12 50:9 59:6  
**18** 24:13 47:25 49:1 50:14 67:25  
**18-month** 48:4  
**18-month-from-spud-date**  
47:21  
**19** 3:1 24:13 50:21 70:6  
**191(b)(6)** 27:14  
**1971** 66:6  
**1972** 59:23 60:8  
**1978** 59:22  
**1981** 24:20 25:5  
**1984** 12:23  
**1989** 12:24 14:24  
**1991** 19:12  
**19th** 3:9  
**1st** 18:17 20:17 22:6 23:20 24:17  
27:8 30:25 47:24 48:11,13,17,18,  
25 50:12,16,18,21,23,25 51:11,  
13,22 76:11 80:10 86:1 92:22

---

**2**

---

**2** 14:17 19:11 60:2 66:25  
**20** 24:14 45:24 50:11,24 51:6,10  
84:10  
**200** 46:14  
**2003** 34:3  
**2006** 14:18 25:21  
**2007** 23:20 24:17 25:21 27:8  
**2010** 19:8 20:15,24 81:2  
**2011** 34:2  
**2012** 34:5 48:11  
**2013** 20:13  
**2014** 19:10,21,24 20:7,9,17 21:1,  
5,17 30:25  
**2016** 3:1,9,13,19 4:6,15 6:19  
10:20 12:2 18:1,4,10,25 19:24  
20:1,6,7,9,18 21:1,10,12,17,21  
34:14 35:5 53:2 55:20 86:12,17  
105:7  
**2017** 5:4,6,10 12:2 18:5,17 21:5,  
22 22:6 27:9 34:10 47:24 48:11,

13,17,18 50:12,17,18,24,25  
51:11,13,22,23 52:4 53:18,21  
76:11 80:10 84:12,14 85:11 89:5  
90:3 92:23 93:14,19 94:3 101:6  
**2018** 48:25 49:3,5,11 50:21 52:11  
**2019** 49:7  
**2023** 85:5 86:18,21  
**21** 3:19 14:17 70:20 71:7 78:13  
79:15 82:19,20 83:14 93:16,19  
**212** 31:16  
**214** 84:7 87:7,16,21 92:2  
**214(b)** 86:5  
**214(b)(c)** 84:23  
**214(d)** 87:22  
**214(e)** 88:7,18  
**214(g)** 39:16 90:15  
**21st** 10:8  
**22nd** 91:1  
**23** 19:11  
**23rd** 90:23,25 91:3  
**24** 45:22 66:20  
**247** 3:14 10:21 13:4,5,18 14:19  
17:11 18:14 32:5,18 33:14 35:22  
37:6 39:23 43:5 48:7 50:5,9,13,21  
59:12 66:20 67:9 74:25 82:18  
83:14 87:11 93:16 99:16  
**247's** 33:17 36:23 49:20  
**24th** 4:6,15 5:24,25 6:19 105:1,7  
**25** 39:22 50:15 99:24  
**25.990(17)** 45:24  
**252(i)** 69:4  
**26** 32:5  
**27** 32:5

---

**3**

---

**30** 13:6 27:9 84:11 86:17  
**30th** 17:15,22 86:12  
**31** 46:13  
**31st** 21:12 37:12 53:2,21 55:20

**335(e)** 92:18  
**34** 88:20  
**345(i)** 40:12  
**35** 25:5 99:2,3 100:6 101:7,8,11  
102:3  
**365** 45:4  
**366** 45:4  
**38.40** 59:23

---

**4**

---

**4** 3:12 10:19  
**40** 50:22  
**42.05** 28:20  
**42.62.300(a)(1)** 16:2  
**43** 15:11  
**43.05.225** 18:14,18,22  
**43.05.225(1)** 22:7  
**43.05.225(1)(C)** 18:15  
**43.05.230(l)** 17:9,11 18:6  
**43.05.260** 25:10  
**43.21** 24:2,18 25:4,7 74:20  
**43.55** 34:1 36:8  
**43.55.011** 37:2  
**43.55.011(e)** 42:11 44:8  
**43.55.011(f)** 82:12  
**43.55.023** 49:21,23 51:4  
**43.55.023(l)** 50:22  
**43.55.024** 43:6  
**43.55.024(a)** 42:8 43:14 44:7  
**43.55.024(c)** 42:15 44:24 46:8  
**43.55.024(j)** 82:9  
**43.55.025(m)** 47:22 48:3,6  
**43.55.028** 57:17  
**43.55.028(e)** 56:25 57:1,18  
**43.55.028(g)** 59:20  
**43.55.028(g)(2)** 59:7 60:20  
**43.55.028(g)(3)** 57:4,11

<b>43.55.028(j)</b> 39:22,23 41:11,21 42:2 57:21	<b>55.151(b)(2)(a)</b> 23:18 27:5	<b>55.410(b)</b> 24:12
<b>43.55.029</b> 69:7	<b>55.171(m)</b> 22:20	<b>55.420</b> 24:12
<b>43.55.029(a)</b> 69:11	<b>55.173(a)</b> 28:15 30:11	<b>55.430</b> 24:12
<b>43.55.029(b)</b> 69:23	<b>55.173(a)(2)</b> 30:6 81:14	<b>55.510</b> 24:13
<b>43.55.040</b> 16:15	<b>55.173(i)</b> 24:2	<b>55.511(c)</b> 49:14
<b>43.55.040(1)</b> 14:16,25	<b>55.180</b> 24:3	<b>55.520(f)(1)(h)</b> 24:13
<b>43.55.075(a)</b> 25:16	<b>55.191</b> 22:24 24:4	<b>55.525</b> 51:15 52:20 57:16 59:2 98:22
<b>43.55.160</b> 12:6 35:21	<b>55.193(d)(1)</b> 22:21,24	<b>55.525(a)(1)</b> 41:16
<b>43.55.160(f)</b> 12:10 36:23 82:7 84:9	<b>55.205</b> 24:4	<b>55.525(f)</b> 54:14
<b>43.55.160(f)(1)</b> 33:11 38:25	<b>55.211</b> 31:16 83:1	<b>55.525(g)</b> 41:4
<b>43.55.160(f)(3)</b> 30:18 36:5	<b>55.211(d)</b> 77:14	<b>55.525(i)</b> 68:4
<b>43.55.160(g)</b> 33:13	<b>55.211(h)</b> 82:5	<b>55.800(a)(2)</b> 24:13
<b>43.56</b> 15:10 37:23	<b>55.211(i)</b> 30:13 32:15	<b>55.800(c)(14)</b> 24:15
<b>43.56.024(j)</b> 11:23	<b>55.212(l)</b> 12:9 30:16 31:5 32:3,10	<b>55.800(f)</b> 16:11
<b>44.19.260(a)</b> 66:12	<b>55.213</b> 79:6	<b>55.805</b> 24:15
<b>44.55.028</b> 17:14	<b>55.214</b> 32:16,23	<b>55.895</b> 70:24
<b>44.62.030</b> 41:22	<b>55.214(e)</b> 38:17	<b>55.900(a)(46)</b> 70:7
<b>44.62.200(a)</b> 15:20 17:4	<b>55.214(g)</b> 39:5	<b>55.900(b)(28)</b> 70:21
<b>44.62.200(a)(3)</b> 15:25 17:6	<b>55.223</b> 24:7	<b>550</b> 6:16 105:14
<b>44.62.300(a)(1)</b> 17:7	<b>55.275(a)</b> 24:6	<b>553.35(e)</b> 93:6
<b>45</b> 43:23,24	<b>55.280(a)</b> 24:6	
<b>4:30</b> 4:16 6:19 105:6	<b>55.320(c)</b> 40:12,17	
	<b>55.325</b> 24:7	<hr/> <b>6</b> <hr/>
<hr/> <b>5</b> <hr/>	<b>55.330</b> 24:8	<b>6</b> 44:1,15 95:13
	<b>55.335</b> 11:20	<b>60</b> 77:23
<b>50</b> 57:5,7	<b>55.335(a)</b> 43:12 47:20	<b>62.5</b> 100:22
<b>50,000</b> 42:17,20,23 45:6,9	<b>55.340</b> 24:8	
<b>500</b> 105:14	<b>55.345(e)</b> 24:9 27:17	<hr/> <b>7</b> <hr/>
<b>525(a)(1)</b> 40:12	<b>55.345(i)</b> 41:1	<b>7</b> 81:5
<b>525(b)</b> 53:22 98:25 99:18 103:24	<b>55.350</b> 24:10	<b>70</b> 57:12 86:16 89:4 100:22 102:3
<b>525(e)</b> 61:25	<b>55.351(d)</b> 47:23	<b>75</b> 57:8 99:4
<b>55</b> 10:4 27:14 43:12 58:24	<b>55.355</b> 24:10	<b>7th</b> 6:16
<b>55.028(e)</b> 69:17	<b>55.356(g)</b> 48:5	
<b>55.028(g)</b> 66:19	<b>55.360(a)</b> 48:6	<hr/> <b>8</b> <hr/>
<b>55.141</b> 22:14	<b>55.370(b)</b> 24:9	<b>8</b> 18:14
<b>55.151(b)(2)</b> 28:9	<b>55.375(a)(2)</b> 24:11	
	<b>55.380</b> 24:11	

<hr/> <b>9</b> <hr/>	<b>accumulate</b> 4:19	<b>advise</b> 59:14
<b>9</b> 13:5,11 17:11	<b>acknowledge</b> 11:9 37:7	<b>advocate</b> 74:10
<b>90</b> 77:23	<b>acreage</b> 30:23 31:2,7,10,17,18, 23,25 32:1 36:3 87:25 88:6	<b>affect</b> 103:20
<b>907/269-6644</b> 6:15 105:12	<b>Act</b> 28:20	<b>affected</b> 4:12 105:21
<b>99501</b> 6:17 105:15	<b>action</b> 4:9 69:2 105:4	<b>affecting</b> 15:8
<b>9:00</b> 4:2	<b>activate</b> 9:11	<b>affiliation</b> 7:12,21
<b>9:05</b> 3:2,9	<b>active</b> 10:13	<b>aggregate</b> 4:23 13:8 17:18 105:9
<hr/> <b>A</b> <hr/>	<b>actively</b> 14:4	<b>agree</b> 25:11 61:22 100:21
<b>a.m.</b> 3:2 4:3 106:4	<b>activity</b> 47:17	<b>agreed</b> 68:17
<b>AAC</b> 10:4 11:20 12:9,23,25 13:22 14:11,23 15:10,14 16:8,11,16 18:3,12 21:23 22:14,20,21,24 23:18 24:2,3,4,6,7,8,9,10,11,12 25:8 27:5,14,17 28:15 30:6,11,13, 16 31:5,16 32:3,10,15,16,23 38:17 39:5 40:12,17 41:1,4,16 43:12 45:24 47:20,23 48:5,6 49:14 51:15 52:20 53:22 54:14 57:16 58:24 59:2 68:4 70:7,21 74:16 77:14 79:6 81:14 82:5 83:1 93:6 98:22	<b>acts</b> 32:13	<b>ahead</b> 3:5 52:17 95:23
<b>abbreviation</b> 51:19	<b>actual</b> 31:22 37:13 65:3 102:21	<b>aim</b> 5:4
<b>ability</b> 74:3 75:16 82:15	<b>adapt</b> 10:24	<b>AIX</b> 95:20
<b>absence</b> 21:18 35:17	<b>add</b> 97:11	<b>Alaska</b> 3:1,11 4:25 6:14,17 8:21 10:1,20 11:3 14:18 15:11 16:18 19:12 24:20 28:19 33:20 37:19 38:1,13 39:18 41:5 45:22 46:17, 22 47:5 52:16 59:6,14,17,24 60:12 66:4 70:4 76:14 77:1 78:2 105:14
<b>absolutely</b> 99:21	<b>added</b> 15:23 16:15 30:23 31:2,7, 17,23,25 36:3 88:4 93:25	<b>Alaska's</b> 46:24 60:3,6
<b>abstractly</b> 21:8	<b>addition</b> 13:21 46:3 65:1 98:9	<b>Alaska.gov</b> 105:12
<b>acceptable</b> 95:1	<b>additional</b> 5:21 19:25 33:11 39:18 47:12 78:9 101:11 103:22	<b>Alaskans</b> 38:13
<b>access</b> 63:15	<b>address</b> 11:4 32:17 61:23 62:3,7, 10,16 63:1,5,10,12,17,21 64:5,23 67:17,18 84:20	<b>albeit</b> 64:10
<b>accident</b> 49:2	<b>addressed</b> 45:11,16 54:13 82:18	<b>allocate</b> 53:8
<b>accidentally</b> 43:20	<b>addresses</b> 38:21 44:24 94:2	<b>allocated</b> 56:8
<b>accommodate</b> 4:3 25:12	<b>addressing</b> 11:2,6 45:17 77:11	<b>allocating</b> 52:24 59:8 103:1
<b>accounting</b> 24:18	<b>adds</b> 18:8 37:21	<b>allocation</b> 53:4 103:4,8
<b>accrual</b> 20:22	<b>adequate</b> 62:2	<b>allowed</b> 39:6,11 49:21 50:19 90:16 105:22
<b>accrue</b> 20:1,6,18,20,25 21:10,16	<b>adhere</b> 63:2	<b>allowing</b> 21:9 59:2 71:16
<b>accrued</b> 19:10,20,24 20:2,7,15 21:1,6,11,17,20 22:5 80:10	<b>administrative</b> 6:21 11:3 16:18 26:25 54:11	<b>Alper</b> 80:19 83:11
<b>accrues</b> 19:2	<b>adopt</b> 4:7 45:20 47:19 66:23 67:11 98:20 105:1	<b>alter</b> 27:25 33:4
<b>accruing</b> 18:17 19:5,23	<b>adopted</b> 12:23 30:11 32:15 41:23 48:5	<b>alternate</b> 85:6 86:19,20 88:8,22
	<b>adopting</b> 18:11 48:20 49:16	<b>alternative</b> 29:11 33:15 35:2,5 48:2
	<b>adoption</b> 15:24 17:5 61:1 105:17	<b>alternatively</b> 62:21
	<b>adopts</b> 33:8 42:4	<b>altogether</b> 19:6
	<b>adversely</b> 77:9	<b>ambiguities</b> 55:16
	<b>advice</b> 59:19	<b>ambiguity</b> 71:4

**ambiguous** 71:1  
**amend** 16:4 43:5,11 58:20 59:3  
**amended** 3:22 9:5 11:20 12:24  
14:16 16:8,11,18,19 18:7,14,18  
28:13 48:7 49:15 50:9,14,22  
**amending** 48:19  
**amendment** 13:19 15:14,21,22,  
25 16:1,6 17:2,4 30:11 35:20  
36:23 47:23 66:20  
**amendments** 32:2,8 35:21 37:4,  
6 48:5  
**amount** 11:22 13:9,14 17:18  
40:3,23 43:24 44:16,25 45:2,3  
57:1 58:5,7,11,13,16,21 96:22  
97:4,24 98:10 101:19 102:1  
**amounts** 100:22  
**analysis** 55:25  
**Anchorage** 3:1 6:16 9:8 96:5  
105:14  
**annexation** 66:15  
**anniversary** 34:22 36:2  
**annual** 19:2 33:19 50:1 91:5  
**ANS** 89:3  
**anymore** 78:12  
**AOGA** 46:21 59:14 72:12 79:22  
81:10 85:16,19 87:1,6 96:16  
**AOGA's** 10:3,12 71:12  
**AOGCC** 46:1 87:11 92:5,9  
**apologize** 5:14  
**apparently** 40:13 65:5 79:24  
**appeal** 24:25 25:3,7 26:13,22  
27:13 103:20  
**appealed** 103:19  
**appeals** 25:22 26:1,5  
**appears** 11:1 30:15  
**applicability** 26:3,8  
**applicable** 18:16 26:16 34:13  
36:12 42:25  
**applicant** 39:24 40:3,22 55:6,7  
56:19 59:10 61:16 64:16,19 65:11  
100:7,12

**applicant's** 40:1,15 41:14 53:25  
55:13,22 59:11 63:14 64:15  
**applicants** 52:25 53:9,19 54:9  
55:4,9 59:9 65:6,17  
**application** 22:2,10 35:18 44:10  
51:21 52:6,13 53:24 54:4,25  
56:20,22 64:17,19 68:5 69:15,21  
80:18 83:3 102:2,21,24  
**applications** 52:3,10,19,23 53:5,  
10,13,14,17 54:18,23 55:2,3,12,  
19,21,25 56:5,11,13,18,21 65:7  
101:23 102:7,10  
**applied** 12:5 21:25 25:10 26:24  
43:2 99:12 100:2,21,24  
**applies** 15:10 19:23 25:20 27:7,8  
41:16,19 49:18 99:1 100:9,18  
103:10  
**apply** 18:3 22:5 25:23 32:20  
86:20 96:9 98:19 100:7 101:7,10  
102:4 103:12,13  
**applying** 15:2 35:3 40:18 102:14  
**appointed** 28:24  
**apportioning** 37:25  
**approach** 51:20  
**approaching** 25:18  
**appropriation** 101:8,9  
**approval** 69:25  
**approve** 87:10  
**APR** 19:3,4  
**April** 13:6 17:15,22  
**area** 30:21,24 31:3,8,17 32:1  
34:2,16,19,20,22 36:4 79:10  
81:17 87:10  
**areas** 29:22 79:18  
**argue** 23:20 26:7  
**argued** 26:2  
**arguments** 26:6  
**arise** 23:15 54:5 55:16  
**arising** 20:24 21:5 25:22 33:10,  
25  
**arm's** 30:8  
**arose** 19:8

**arranged** 68:23  
**arrangements** 69:1,3 70:2  
**Article** 60:2  
**articulate** 79:2 87:23  
**assigned** 68:6,7,14  
**assignee** 68:4,9,12  
**assignment** 68:1,9,18,20,21  
69:5,6,7,8,13,20,24  
**assignments** 69:23  
**assignor** 68:4,9,12  
**association** 8:22 10:2 28:23  
71:14 72:8  
**assume** 73:22 83:12,18 86:15  
101:10 103:17,18  
**assuming** 33:15 60:23  
**assumptions** 79:6  
**assure** 72:11  
**attacks** 61:4  
**attempt** 64:9  
**attempted** 31:20 67:17  
**Attorney** 59:13 60:25  
**audit** 3:7 7:22 8:2,4 12:21 13:12,  
20 24:24 25:3,6,13  
**auditable** 103:18  
**audited** 76:21  
**auditor** 8:6 25:12  
**auditors** 76:12  
**audits** 25:17,18,22 26:1,5 80:25  
**authority** 14:20 16:16  
**authorize** 44:19  
**Avenue** 6:16 105:14  
**average** 33:19 42:16,19 45:1,8  
56:23 82:8 89:2,7  
**averages** 44:12 45:6  
**avoid** 71:4  
**avoiding** 23:13

---

**B**

---

**back** 19:22 66:18 74:25 78:13

84:15,16 86:3 93:23 94:15,25 95:2,5,6 97:22	74:25 78:13	37:8,12,14 38:19 42:13,17 43:12, 16,17,18,19 45:3,13,21,24 56:19 57:3 99:13 100:3,24 103:3
<b>backward</b> 64:20	<b>bit</b> 79:1 91:10	<b>calendar-year</b> 37:3,10
<b>bad</b> 91:3	<b>blindly</b> 22:3	<b>call</b> 13:4 22:8 33:22 42:12 92:8, 11 93:10 95:9 100:5
<b>balance</b> 52:25 80:9	<b>blue</b> 47:11	<b>calls</b> 36:5 41:21 55:23
<b>Bank</b> 22:16	<b>books</b> 26:24	<b>capital</b> 23:1,2,3 49:25 51:10,12 78:1
<b>banks</b> 19:4	<b>bought</b> 13:14	<b>captured</b> 76:20
<b>barrel</b> 33:20 38:7 89:3 97:19,24	<b>boundary</b> 66:6,14,17	<b>care</b> 11:10 91:16
<b>barrel-a-day</b> 44:2	<b>BP</b> 8:18,19 95:21	<b>carefully</b> 22:1 60:25
<b>barrels</b> 42:18,21,23 97:24	<b>Brautigam</b> 95:17	<b>carry</b> 43:4 53:15 58:23 59:5 66:24 67:11 100:12
<b>base</b> 37:21	<b>break</b> 5:11 53:9 73:1,2 94:23	<b>carry-forward</b> 50:1
<b>based</b> 51:6 52:5,13,25 54:3,24 55:21 63:19 65:3 68:11 79:4 91:5 97:3,4,5	<b>breaking</b> 94:25	<b>carrying</b> 41:25
<b>basic</b> 65:20	<b>breakup</b> 49:3	<b>case</b> 19:7 61:3
<b>basically</b> 90:1	<b>briefly</b> 5:19	<b>cases</b> 3:22 16:13 25:19 31:19
<b>Basin</b> 42:12	<b>bring</b> 47:13	<b>cash</b> 51:17 53:24 54:2,6 68:6,19 69:9,10 72:10 100:10,18 101:7,9 103:21
<b>basis</b> 37:3,10 44:20 45:1,8 47:6	<b>brings</b> 32:16 36:21 55:24 71:12	<b>cash-out</b> 102:24
<b>batches</b> 65:4	<b>broad</b> 29:21 52:15 72:7	<b>cached</b> 68:20
<b>bathroom</b> 73:1	<b>broken</b> 79:16	<b>cashing</b> 65:16
<b>Bay</b> 47:2	<b>Brooks</b> 8:14	<b>casts</b> 52:23
<b>BDO</b> 96:5	<b>brought</b> 49:4 73:15 77:6	<b>cat</b> 87:21
<b>bear</b> 19:17	<b>BTU</b> 42:18,20,23	<b>categorize</b> 64:10
<b>bears</b> 19:14	<b>build</b> 60:13 96:16	<b>ceases</b> 23:8 32:20
<b>began</b> 35:11	<b>burdensome</b> 46:10	<b>ceiling</b> 46:6
<b>begging</b> 75:10	<b>burn</b> 29:24	<b>cell</b> 7:1,2
<b>begin</b> 12:17 32:6 62:3 85:9	<b>business</b> 14:8 38:1 47:15 63:6 105:6	<b>certificate</b> 13:8,17 17:17 18:5 40:4,6,19 41:6,7 52:14 53:12 55:1 57:22,23 58:6,8,9,12,13,17,20,22 59:2 61:8,13,21 62:8,11,17,19,22, 24 63:1,7,21 65:12,15 68:2,6,14 69:9,12,16 99:20
<b>beginning</b> 10:16 11:8 34:11 71:15 95:9	<b>button</b> 9:12	<b>certificates</b> 13:9,14 17:10,12,19, 25 18:4 51:15,17 52:2 53:1 57:2 58:15 61:12 65:4 101:4,5 104:2
<b>begins</b> 21:7,22 32:18 34:19 35:4 36:11 51:25 56:12 89:4,8 90:3	<b>buy</b> 30:7 52:3 57:2	<b>certification</b> 40:23 41:2
<b>behalf</b> 71:13	<b>buying</b> 51:25 52:2,10	<b>certifications</b> 41:9
<b>belief</b> 31:21	<b>bypass</b> 65:16	
<b>benefit</b> 52:17		
<b>benefited</b> 84:6		
<b>benefits</b> 65:23		
<b>Bill</b> 10:21 13:4,5,18 14:19 17:11 18:14 32:5,18 33:14,17 35:22 36:23 37:6 39:23 43:5 48:7 49:20 50:5,9,13,21 59:12 66:20 67:9		

---

**C**

---

<b>challenge</b> 42:6	<b>closed</b> 25:24 106:1	<b>comparable</b> 29:12
<b>challenges</b> 46:24 61:14	<b>Coast</b> 33:21 89:3 90:2	<b>compared</b> 56:15 98:10
<b>change</b> 13:21 16:19,22,23,25 18:12 22:13 23:10 26:3,8 28:14 68:19 80:5 81:23 99:16	<b>code</b> 5:16 11:4 16:18	<b>comparing</b> 36:19
<b>changed</b> 38:18 66:21 81:15 93:16	<b>collapse</b> 27:23	<b>comparisons</b> 16:17
<b>changing</b> 28:7,11 70:16	<b>collateral</b> 68:22	<b>compelling</b> 21:19
<b>chapter</b> 3:12 10:19 14:17 19:11 24:19 44:10	<b>collect</b> 39:19 98:9	<b>compensation</b> 29:3,5,6,8,11,16, 17,19
<b>charged</b> 19:4	<b>collection</b> 29:14	<b>Competition</b> 46:23
<b>charges</b> 22:3	<b>collective</b> 10:3	<b>competitiveness</b> 47:16
<b>check</b> 93:23	<b>Colley</b> 8:19	<b>competitors</b> 13:25 14:7,9,15
<b>checklist</b> 73:13	<b>combination</b> 38:23 39:4	<b>compiling</b> 64:3
<b>Chevron</b> 95:15	<b>combined</b> 38:23 39:3	<b>complete</b> 48:12
<b>choice</b> 9:18 29:12 39:16	<b>combining</b> 80:14	<b>completed</b> 48:13,17,21,24 49:6
<b>choices</b> 47:14	<b>comfortable</b> 9:19,23	<b>completely</b> 77:11
<b>chooses</b> 37:4	<b>comma</b> 82:10	<b>completing</b> 25:13
<b>chosen</b> 22:1	<b>commenced</b> 34:17	<b>complex</b> 11:11 32:23 36:16
<b>circumstance</b> 58:19	<b>commences</b> 92:4	<b>complexity</b> 36:17
<b>circumstances</b> 75:15 83:5 86:10	<b>comment</b> 4:4,5,15 5:20,22 71:25 72:18,25 73:20,21 74:7 75:3,5,13 76:8 77:5 79:21 84:17 85:15 90:15 91:9 92:18 94:20 101:1 102:11 103:17 104:11,15,17,25 105:21	<b>compliance</b> 85:22 90:20 91:16
<b>citation</b> 22:15	<b>comments</b> 4:14,18 5:22,24 6:4, 11,19 7:10,16 9:7,9,15 10:3,11 65:24 66:2 72:5 73:8,11 79:21 82:4,25 83:23 94:5,7 96:8,10,13, 15 98:21 104:5,23 105:5,8,10,16, 22	<b>compose</b> 73:20 74:7
<b>cite</b> 79:5	<b>commercial</b> 43:16 98:4	<b>compound</b> 19:1,9,14,20,21 20:1, 3,5,10,11,16,17,19,20,21,24 21:2, 7,9,15 80:15
<b>cited</b> 16:16	<b>commercially</b> 13:23 14:2,14 75:6	<b>compounding</b> 21:21 22:4 80:2 81:3,6
<b>claim</b> 63:14 100:14	<b>commission</b> 45:23 66:6,7,9,13, 14,16	<b>comprehensive</b> 71:22
<b>claimant</b> 39:24 40:4	<b>commissioner</b> 92:8,9 105:18	<b>compromised</b> 14:3
<b>claimant's</b> 40:1,15 41:14	<b>committed</b> 60:23	<b>computation</b> 18:21
<b>clarification</b> 84:22 85:24	<b>commonly</b> 3:13 10:21 25:11	<b>computing</b> 20:8
<b>clarifies</b> 55:15	<b>communications</b> 30:1	<b>conceals</b> 28:2
<b>clarify</b> 6:4 51:5 54:7	<b>companies</b> 14:4 60:13 72:9 78:15	<b>concepts</b> 65:20
<b>clarity</b> 39:10	<b>companies'</b> 37:25	<b>concern</b> 27:2 45:11 61:5 67:25
<b>clause</b> 60:2,13 70:4	<b>company</b> 66:5 77:15	<b>concerned</b> 24:22 25:25
<b>clauses</b> 102:18		<b>concerns</b> 24:21 71:17 72:13 73:14
<b>clear</b> 12:13 25:21 34:6 39:9 54:17 61:7 67:9 96:12 99:11 103:4		<b>conclude</b> 26:15
<b>clearer</b> 103:23		<b>concluded</b> 106:4
<b>climate</b> 47:15		<b>concur</b> 49:19 68:3
<b>close</b> 4:5,14 66:1 104:25 105:6		<b>concurrent</b> 4:21 6:8

**conditions** 12:4 96:19  
**confidential** 13:23 14:1,14  
**confidentiality** 63:19  
**conflicting** 87:8,15  
**conforming** 3:14 94:1  
**confusing** 56:18  
**confusion** 87:23  
**connection** 50:3,4  
**Conoco** 96:17  
**Conocophillips** 8:11,13 73:10  
**consecutive** 33:18 36:25 37:5,8  
45:22 89:2,7 90:6 102:7  
**consensus** 10:12  
**consent** 68:5 69:25  
**consented** 68:13  
**consequence** 98:2  
**Conservation** 45:23  
**considerable** 11:9  
**consideration** 72:1 82:25 83:24  
**considered** 21:8 42:3 54:19  
56:20,21 103:8 105:16  
**consistency** 21:18 51:3  
**consistent** 20:5,23 41:23  
**consists** 80:9  
**constitutes** 31:8  
**Constitution** 60:3  
**constitutional** 61:4  
**constitutionality** 59:16,20  
**Constitutions** 70:5  
**construct** 75:3  
**construction** 59:25  
**consumer** 29:11  
**contemplate** 44:19  
**contemplates** 17:24  
**context** 10:14 21:24  
**contexts** 22:2  
**continue** 23:6 95:8,23  
**continues** 34:15  
**continuous** 45:12  
**contract** 60:9 79:17  
**contractor** 62:15,23 63:2 64:1  
**contractor's** 63:3  
**contractors** 60:14 61:18 62:13,  
18,21 63:7,16,20 64:15  
**contractors'** 62:14  
**contracts** 60:12,15,17 70:4  
**contrary** 69:6,19  
**control** 47:7  
**controls** 28:25  
**convenience** 18:18 33:22  
**convention** 91:12  
**Cook** 46:6 50:10,14,20 72:9  
**copies** 7:5,7,13 9:23 63:16  
**copy** 18:19 43:8 63:8  
**corporate** 38:2  
**corporation** 28:22  
**corporations** 46:20  
**correct** 5:18 89:16 93:22 100:16  
**correctly** 12:16 33:16 35:9  
**cost** 23:1,2,3 26:25 38:6  
**costs** 49:10  
**counsel** 8:12 26:12  
**couple** 74:13 88:9  
**court** 28:24 59:21,25 60:3 66:1,3,  
4,11  
**covered** 24:25 79:22  
**covers** 33:10,25  
**CP** 51:19  
**CPA** 96:4,6  
**create** 18:15 46:10  
**created** 59:23 60:10 78:21  
**creates** 37:22 55:17  
**creating** 26:3 44:18 60:19  
**credit** 13:8,9,13,16 17:10,12,17,  
18,24 40:19 41:6,7 42:8,16,25  
43:2,4,13,24 44:4,6,13,15,17,18,  
20,24 45:1,5,7 46:5,8,12 48:2,9,  
14 50:10,14,19,22 51:14,16,17,18  
53:1,20 54:25 56:24 57:1,5,10,17,  
19,23,25 58:6 59:8 60:22 61:10,  
21 62:24 68:1,6,22 69:12 96:14,  
20 97:2,13,25 99:11,12 100:1,2  
102:21  
**credits** 11:23 12:16 42:7,24 43:2  
44:10 46:16,21 47:4,22 49:22,24  
50:6 51:4,8 52:17 60:21 72:10  
92:24 93:9,10,13 98:23 99:2,14  
**criteria** 53:23 55:14 77:25 93:15  
**criterion** 30:22  
**cross-references** 24:3,5,8  
**crossing** 79:4,5  
**crowd** 7:8  
**crude** 33:20  
**cumulative** 39:17  
**current** 4:20 55:11 64:21 75:6  
**cut** 91:17  
**cutting** 47:6

---

**D**

---

**da** 89:8  
**daily** 42:19 44:12,25  
**damages** 49:3  
**damaging** 47:14  
**Dan** 8:16,23 96:2,4,6 100:4 104:8  
**data** 22:15 97:22  
**date** 3:8 5:4 14:24 23:10,15 25:20  
27:12 32:20 33:15,23 34:9,12,19,  
22,24 35:6,10,11,18 36:1 39:9  
48:1 49:1 50:13 52:5 53:23 54:7,  
24 56:22 71:19 85:6 86:19,20  
87:9 88:8,22 92:3  
**dated** 3:19  
**dates** 34:21 36:23 85:4  
**Dave** 95:12  
**day** 34:23 39:7,12 42:18,21,23  
45:6,21,23,24,25 53:5,11 55:5  
89:5,20 90:4,17 91:8 101:9,19

**days** 39:20 43:15,18,23 44:11,20  
46:4,9,13,14 77:23 91:6,21,22

**de** 89:8

**dead** 23:22 24:23

**deal** 12:1,4 76:3

**dealing** 4:8 36:22 105:3

**deals** 13:11,19 40:14 98:22

**debate** 41:12

**decade** 25:18

**December** 21:12 53:2,21 55:20

**decide** 4:9 105:4

**decides** 33:6

**decision** 66:1,3 67:20 77:25 78:5  
82:22 103:5,19

**decisions** 77:10,19

**deducted** 41:6

**defending** 61:3

**defense** 61:14

**define** 37:4 45:21 70:7 97:17

**defined** 28:21 45:23

**defines** 70:10

**definition** 28:13 29:21 70:6,9,16,  
18,20 71:5 89:21 98:4

**degree** 45:11

**delay** 54:8

**delete** 12:24 22:18 23:17 27:22

**deleted** 43:21

**deleting** 25:7

**deletion** 13:3 23:21

**deletions** 16:13 23:25 24:22

**delinquencies** 21:15

**delinquency** 19:8 20:2,8,19,24  
21:4,11

**delinquent** 18:13,24,25 19:13,  
15,18 20:15 41:18 80:1,7,8

**deliver** 105:13

**delivered** 6:15 72:18,19 81:17

**demonstrate** 31:6

**demonstrates** 31:1

**demonstration** 31:13,20

**department** 3:8,11,18,20 4:6,13,  
17,22 5:3,5,8,19 7:15,23,25 8:3,8,  
9 9:1 10:5,6,8 13:7 16:4,21 17:13,  
14,16 22:8,13 23:13,17 25:6  
26:21 27:3,10,15,21 28:4 30:24  
31:1,6 32:3,11 33:6 35:19 37:16  
39:14 40:2,5,13,19,22,24 42:4  
43:11 47:19 48:19 51:5,22 52:8,9,  
15 53:3,10,17 54:20 55:5,11 56:2,  
7,12 57:2,4,13,23 58:1,7 59:1,7,  
14 60:23 61:2,12,18,22 62:25  
63:13,22 64:2,17,19,23 65:4,13  
66:23 67:10,16,20 68:15,25  
69:14,16,22,25 72:3 73:22 74:23  
75:4 77:10 82:20,22 83:16 94:10  
96:20 98:6 102:19 103:18 105:1

**Department's** 3:18,24 7:14  
10:14 13:21 15:6 23:25 45:11  
54:11 61:6 63:3 69:18 74:18  
76:12 91:25 99:19 103:19 104:17

**depending** 50:7

**depth** 79:23

**deputy** 40:25

**describe** 64:9

**describes** 15:6

**description** 32:24 33:3 62:4

**descriptions** 93:2

**deserve** 52:16

**designated** 20:4

**designation** 27:23

**Destin** 8:1

**detailed** 14:20

**details** 13:16

**determination** 54:2,12 56:7,10  
90:8

**determine** 12:9,15 31:24

**determined** 33:2,15 39:3 54:21  
85:6 92:4

**determines** 45:5 87:12

**determining** 11:22 30:5 37:5  
88:25

**detriment** 100:15

**develop** 37:18 46:18 66:13

**developed** 66:14

**developers** 96:8

**developing** 14:5

**development** 38:11 40:2,11  
41:15 58:4

**deviate** 21:19

**dial-in** 5:15

**Diane** 8:19

**Dickinson** 8:20,23 96:3,4,6  
100:16 101:1 103:16 104:5,7

**differences** 15:1

**differently** 28:5

**difficult** 74:14

**difficulties** 79:7

**difficulty** 77:8,9 91:21

**diligently** 48:24

**direct** 42:21 61:17

**directly** 39:25 41:14 58:3 69:19

**disagree** 74:9 77:12 103:24

**disagreements** 23:14

**disappear** 102:6

**disclosed** 13:2 14:11

**disclosing** 14:21 15:17

**disclosure** 12:20 13:16 14:13

**disclosures** 13:20 17:9

**discovery** 47:1

**discretionary** 67:8

**discuss** 83:6 84:14 91:10

**discussed** 73:14

**discussing** 11:8

**discussion** 11:5 65:25 83:13  
84:6 86:5 102:16,17

**discussions** 80:19,21

**disparity** 53:7

**disposal** 29:14,24

**disproportionate** 46:9

**disputes** 57:14

<b>disregard</b> 67:21	<b>duty</b> 67:6	<b>emphasize</b> 40:9
<b>disregards</b> 21:24 65:20	<b>dying</b> 47:16	<b>emphasized</b> 48:15 51:1
<b>distribution</b> 29:2,7,9		<b>employee</b> 63:19 70:13
<b>District</b> 95:13	<hr/> <b>E</b> <hr/>	<b>employees</b> 70:8,11,17,18
<b>diverse</b> 72:7	<b>e-mail</b> 6:13 65:7 92:8,9 105:11	<b>en</b> 38:5
<b>divide</b> 51:20 93:19	<b>earlier</b> 20:24 34:21 43:20 51:25 52:16 55:2 85:4 86:18 88:1 96:16	<b>enact</b> 59:18
<b>divided</b> 11:25 43:17 45:4 52:19, 22	<b>earliest</b> 56:22	<b>enacted</b> 10:18 17:10 19:11 35:21 39:22 59:23 60:5 65:14
<b>dividing</b> 92:23	<b>early</b> 61:9 91:17	<b>enacting</b> 77:17
<b>Division</b> 4:19 5:1 6:2 8:1,6	<b>earned</b> 99:15	<b>enactment</b> 35:15
<b>DNR</b> 79:17 87:9	<b>Earth</b> 42:12 44:9,14,22 50:10,15	<b>encourage</b> 5:22 46:17 80:24
<b>DNR-APPROVED</b> 34:3	<b>easy</b> 91:25	<b>encourages</b> 4:13
<b>document</b> 63:9 64:13 76:24	<b>economic</b> 38:10 47:15 78:17	<b>end</b> 20:13 21:20 25:4 32:7 33:17 53:15 57:15 65:10 71:5,12 88:13, 14,16 90:25 91:7,8,12,25
<b>documentation</b> 40:20 41:2 61:19 62:4,9,11,13,14,18,20 63:4, 5,10,16,25 64:6,11,13 67:13	<b>editor's</b> 22:14,20,23,25 23:9	<b>ended</b> 87:2
<b>documented</b> 61:25	<b>effect</b> 3:23 5:5,7 23:22 25:16 39:15	<b>ending</b> 90:20
<b>documents</b> 62:5	<b>effective</b> 5:4 23:11 27:12 41:23 50:12,13 69:8,13,20,24	<b>endnote</b> 18:19 43:7,10 71:11
<b>dollars</b> 46:12 98:1,8	<b>effectively</b> 48:19	<b>ends</b> 20:22 34:20 39:8,13 85:3 89:11 90:18
<b>door</b> 6:24 15:1	<b>effectiveness</b> 47:4	<b>Energy</b> 22:19 23:7 95:20
<b>DOR</b> 10:6 12:24 13:5,13 14:19 17:9,24 18:4 25:12 26:25 45:14, 16,19 46:7 63:18 64:3	<b>effort</b> 26:17 54:11 98:10	<b>ensuing</b> 25:22
<b>DOR's</b> 46:1 47:3	<b>efforts</b> 37:20	<b>entire</b> 97:3,6 99:14
<b>dot</b> 6:13,14 85:1 105:11	<b>election</b> 31:9,21 32:9	<b>entirety</b> 23:18
<b>doubt</b> 67:8	<b>elections</b> 32:13	<b>entitled</b> 65:23
<b>Douglas</b> 7:24	<b>electric</b> 28:16 30:2 81:16,22	<b>entity</b> 70:24 71:6
<b>Dow</b> 22:19 23:7	<b>electrical</b> 29:2	<b>equal</b> 19:3 29:13 43:14
<b>downward</b> 58:21	<b>electronic</b> 63:9	<b>equipment</b> 47:8
<b>draft</b> 4:21 6:7 43:20,21 81:24	<b>elects</b> 30:16	<b>equivalent</b> 42:18,20,23 58:17
<b>drafting</b> 4:21 11:10 22:2 52:8 67:2,5 105:17	<b>element</b> 11:17	<b>Erin</b> 8:5
<b>drill</b> 78:15	<b>elements</b> 11:12,15,16,18	<b>error</b> 15:2
<b>drilled</b> 48:24	<b>elevators</b> 6:22,23	<b>errors</b> 71:8,10
<b>drilling</b> 8:15 49:3,8 78:19	<b>eligible</b> 48:1,9,14	<b>essentially</b> 101:18
<b>driven</b> 96:22	<b>eliminate</b> 70:15	<b>establish</b> 31:14 49:24 67:14 97:1
<b>due</b> 40:21 46:5 65:20	<b>eliminated</b> 15:18	<b>established</b> 34:2,5,20,23 35:10, 13 101:3
<b>Duff</b> 23:1	<b>eliminates</b> 14:12	<b>establishment</b> 34:16
<b>duration</b> 37:6 84:4	<b>eliminating</b> 27:20	<b>estimate</b> 91:5
	<b>Ellis</b> 95:19	
	<b>Emphasis</b> 15:23	

**estimated** 37:11  
**Evans** 8:11 73:1,4,9 74:3 75:9,  
22,24 76:5,17 77:1 82:1,3 83:1,  
12,25 84:18,21 85:16,18,20,25  
86:3,25 87:14,21 88:21 89:13,19,  
25 90:9,11,14 91:13,15,21,24  
92:2,14,17 93:6,8,12 94:4,9,13,15  
**evening** 5:14,17  
**event** 6:21  
**events** 47:9  
**eventually** 10:18  
**evidence** 67:12,22  
**evident** 80:19  
**examples** 11:19 55:18 74:14  
75:17 76:3 96:9  
**exceeded** 96:21  
**exceeds** 40:7 44:9 45:8 89:4  
90:2  
**exceptions** 15:9  
**exclude** 30:4  
**exclusively** 31:23  
**excuse** 4:21  
**exist** 21:13 30:3 37:17  
**existed** 80:3  
**existing** 11:21 16:14 27:18  
30:15,24 31:3,8,17 36:4 66:22  
76:11 77:8 100:1  
**exists** 32:10 58:2  
**expanded** 78:8,10,11,14 79:8  
**expansions** 88:2  
**expect** 33:8  
**expected** 58:9  
**expenditure** 49:25 50:8,20,23,  
24  
**expenditures** 37:13 47:25 48:9,  
12 50:3,16,18 51:7,11,12  
**expenses** 47:22  
**experiences** 65:3  
**expiration** 33:15,23 34:9,12,24  
35:6,18 36:1,22 39:1 85:6 86:19,  
20 88:8,22

**expiring** 36:25  
**explicit** 34:13  
**explicitly** 54:1 67:10  
**exploration** 40:1,11 41:15 48:2,  
8,12 50:4,5 58:4  
**explore** 46:18  
**explorer** 40:18 47:7 49:8 69:12,  
14  
**explorers** 37:17 72:17 96:7  
**exposes** 75:6  
**expressed** 43:15  
**expressly** 41:11,12 53:22  
**extend** 5:20 25:11  
**extended** 4:2  
**extending** 25:13  
**extensions** 25:16  
**extensive** 72:6  
**extent** 74:10  
**external** 22:13 23:6,7  
**extra** 39:20  
**extraction** 37:24  
**Exxonmobil** 8:16

---

**F**

---

**face** 79:24  
**fact** 10:22 16:21 90:22 91:2  
101:22  
**factors** 37:24  
**fail** 28:17  
**failed** 16:23  
**failure** 31:6  
**failures** 65:19  
**fair** 24:16 49:12  
**fall** 49:5  
**fashion** 28:18  
**faster** 80:25  
**fault** 49:7  
**favor** 52:24

**favorite** 30:12  
**fax** 6:14 105:12  
**fed** 81:5  
**Fed's** 19:4  
**federal** 14:7 22:16  
**feedback** 71:18  
**field** 38:8  
**fields** 37:18  
**fifty** 44:2  
**figure** 77:10 85:22 92:21,25  
93:15 98:3,4  
**figured** 81:13 92:20  
**filed** 69:14  
**filing** 97:18  
**final** 4:10,22 21:13 56:7,10 61:1  
78:5 105:16,18  
**finally** 21:4 29:18 39:5 65:11  
**financing** 68:24 70:2  
**find** 71:9 99:6  
**finish** 86:5  
**fire** 6:21  
**first-half** 56:14  
**fit** 11:17 12:14 85:12  
**fits** 32:25  
**Fitzpatrick** 95:16  
**five-minute** 94:22  
**fix** 49:4  
**flanks** 78:15  
**flat** 100:19  
**flaw** 52:8  
**floor** 9:14  
**flow** 33:8  
**focus** 102:18  
**focused** 96:11  
**folks** 3:4 91:16 94:20 95:10 97:14  
98:15 101:17 102:13  
**follow-up** 63:25 71:18  
**foreclose** 57:14

**form** 10:19 14:17 92:6  
**formal** 61:1 73:18  
**format** 75:20  
**formation** 36:2  
**formatted** 11:13  
**formatting** 94:1  
**formed** 34:3 35:15  
**forum** 63:18  
**forward** 9:15 43:4 58:23 59:5  
64:20 71:18 72:24 96:2 100:13  
104:13  
**found** 22:16 58:1 60:3 74:14  
**fourth** 3:12 10:19 18:13 28:16  
**fraction** 96:22  
**frankly** 47:11  
**freeze-up** 49:5  
**frequent** 25:17  
**front** 7:6,11 9:10,20 65:12 77:22  
**frustration** 88:1  
**fuel** 30:2  
**full** 18:19 43:6 55:3,8  
**fullest** 39:15  
**fully** 45:16 58:18  
**functions** 66:8,10  
**Fund** 51:18,19 53:13 57:25 59:8  
60:22 61:11  
**fundamentally** 15:5  
**funds** 52:24 56:8  
**furnishing** 29:1,4,5,7,9,13,16,18  
**future** 23:13 100:13

---

**G**

---

**garbage** 29:14  
**gas** 3:24 8:22 10:1 12:2 14:5 15:8  
23:20 28:15 29:8,17,19,21,23,24  
30:1,5,7,9,20,23 31:2,7 34:17  
37:14 39:6,11 40:1,10 41:15 44:9,  
21 45:2,22 46:18 48:2 51:17 58:3  
60:6 70:23 71:2 81:9,15,17,21  
84:11 85:1,2 88:24 90:16

**general** 50:12 59:13 60:25 75:12  
76:8 77:5 79:20  
**generally** 15:11  
**generate** 98:6  
**generated** 63:6  
**generates** 83:9  
**generation** 29:2  
**generators** 30:2  
**geological** 50:4  
**geophysical** 50:4  
**give** 7:11 74:13 94:10  
**giving** 60:9  
**glean** 81:24  
**goal** 81:7  
**good** 3:4 9:25 23:5 46:23 72:20  
73:4 74:6 76:24 96:3  
**gov** 6:14  
**govern** 51:16  
**governing** 66:7  
**government** 47:11 65:21  
**Governor** 10:16  
**grain** 38:17  
**grammatical** 70:10  
**grant** 55:5 59:9 67:7 102:15  
**grappling** 72:3  
**great** 84:12  
**greater** 39:17 42:14  
**Greeley** 8:1  
**green** 9:13  
**gross** 12:6 30:12,19 77:16,17  
78:3,20 82:4,5,8,11,16 83:3,7,10  
84:4 85:3 88:25 90:15  
**grossly** 31:4  
**ground** 78:18  
**grounds** 16:3 68:12  
**group** 51:25 52:1,2  
**growing** 38:14  
**guess** 82:22 96:24 99:17 101:22  
102:8

**guidance** 92:7  
**GVR** 12:6,10 30:14 31:9,11 32:18  
33:11,17 35:10,15,17 36:1,6 37:6  
38:21,24 39:2,6,10,11 49:13,18  
75:16 76:7 84:10 86:6 87:3,9  
88:16 90:22,25  
**GVR-QUALIFIED** 34:10,14  
35:4,7  
**GVRs** 30:13 32:6,14 33:10,25  
36:7,25 37:16 39:15 76:3 77:5

---

**H**

---

**Habermann** 8:14  
**haircut** 100:8  
**half** 56:4,5 99:4  
**hamstring** 47:3  
**hand** 26:16 66:19  
**Handbook** 23:2  
**happen** 69:3 76:22  
**happening** 96:18  
**hard** 63:8 74:7 77:3 79:2  
**harm** 26:25 33:8  
**HB** 3:14 10:21 82:18 83:14 87:11  
93:16 99:16  
**head** 76:1  
**hear** 3:5  
**heard** 102:17  
**hearing** 3:10,15 4:1 5:21 6:20  
7:13,16 8:20 9:2 26:12 71:19  
78:23 83:11 104:12,19,20 106:1  
**heavy** 49:4  
**held** 59:25  
**helped** 93:3  
**helpful** 32:24 73:21 75:5,14,19  
76:3 90:21 92:7 104:23  
**Hicklin** 59:22  
**high** 54:9  
**higher** 11:18 55:6,8 58:14 59:10  
64:18 81:3  
**hint** 92:10

**Hire** 60:12  
**hiring** 59:24 60:5,8  
**historic** 27:16  
**historical** 60:4  
**Hmm** 84:16  
**hold** 66:16  
**holder** 62:8,17,19,22 63:1,7,22  
**holder's** 62:11  
**holding** 9:2  
**holes** 78:18  
**hope** 5:12  
**horizontal** 78:19  
**hour** 94:24  
**hours** 45:22 78:14  
**House** 10:21 13:4,5,18 14:19  
17:11 18:14 32:5,18 33:14,16  
35:22 36:23 37:6 39:22 43:5 48:7  
49:20 50:5,9,13,21 59:12 66:20  
67:9 74:25  
**Huffman** 95:19  
**hundred** 58:22  
**hurdles** 38:10  
**Hurley** 8:13 77:6  
**hydrocarbon** 46:25

---

**I**

---

**i.e.** 42:12 45:11  
**idea** 23:5 103:24  
**identical** 15:1  
**identified** 3:21  
**identify** 95:11  
**identifying** 89:1,6  
**ignore** 86:14  
**illustrations** 75:17  
**imagine** 29:20 72:4  
**Immunities** 60:2  
**impact** 39:17 77:9  
**impairment** 70:1,3

**imperils** 69:2  
**implement** 3:12,24 10:23 40:14  
60:24 61:1,6 75:16 84:8  
**implementation** 32:4 57:10  
**implemented** 3:22 9:5  
**implementing** 41:24 42:1 56:25  
**implication** 102:9  
**implicitly** 80:1  
**implying** 56:8  
**importance** 59:17  
**important** 47:1  
**importantly** 26:10  
**impose** 67:6  
**inaccurate** 31:4  
**inadequate** 62:1  
**inappropriate** 32:9 37:9 44:5  
**incentive** 37:17 47:6 78:20  
**incentives** 39:15 46:16 47:4  
**include** 5:8 15:21 17:2 49:10  
57:15 60:11,16 67:12  
**included** 12:8 21:21 34:18 35:12  
71:11  
**includes** 80:10  
**including** 49:13 55:18 60:13  
61:17 64:15 66:25 72:12 97:15  
**income** 24:19 38:1,2  
**incongruously** 52:23  
**inconsistent** 35:20  
**inconvenience** 5:14  
**incorrect** 5:16  
**increase** 13:22 38:3,15  
**increases** 37:22,24  
**increasing** 13:25 38:8  
**increasingly** 26:11  
**incurred** 47:25 48:10 49:10 50:3,  
8,16,18,20,23,24 51:1,7,11,12  
**indication** 15:16  
**individual** 11:12 28:23

**individually** 11:2  
**individuals** 28:23  
**indulgence** 12:19 71:15  
**Industry** 23:2  
**ineligible** 46:20  
**influence** 77:18  
**info** 77:2  
**Infobases** 76:14  
**inform** 65:21  
**information** 5:15 12:21 13:1,24  
14:2,9,10,12,14,22 15:17 17:15,  
21 23:3 40:20 41:2 63:22 64:1,3  
67:22 74:19,24 75:7 102:20  
**informative** 15:22 17:3  
**infrastructure** 37:22  
**Inlet** 42:11 46:6 50:10,15,20 72:9  
**input** 3:16 9:4 72:11  
**insert** 93:1  
**inserting** 27:16  
**insertion** 28:15  
**insertions** 16:14  
**inspection** 7:18 105:23  
**installment** 37:11 49:13,17  
**instance** 46:11 54:3 74:13  
**integrity** 62:9,20  
**intended** 21:25 34:7  
**intending** 16:22  
**intends** 35:19 40:13 45:20 54:20  
63:18 64:3  
**intent** 81:8  
**interchangeably** 10:6  
**interest** 18:13,17,21 19:1,5,9,14,  
17,20,21,23,24 20:1,3,5,7,9,10,  
12,16,17,19,20,22,23,25 21:1,2,3,  
6,7,10,11,15,16,20 22:6,16 46:5  
51:3 79:22 80:2,6,11,13,24 81:4  
97:20 98:7 105:25  
**interested** 3:17 9:3  
**interesting** 91:9  
**interests** 4:12 97:23 105:20



**letter** 23:22 73:13 80:21 94:10  
**letters** 24:24  
**letting** 27:1  
**level** 11:18 14:13 65:2  
**levied** 15:11 37:10  
**levies** 37:2  
**Lexis** 76:17  
**liabilities** 39:21 40:21,24 41:3,  
13,19  
**liability** 39:25 40:5,8,10,16 41:5,  
17 42:3,10 43:1 44:8,16 57:20  
58:2 72:14  
**lies** 42:22  
**light** 9:13  
**limit** 20:11 47:21 57:5,11,17  
92:15 100:18,19 101:18  
**limitation** 18:10 41:19,21 42:2  
48:4 57:9,18  
**limitations** 25:10,12 96:21  
**limited** 7:7 28:18 83:5  
**limiting** 41:12  
**limits** 56:24 57:1 84:9  
**lines** 5:15 7:21 9:9 95:25 104:12,  
16  
**liquefied** 29:18  
**listed** 67:4  
**listening** 7:1  
**listing** 66:8,9  
**literal** 18:2  
**literally** 70:10 97:24  
**live** 9:13  
**Local** 66:6  
**located** 6:22  
**logic** 27:19  
**logical** 28:1,8  
**logically** 21:19 57:12  
**long** 32:6  
**longer** 3:23 97:15  
**lose** 59:4

**loss** 50:1  
**lot** 41:11 47:13 73:24 74:4 76:21,  
23 81:22 94:5 98:6,15 102:17  
**lower** 55:9 64:21  
**lowering** 38:10  
**lowers** 38:6  
**lunch** 94:24,25  
**lying** 53:20

---

**M**

---

**made** 7:14 10:23 13:24 31:14  
32:4 53:16 54:3 58:10 59:4 60:8  
63:11 67:10 68:10,20 70:3 78:5  
79:6 82:22 85:17 101:15,23,24  
**mail** 6:16 105:10,13  
**Mainor** 8:9  
**maintain** 62:19  
**major** 59:11 72:13  
**majority** 97:12  
**make** 4:24 9:9 16:1 17:6,14 27:3  
31:20 32:13 47:1 50:22 56:2  
62:22 65:13 72:25 73:19 90:7  
96:11,24 100:10 102:6 103:5  
104:11,17  
**makes** 10:24 12:13 36:11 52:15  
56:17 67:9 84:11  
**making** 7:3,10 9:7 41:25 50:15  
56:7 69:1 104:14  
**manages** 28:25  
**mandates** 83:2  
**mandatory** 67:3,10 83:10,15,18,  
19 84:1,2  
**manifest** 71:8,9  
**Manley** 95:17  
**manual** 67:5,9  
**manufactured** 29:8  
**March** 37:12 49:7  
**Marie** 8:11 73:9 84:19 89:23 93:4,  
23 94:17  
**mass** 55:18  
**master** 3:7 7:22 8:4

**material** 29:15  
**materially** 25:17  
**materials** 67:23  
**matter** 33:1 44:24 63:10 64:13  
96:18  
**matters** 6:21 10:11 105:25  
**maximum** 43:13  
**meaning** 26:3,8  
**means** 6:13 57:18 58:7 70:17,24  
74:7 86:21  
**meant** 85:10  
**mechanically** 55:24 101:22  
**meet** 15:19 16:25 63:18 70:9,18  
**meet all** 83:19  
**meeting** 95:9  
**member** 19:4  
**members** 10:13 46:21 59:17  
71:13 72:12  
**membership** 10:3,12  
**mentioned** 17:1 41:20 71:15  
81:10 87:1,6  
**met** 81:7  
**metering** 78:22,24  
**Michael** 8:13 77:6  
**microphone** 9:11  
**microphones** 7:11 9:10  
**Middle** 42:12 44:9,14,22 50:10,  
15  
**midnight** 53:21  
**million** 42:8,15,21 44:1,4,6,14,  
15,18,23 45:7 46:12 57:3,12,18  
99:2,3 100:6,13,19,22 101:4,7,8,  
11 102:3  
**mind** 29:25 76:1  
**minimal** 98:10  
**minimum** 14:13 82:17  
**Mining** 66:5  
**Mintz** 8:7  
**minute** 33:24 78:4 98:18

**misleading** 15:13 31:4 32:9  
**missed** 88:9  
**missing** 75:2  
**modicum** 47:12  
**modify** 22:8  
**Monday** 4:6,15 5:13,17 104:25  
105:6  
**money** 53:12 57:25 59:8 61:10  
103:1,5,6  
**month** 30:18,20 82:9 90:6 91:5,8,  
12,17 97:24  
**monthly** 37:11 91:5  
**months** 37:5,8 47:25 49:1 88:17  
89:2,7 90:6 97:3,8,10  
**Moriarty** 8:21 9:16,22,25 72:4,22  
**morning** 3:4,5 9:25 96:3  
**Morningstar** 22:25  
**move** 9:8 64:20  
**Moving** 67:25 72:24  
**municipal** 70:24 71:2  
**municipality** 71:4  
**mute** 7:3

---

**N**

---

**names** 13:13  
**narrow** 54:8 81:20  
**natural** 29:7,16,19 30:25  
**nature** 67:3 72:8  
**Nebesky** 95:14  
**negative** 39:17  
**net** 38:1  
**netback** 38:8  
**NOL** 50:14,15,17,19  
**NOLS** 50:2  
**Nome** 66:15,17  
**non-cook** 42:11  
**non-leap** 43:23  
**non-north** 42:11

**nonconsecutive** 33:19 37:1  
**nonetheless** 14:6 100:21  
**nonresidents** 61:14  
**nontransferable** 43:3  
**normal** 93:12  
**North** 29:22,23 30:6 33:20 38:4,7  
72:9 81:17  
**notation** 27:12 32:12  
**notations** 27:16  
**note** 22:14,20,23,25 23:9 39:10  
52:8 65:1  
**noted** 61:5 85:14  
**notice** 3:19,20 4:9,25 5:13,17,23  
6:1 7:5 15:6,13,19,20 16:24 17:1  
65:18 69:13 73:18 74:11 75:11  
93:3 105:3  
**noticed** 72:16  
**notification** 65:7,9  
**notified** 65:15  
**Notwithstanding** 48:8  
**November** 48:25 49:11  
**number** 5:18 7:7 16:5 22:12  
23:16 24:16 28:13 30:12 39:21  
42:7 43:15,17 47:21 49:13,20  
51:14 56:24 57:19 59:6 67:25  
70:6,20 71:7 81:20

**numerical** 11:3  
**numerous** 3:21

---

**O**

---

**oath** 40:23 41:3,9 63:11  
**object** 32:8 44:3 68:7  
**objection** 32:7 45:19 68:11  
**objections** 63:19  
**objective** 77:17  
**observation** 101:2 102:11  
**observations** 96:24  
**obsolete** 27:20  
**obtain** 63:15  
**obvious** 74:21

**occur** 80:25  
**occurred** 25:19 39:4  
**October** 3:1,9 4:6,15 5:24 6:19  
86:12,17 105:1,7  
**offer** 59:19  
**offers** 42:15  
**offset** 46:4  
**oil** 3:24 8:21 10:1 12:2,7,8 14:5  
15:8 23:19 29:21 30:9,19,23 31:2,  
7 33:20 34:17 37:14 38:3,8 39:6,  
11 40:1,10 41:14 44:8,21 45:2,22  
46:18 48:2 51:17 58:3 60:6 70:23  
71:2 78:16,20 82:6,9 84:11 85:1,2  
88:24 90:16 92:3  
**older** 102:10  
**one's** 65:15  
**one-year** 15:16  
**onerous** 78:24  
**online** 4:25 6:1 65:3,6,13,17  
97:18,22  
**open** 9:14 15:1 61:7  
**opened** 65:24  
**opening** 34:8 54:16 66:21  
**operates** 28:25  
**operations** 54:6  
**operator** 98:3,7  
**opinion** 59:19  
**opportunities** 23:14  
**opportunity** 4:4 9:3 71:16  
**optimize** 58:21  
**optional** 30:14  
**Orbeck** 59:22  
**order** 9:2 11:1,3 25:12 36:5 55:25  
57:13 58:21 60:21 65:6,14,22  
66:13  
**ordering** 102:13  
**ordinary** 63:6  
**organization** 27:19 28:1,8,11  
**organizational** 12:12  
**organized** 10:25 11:12 36:17

**original** 28:2 39:2

**outdated** 23:16

**outline** 71:11

**outstanding** 39:21,24 40:5,8,10,  
15,21,24 41:3,5,13,17,19 42:3  
57:20 58:2 72:14

**overcome** 46:25 63:18

**overreach** 99:18

**overrule** 67:21

**overview** 32:24

**owe** 22:6

**owner** 98:7

**ownership** 60:6

**owns** 28:25

---

**P**

---

**p.m.** 4:16 105:6

**PA** 34:2,4,9 35:6,10,12,15 36:2  
77:23 78:7,8,12,15 79:8 87:15  
88:2

**package** 77:21 78:10 79:1

**pages** 16:10 73:25 94:5

**paid** 40:3 54:18 55:2,3,8,10 56:12  
58:5,11,15 60:21 98:23 99:3,24  
101:8,13,24 102:15

**paragraph** 11:25 19:10,13 20:4  
27:6,24 28:17 49:16,17 55:23  
56:17 66:25

**paragraphs** 11:13 36:18

**parallel** 11:15,16 36:8,24

**parallels** 34:8

**part** 7:17 11:17 32:4 33:13 39:23  
48:6 49:15 53:20 59:3 63:13,23  
79:2 80:16 82:17 88:1 89:24  
99:13 100:17 102:20,23

**participating** 30:20,24 31:3,8,17  
32:1 34:1,16,19,20,22 36:4 79:10,  
18 87:10

**parties** 3:17 9:3 26:7 68:18,23  
69:2

**Parties'** 68:1

**partners** 14:6

**parts** 26:14 49:4 51:21 52:19

**party** 70:21,22 72:24

**PAS** 34:13 35:4 78:10

**pass** 38:5

**passed** 86:21

**passes** 26:12 95:6

**passing** 52:8

**past** 27:13 28:6 95:7

**patience** 12:19 71:14

**Paul** 95:18

**pay** 30:7,9 40:6 58:18 103:9

**paying** 56:13

**payment** 40:18 49:14 54:3 61:12  
65:8 68:6,13,19 100:10

**payments** 37:11 49:17 53:16  
101:14

**payout** 102:1

**pays** 58:7

**pending** 24:25 25:3 26:2,4,22  
27:17

**people** 5:22 59:24 65:21 94:21

**percent** 43:25 50:11,15,17,22,24  
51:6,10,12 57:5,6,7,8 58:23,25  
81:3,5 84:10,11 99:3,4,5,24

**percentage** 19:3 43:15 53:25  
54:10 55:6,8,13,22 59:10 61:17,  
23 62:10 63:14,24 64:8,14,18,21  
67:14,24

**percentages** 46:6 49:21 50:6  
54:5 55:9 58:14,17 61:19

**perform** 66:9,10

**performed** 48:10

**period** 4:5,15 5:21,23 34:19 39:7,  
12 45:21 61:20 62:23 64:22  
74:18,23 80:18 85:2 88:23 89:5,  
20 90:4,17 104:25

**periods** 24:17,25 25:20 26:23  
100:14

**permissive** 67:4 83:7

**permits** 99:21

**perplexed** 86:6

**person** 6:15 13:7,10 17:16,19  
26:12 57:2,6,22 67:23 70:24

**person's** 58:3

**personnel** 23:13

**pertain** 24:17

**pertains** 23:19

**pertinent** 39:23 48:6

**petroleum** 29:10 47:17

**Phelps** 23:1

**phone** 5:15,18 7:1,2,21 9:8 95:25  
104:12,14,16

**phrase** 87:24 89:19 99:17

**pick** 90:23

**picky** 85:21,23

**pie** 38:15,16

**piece** 100:20

**piecemeal** 11:7

**piles** 80:14,15

**PIN** 5:16

**pipeline** 29:1 38:5,6

**place** 47:2 67:22 75:13

**places** 47:16 77:7

**planning** 92:5

**plans** 63:15

**plant** 28:25

**Platts** 22:18,23

**plausibly** 29:20

**players** 46:22 47:5

**point** 17:8 30:19 76:7 82:6,8,11,  
16 97:11 100:4

**points** 19:4

**policy** 22:9 35:23 68:11 82:22

**Portell** 95:21

**portion** 40:6,7 41:7 43:3 55:1  
57:24 58:8 59:11 66:2 68:7,14  
99:12 100:2

**position** 65:18

<b>positively</b> 77:18	<b>prevailing</b> 30:5 81:9,16,21	42:16 44:1 46:3,7,17 72:17 96:7 97:16
<b>possibility</b> 29:25	<b>prevent</b> 54:8	
<b>post</b> 4:19 6:1,7 105:9	<b>preventing</b> 69:22	<b>producing</b> 34:18 35:11 44:21 46:24 87:24 88:5
<b>post-2017</b> 99:1	<b>previous</b> 21:14 102:23 103:2,10,12	<b>product</b> 29:12
<b>potential</b> 14:15 23:14 57:14	<b>previously</b> 9:1 17:1 34:4 40:3 58:5	<b>production</b> 3:25 10:4,15 14:21 15:8,12 18:16,23 19:8,14 20:14 25:10,22 26:23 27:7,9 30:19 31:16,22,25 33:12 34:1,10,14,17 35:4,7,16,25 36:6 37:21 38:3,7,9,12,22 39:18 40:2,11 41:15 42:12,13,17,19 43:17,23 44:11,15,25 45:12,25 46:4,9,10,13 49:18 58:4 69:11 71:3 77:23 82:6,9,12,16 87:12,16 91:4 92:3 96:23 97:4,5 98:4 104:18
<b>power</b> 66:16 67:8,21	<b>price</b> 29:13 30:6 33:19 89:2,7,17	<b>production-tax</b> 38:16
<b>PPT</b> 97:7	<b>price-based</b> 33:23 34:23 35:18 36:22	<b>products</b> 29:10
<b>practical</b> 23:22 31:24 90:20	<b>prices</b> 30:8 37:13	<b>program</b> 3:25
<b>practice</b> 10:10 27:16,18 96:4,8	<b>primary</b> 60:14	<b>prohibited</b> 70:3
<b>pre-2011</b> 20:1	<b>principle</b> 52:22,24 65:21	<b>prohibits</b> 99:19
<b>pre-2014</b> 20:14,19 21:15	<b>prior</b> 6:20 13:15 51:22 66:15 77:21 101:25 102:1	<b>projects</b> 14:6
<b>pre-2017</b> 35:7 53:9,14	<b>prioritization</b> 52:11,13	<b>promise</b> 43:10
<b>pre-credit</b> 42:10	<b>prioritize</b> 53:23 55:14	<b>promises</b> 39:17
<b>pre-pa</b> 35:25	<b>prioritized</b> 52:5 54:24	<b>promulgated</b> 76:22 79:14 82:19
<b>preceding</b> 13:10 17:13,20,23 35:1,3 36:13	<b>priority</b> 54:2,7,13,21 56:4 65:25	<b>proper</b> 22:10
<b>precludes</b> 69:22	<b>privilege</b> 67:7	<b>property</b> 15:10 31:12 37:23 38:24 94:10
<b>preempted</b> 45:16	<b>Privileges</b> 60:1	<b>proportion</b> 42:22
<b>preemptively</b> 30:4	<b>problem</b> 65:2	<b>proportional</b> 53:4
<b>prefer</b> 91:11	<b>problems</b> 47:10 52:18 60:4	<b>proportionately</b> 52:25 53:8
<b>preference</b> 55:6,15 59:6,9,23 60:1,5,8,11,19,21 61:3,7 67:1	<b>procedural</b> 14:20,23 16:3	<b>proposal</b> 43:22 44:5 47:3 55:11
<b>premise</b> 78:14	<b>proceed</b> 94:23 95:25	<b>proposals</b> 10:22 11:9 47:13
<b>prepared</b> 43:21	<b>proceedings</b> 63:13 66:15 106:4	<b>propose</b> 53:3
<b>prescribes</b> 34:11	<b>process</b> 6:9 61:9 63:13 64:7 65:20 69:10 92:10,16	<b>proposed</b> 3:11,18,21 4:7,11,17 5:3 7:6 10:8,14 11:1,5 12:13 13:3,19,21 15:6,14,20,22,24 16:6,7 17:1,3 18:2,8,11 21:23 22:9 23:25 27:5,17 28:6,7,9,10,14 30:10,13 32:7,17 35:20,24 38:16,20 40:17 41:1,4,16 42:1,5 45:20 47:19,23 49:9,14 51:15 54:14 61:15,25 63:17 64:5 65:19 68:3 69:3,18 70:7,21 71:8 93:5 98:22 99:19 100:11 104:18,22 105:2,17,19
<b>prescribing</b> 34:9	<b>processed</b> 65:4	
<b>present</b> 4:3 10:2 14:17 16:20 43:21 49:15 67:23	<b>produce</b> 37:18 46:18	
<b>presentation</b> 7:3	<b>produced</b> 12:2 23:20 30:20,23 31:2,7 37:15 39:6,12 44:9 45:2,3 84:12 85:1,3 90:16 97:21	
<b>presenter</b> 57:22 58:6,9,12,18,20 59:2	<b>producer</b> 12:5,8 30:16 31:1,9,19 40:17 42:24 43:13,16,22 44:21 46:11 47:8 49:8 69:13,15 70:23,25 71:5 96:14,19 97:2,13,25 99:1 100:7	
<b>presenters</b> 58:13 61:8,13	<b>producer's</b> 11:23 31:5 42:10,19 44:8 45:1,5,12	
<b>presenting</b> 61:11	<b>producers</b> 29:24 32:13 37:18	
<b>presents</b> 57:23		
<b>preserves</b> 27:18		
<b>president</b> 10:1		
<b>pressed</b> 73:17 74:5		
<b>pretty</b> 77:1		

**proposes** 12:24 22:13,17,22  
23:17 27:22 43:11 58:24

**proposing** 27:3 28:4 32:3 45:15,  
17

**proposition** 52:15

**prospects** 38:10

**protect** 14:8

**prove** 37:20

**provide** 9:2,4 32:24 35:5 37:17  
39:5 40:19 46:16 51:9 54:2,23  
65:16 73:11 94:7

**provided** 39:10 72:17

**provision** 56:3 59:1,16 60:9,12  
72:14 97:9

**provisions** 4:8 5:9 12:14 20:3  
23:17 24:16 32:5 33:3,17 35:15  
60:15,17 105:2

**prudent** 14:8 60:24

**pruned** 23:23

**Pt** 97:16

**public** 3:10,15,16,18,20 4:1,5,25  
5:13,21 6:1,4 7:5,17,18 9:2,3  
10:10 17:15 28:19,22 29:3,4,6,8,  
10,15,17,19 73:18 74:11 104:19,  
25 105:8,22,23,25

**publication** 13:12 18:6

**publicly** 75:10

**publish** 13:6

**published** 6:9

**publishing** 17:21

**Pump** 38:5

**punching** 78:18

**punitive** 22:4 79:25

**purchase** 17:24 29:23 40:6 41:8  
51:18,24 52:14 53:12,24 54:25  
55:19 57:4,11,17,25 59:8 60:22  
61:11,20 62:24 69:10,16,21  
101:19

**purchased** 13:7,9,13 17:10,12,  
17,19 18:4 52:9 56:6 57:7,8

**purchases** 17:22 18:5,10 30:1  
51:14,16 54:6 55:4

**purpose** 3:15 23:24 32:14 46:15  
62:1 79:24 80:17,23 82:7,11  
92:25 93:21

**purposely** 83:12

**purposes** 23:3,11 26:4 28:19  
30:5 37:5,25 38:9 45:24 46:1  
51:19 57:11,16 61:16 64:3 66:24  
67:11,12,15 80:8 93:1

**pursuing** 14:4

**pushes** 97:22

**pushing** 9:12

**put** 60:14 64:24 73:22,23 75:14,  
17 76:1,11 77:24 79:11 80:21  
85:24 92:21 93:2 97:19,20 98:5,  
11,14 104:21

**putting** 71:23 92:5 96:21 104:22

---

**Q**

---

**QCE** 50:1,9 51:5,10

**qualifications** 83:20

**qualified** 35:16 42:9 49:25 51:10,  
12

**qualifies** 12:10

**qualify** 31:12 33:12 36:5 72:10  
78:11 83:17 88:3

**qualifying** 34:16 38:24 42:16,19  
47:22

**quarterly** 19:2 81:4,6

**question** 31:18 35:24 63:25 64:6  
66:17,18 70:15 81:18 82:14,23  
83:9 85:9 89:6,20 90:4

**questionable** 18:9

**questions** 4:24 55:18 59:15  
67:19 73:15 76:6 82:25

**queue** 103:7

**quickly** 95:6

**quote** 15:7,20 16:8,10,17 17:1,23  
19:14,16 28:21 30:14,16,17 32:9  
33:18 52:4

**quoted** 48:16

---

**R**

---

**Ralph** 95:21

**range** 8:14 42:22 44:2

**rank** 55:21

**ranked** 56:5

**ranking** 55:23 56:8,11,12,13

**rankings** 56:14

**rate** 19:3 57:6,7

**rates** 22:16 46:6

**ratio** 98:5

**re-ranking** 56:3

**reach** 64:17 65:17

**reached** 20:12

**reaches** 64:19

**read** 15:15 16:8,11 21:9 26:18  
35:3,9 43:9,12 70:16,22 79:10  
88:15,21 99:8 102:5

**reading** 73:24 87:4 104:21

**reads** 27:24 66:23

**ready** 65:8,15 103:8

**realtime** 13:24 76:15 77:2

**reapplying** 101:20

**reason** 21:19 53:6 73:24 75:10  
79:25 84:1 92:21 93:18

**reasonable** 39:4 83:22

**reasons** 22:10 35:23 47:18

**recapitulates** 54:15

**receive** 3:16 53:10 65:7,22 77:16  
85:3 88:25 93:17 101:9,19

**received** 4:18 5:12,25 7:15,16  
51:21 52:1,4,7,10,14,23 53:5,17,  
24 54:4,6 55:2,5,19 56:1 101:5  
102:1 105:8

**receivers** 28:24

**receives** 51:23 62:20

**receiving** 35:16

**recess** 95:4

**recitation** 71:22

**recognize** 39:8 72:1,2,6 82:18  
90:19  
**recommend** 18:11 66:13,16  
70:16  
**reconciled** 87:18  
**record** 7:17 79:16 95:3,6  
**records** 62:5 63:20 105:22  
**redefining** 80:1  
**reduce** 30:18 54:10 82:15  
**reduced** 40:3 42:21 44:1 58:5  
82:6  
**reduces** 44:16  
**reduction** 12:6 57:19 77:16 78:3  
83:3,10 84:10 85:3 88:25 90:16  
93:17  
**reductions** 30:13 77:18 82:4  
84:5  
**reemphasize** 98:13  
**refer** 10:6,21 12:15 50:2 51:18  
78:21  
**reference** 22:19,23 24:1 25:7  
67:4 70:23 76:13,24  
**references** 22:12,18 23:5  
**referred** 49:25  
**referring** 89:22  
**refineries** 72:13,16  
**Refining** 66:5  
**reflect** 18:7 33:14 37:13 40:13  
49:18  
**reflected** 11:10 30:17 39:16  
**reflecting** 11:22  
**reflects** 22:10 33:16 41:10 42:2  
72:7  
**refund** 40:4,7  
**refuse** 29:14  
**refuses** 63:2  
**reg** 58:24 75:22,23  
**regs** 74:4 75:14 76:7  
**regular** 10:17 34:17 87:12,16  
92:3

**regulation** 3:11,17 4:7 12:13  
13:19 15:2,21 16:22 17:2,5,7  
18:3,7,8,11 21:23 22:9 25:20,23  
26:1,4,10,14,18,20,23,24 27:19  
28:2,8 32:17,22,23,25 33:1,7,14,  
16 36:22 37:3 38:20 41:22 45:18,  
20 48:20 51:5,9,16 52:21 54:1  
61:15,23 62:16 63:1,9,12,17 64:5  
65:20 69:18 70:14 73:23 74:16,22  
75:18,25 77:13 80:1,7,17 83:15  
84:3 91:11 93:5 96:25 100:11  
105:2  
**regulation's** 79:24  
**regulations** 3:21,23 4:10,11,22  
5:3,5,7,9 6:5,8 7:6 9:5 10:4,15  
11:2,5,11 15:7 16:5,7,18 23:11,23  
24:23 25:1 27:4 28:5,10 42:1 49:9  
61:1,6 64:25 65:10 66:24 67:11,  
18 71:9,23 75:24 76:11,19,22  
77:8,20 78:10,25 79:14 82:19  
83:6 87:5 90:21 98:17 99:18  
101:3 102:12 104:18,22 105:17,  
19,20  
**regulatory** 5:8 28:20 35:24  
**reiterate** 79:23  
**related** 39:25 40:10,20 41:14  
54:11 58:3  
**relates** 74:17  
**relative** 54:10  
**release** 14:12 74:19  
**released** 14:9  
**releases** 74:24  
**relevant** 4:13 64:10  
**reliable** 30:8  
**relies** 64:2  
**rely** 67:21  
**remain** 33:7 43:20 62:14  
**remainder** 53:13  
**remaining** 43:1 44:17 53:12  
61:10 95:24 97:9 99:4,23 100:22  
**remains** 60:23 69:8,13,20  
**remind** 37:16 104:24  
**reminder** 105:5  
**removal** 32:12

**remove** 32:11 74:22  
**removed** 14:12  
**removing** 14:10 74:17,20 82:15  
**repayment** 68:23  
**repeal** 23:16 25:25 26:9,18,19  
27:4,5,10 28:4 76:9,23  
**repealed** 3:23 9:6 24:17,19 25:4  
26:11,15 27:12 97:1  
**repeals** 23:25 24:21 27:17 28:6  
**repeat** 54:15  
**replace** 22:25 27:11  
**replaced** 23:8  
**replacing** 66:22 71:5  
**report** 61:16  
**REPORTER** 9:20  
**reporting** 46:11  
**reports** 46:1  
**represent** 10:11 31:5 96:7 97:12  
98:16  
**Representative** 95:13  
**repurchase** 56:24 57:5,24 58:10  
59:3 69:9  
**repurchased** 58:22,25  
**repurchases** 57:19 65:12  
**request** 58:10,18,21 59:3 68:13  
**requested** 41:8 53:1 57:6,8  
58:12  
**requesting** 40:18  
**requests** 57:24  
**require** 13:5,15,18 18:6 41:8  
47:24 69:1,25  
**required** 12:9 14:7 35:17 48:18  
60:11 65:6 66:12  
**requirement** 15:19 16:25 17:21  
68:3 79:9,12  
**requirements** 31:15 46:11 63:3  
77:15 78:22,24 88:4  
**requires** 18:23 40:17 41:1,4 44:7  
59:7  
**requiring** 12:25 60:14 68:8 69:5

<b>Reserve</b> 22:16	<b>Revising</b> 55:14	<b>scale</b> 93:9
<b>reservoir</b> 34:4	<b>revision</b> 47:19	<b>scaled</b> 45:7
<b>residency</b> 62:17 63:4	<b>revocation</b> 69:5	<b>scaling</b> 44:19
<b>resident</b> 53:25 55:7,8,10,13,22 58:14 59:6,10 61:17,24 63:15 70:8,9,11,12,17,19 103:2	<b>revoke</b> 68:9	<b>scarcely</b> 53:19
<b>resident-hire</b> 54:9,12	<b>revoking</b> 68:21	<b>schedule</b> 48:24
<b>resident-worker</b> 54:5 58:16 62:9 63:24 64:8,14 65:25 66:2,25 67:14,24 102:17	<b>rewritten</b> 54:23	<b>scheduled</b> 4:1
<b>residents</b> 59:24	<b>rig</b> 49:4	<b>scope</b> 41:12
<b>resolved</b> 25:23	<b>right-of-way</b> 60:10	<b>seat</b> 9:23
<b>resolves</b> 55:16	<b>risk</b> 13:22 14:1	<b>Seckers</b> 8:16
<b>resources</b> 14:5 30:25 46:25	<b>Rives</b> 8:17	<b>second-half</b> 56:14
<b>respect</b> 15:14 18:16 21:4 24:1 32:2 44:23 57:9 58:4	<b>road</b> 57:14	<b>section</b> 13:5,11 14:17 16:4 17:11 18:14 19:11 36:10,12 39:8,13,22 48:8 50:9,14,21 57:17 60:2 66:20, 24 69:4 80:6 82:3 84:5 85:7 88:24 90:18 92:20 93:24 98:15 99:10
<b>respective</b> 23:9,11 24:23 42:13 55:22	<b>Rob</b> 8:7	<b>sections</b> 32:5 76:9 82:13 86:4
<b>respects</b> 14:25	<b>Rogers</b> 8:3	<b>security</b> 62:19 70:1
<b>responses</b> 4:23,24 6:3,7	<b>role</b> 59:13	<b>seek</b> 37:18
<b>rest</b> 10:7 32:25 54:10 58:23 83:6 97:7 101:20	<b>room</b> 7:19 94:21 95:24 96:2 104:10	<b>seemingly</b> 23:16
<b>restricted</b> 97:9	<b>rounds</b> 97:21	<b>selected</b> 80:18
<b>restriction</b> 14:10	<b>route</b> 38:5	<b>sells</b> 70:20,22,24 71:2
<b>restrooms</b> 6:24	<b>royalties</b> 37:22	<b>Senate</b> 78:13
<b>restructuring</b> 28:11	<b>royalty</b> 38:9	<b>sense</b> 33:5 52:15 84:11
<b>result</b> 20:23 30:15 31:21 45:4 49:6	<b>Ruebelmann</b> 8:5	<b>sensitive</b> 13:23 14:2,14 75:6
<b>resulted</b> 26:8	<b>rule</b> 15:16 18:15,22 19:1,10,23 21:25 98:12	<b>sentence</b> 34:9,10,25 35:3,6,9 36:10,14,15 68:8 84:25 85:13
<b>resulting</b> 37:20 52:17	<b>rules</b> 98:22	<b>sentences</b> 35:1 36:13 85:8
<b>resuscitate</b> 80:20	<b>run</b> 4:1 69:19	<b>separate</b> 24:18 62:14
<b>retain</b> 61:18 62:23	<b>running</b> 89:14	<b>separately</b> 62:12
<b>retroactive</b> 5:10	<b>runs</b> 35:10 38:17	<b>September</b> 3:19 10:8
<b>retroactively</b> 80:2	<b>Ryan</b> 95:16	<b>sequence</b> 37:4 88:11,12,13,14, 15 89:1,6,9,11,14,15
<b>Reuters</b> 22:18		<b>sequences</b> 88:10
<b>revenue</b> 3:8,12 7:23 8:4,8,10 10:5 38:14 47:12 65:2,3,5,13,17 75:4 83:16 97:18,22 105:18		<b>series</b> 55:20
<b>review</b> 60:25 62:25 71:22		<b>serve</b> 29:22
<b>reviewed</b> 71:8 73:14		<b>service</b> 22:19 23:7 29:3,4,13,14, 16,18 30:1
		<b>session</b> 3:13 10:17,19 14:18 19:12 24:19

---

**S**

---

**set** 16:7,24 18:19 30:22  
**sets** 11:16 16:9,11 44:25 55:20  
**settings** 65:5,8  
**seventh** 34:21 36:2 105:14  
**sewer** 29:6  
**share** 7:9 11:5 71:17  
**Sheasby** 95:20  
**sheets** 7:6  
**short** 94:22  
**shorter** 25:18 32:19  
**shortly** 49:2  
**show** 11:15 46:7,12 65:22  
**shown** 16:6 61:25  
**shows** 16:19  
**shutdowns** 47:9  
**sic** 70:20  
**side** 26:2 53:21  
**sidebar** 45:19  
**sign** 7:4  
**sign-in** 7:6  
**significant** 59:17  
**significantly** 60:19  
**silly** 102:3  
**similar** 4:23 14:24 23:24 48:4  
52:11 53:3 60:12 85:15 104:1  
**similarly** 16:10 22:17 41:1 72:3  
**simple** 20:6,9,10,25 21:5,11,16,  
20 80:2,12 81:4 86:14  
**simply** 12:12 13:12 16:22 27:10  
32:4 44:16,18 46:7,12 96:20  
98:11,20 99:19  
**single** 11:4 17:25 56:20 72:12  
101:7  
**situation** 13:11 15:4 20:11 21:8,  
13 39:1 85:12 86:15 87:1 101:16  
**situations** 21:14,20 26:20 38:21  
71:1  
**six-year** 25:15  
**size** 38:14,15  
**slash** 49:8  
**slice** 38:16  
**sliding** 93:9  
**Slope** 29:22,23 30:1,6,9 33:20  
38:4,7 42:11 72:9 81:17  
**small** 46:3,5 96:14,19 97:2,13,16,  
17,23,25  
**smaller** 11:14 46:17  
**Smelting** 66:5 67:20  
**Smith** 47:2  
**smooth** 73:12  
**snapshot** 76:10,20  
**so-called** 96:14  
**solution** 92:16 98:20  
**someone's** 61:24 64:8 67:14,24  
**sophisticated** 98:16  
**sort** 101:17 102:6 104:1  
**sound** 79:16 95:1  
**source** 23:2,7,8 60:18 68:23  
**sources** 22:13 23:6  
**spare** 43:9  
**speak** 36:24  
**SPEAKER** 106:2  
**speaks** 56:6  
**special** 3:13 10:19 14:18 18:15,  
22  
**specific** 11:8,17 14:20 15:9 27:3  
32:20 41:25 76:6 79:21 80:6 82:3  
**specifically** 5:16 10:23 56:6  
80:18  
**specifies** 17:11  
**speculate** 28:3  
**spoke** 5:19  
**spoken** 69:4  
**spud** 47:24 48:1 49:1  
**spudded** 48:13,16,18,22  
**stab** 62:2  
**stairs** 6:22  
**stand** 27:1 101:21  
**standards** 14:8 66:13,15  
**standing** 101:14 103:20  
**standpoint** 90:21  
**stands** 27:6 39:19 56:8 104:2  
**standstill** 76:20  
**start** 7:24 9:8 52:1,10 53:16 73:3,  
16 74:12 79:21 86:5,12,17 88:9,  
11,12  
**started** 3:6 38:21 78:9 87:12  
**starting** 6:20 34:11 79:3 80:15  
82:5 91:2  
**starts** 77:23 84:14,25 87:9,11,15  
90:23  
**state** 14:5 23:10 37:23 38:1  
39:19,25 40:16,25 41:4,5,17  
47:11,15 57:20 58:3 60:6,10 98:9  
**stated** 9:1  
**statement** 32:22 100:17,20  
**statements** 10:11  
**states** 16:7 30:14 33:21 59:21  
70:4 82:5 89:3  
**statewide** 42:17  
**Station** 38:6  
**statute** 15:2 18:9 22:11 25:9,11,  
15 35:21 40:14 41:11,21,24  
44:13,18 48:19 51:2 57:13 59:18  
60:24 66:7 69:6,7,21 79:11 87:11,  
15 92:23 96:19 97:6 99:7,9,21  
100:1 102:25  
**statutes** 5:2 15:12 71:22 87:4,5  
**statutory** 16:16 35:17 39:14 76:9  
87:18 91:18  
**stay** 26:24 64:22  
**steam** 29:5  
**step** 96:2 104:13  
**steps** 11:22  
**Stoel** 8:17  
**stopping** 79:4  
**stops** 19:5  
**storage** 29:17,19

**straightforward** 19:1  
**stringent** 31:15  
**strongest** 61:3  
**struck** 59:22  
**Structurally** 34:7  
**structure** 11:21,24 12:12 28:1,8  
36:8 70:10 102:9  
**structured** 98:25  
**structures** 100:12  
**stunned** 25:2  
**sub-subcontractors** 60:17  
**subcontractors** 60:16  
**subdivisions** 11:14  
**subject** 4:8 5:2 7:17 37:23 105:3,  
23  
**subjected** 81:2  
**subjects** 11:11  
**submit** 4:13 5:22 6:12  
**submitted** 18:20 52:6 56:20  
102:21  
**submitting** 6:11  
**subparagraph** 23:19 27:11,22,  
23,24  
**subparagraphs** 11:13 12:1  
27:7,25  
**subpart** 36:9  
**subparts** 12:3  
**subscription** 76:18  
**subsection** 11:20,25 12:7,11  
16:9,12,17,24 17:3 18:22 21:24  
32:21 33:5,10,25 34:7,8 36:7,15,  
18,21 38:20 42:9 43:2 48:10,14  
49:16,24 50:1,2,11 52:21 54:14,  
15,17,22 55:17,20 57:12,15 66:8,  
9,21 67:15 68:8 80:8 83:2 84:7,8,  
13 87:7,17,20 88:7,23,24 92:2  
**subsections** 12:17 23:4 33:3,4  
36:19,20 42:25 43:6,7 49:23 66:8  
**substantially** 4:23 10:18  
**substantiate** 63:23  
**substantive** 16:3 33:2

**successful** 37:20  
**sudden** 81:15 82:14 83:14  
**sufficient** 31:14 100:10  
**sufficiently** 67:18  
**suggest** 51:4 57:10,16 71:4  
101:18  
**suggestions** 9:4 77:4  
**suggests** 98:25  
**Suite** 6:16 105:14  
**summary** 15:22 17:3  
**summer** 65:5  
**supervisor** 8:2,10  
**supplemental** 5:13  
**supplier** 29:12  
**support** 46:21 61:19  
**suppose** 48:22  
**supposed** 35:1 62:8,17 63:2  
**Supreme** 59:21 66:4,11  
**surely** 31:13  
**surmising** 93:20  
**symbolism** 39:16  
**system** 4:25 6:1 29:1,6 53:4

---

**T**

---

**table** 7:11 9:11,17 104:1  
**taint** 61:14  
**takes** 83:4  
**taking** 26:17 46:12 71:10  
**Talerico** 95:12  
**talk** 78:23 79:1 99:7  
**talked** 81:12 91:15  
**talking** 93:8 97:23  
**TAPS** 38:4 59:25 60:7,9,13  
**TAPS-RELATED** 60:15  
**tax** 3:25 4:19 5:1 6:2 8:1,5,11  
10:4,11,15 11:23 12:16 13:8,9,13  
14:22 15:8,10,12 17:9,12,17,18,  
24 18:13,24 19:8,14,16 20:14  
24:19,25 25:5,22 26:23 37:2,10,

11,21,22,23 38:2,9 39:18 40:19  
41:6,7 42:7,10 43:1,13 44:8,14  
46:4 48:2 49:24 51:14,16,17  
52:17 53:1,20 54:25 57:1,23  
60:21 61:21 62:24 68:1,22 69:12  
80:1,6,8,9,13 81:1 82:17 91:4  
93:9 94:10 104:18  
**taxes** 15:11,15,18 18:16 25:11  
41:18  
**taxpayer** 13:2,23,25 14:13 24:24  
25:3 26:22 82:15 85:11  
**taxpayer's** 12:21 13:1 14:21  
**taxpayers** 12:15 15:15,17 22:6  
23:12 25:11 76:13  
**taxpayers'** 25:5  
**technical** 33:1,5  
**technology** 78:16  
**tedious** 84:24  
**telecommunications** 29:4  
**temporary** 47:9  
**ten** 24:10 42:7 97:25  
**term** 28:17,20 33:17 35:9 93:15  
**terminate** 89:16  
**terminating** 87:2  
**termination** 39:9  
**terms** 18:2 23:19 34:8 36:24  
61:10 68:18 70:11  
**terribly** 98:16  
**test** 88:10  
**testify** 71:16  
**testimony** 3:16 9:4,24 10:7,25  
18:20 23:4 40:9 43:8 66:3 71:13  
72:18 95:23  
**testing** 86:9  
**tests** 55:21  
**text** 15:23 16:9,12,14 27:11,20  
43:6 49:15  
**then-current** 26:13  
**thereof** 66:25  
**thing** 17:8 18:13 95:8  
**things** 47:6,8 53:19 92:24 96:11  
103:22,25

**thinking** 102:8,13  
**Thomson** 97:16  
**thought** 76:10 83:12 84:2 90:22  
93:1  
**thoughts** 71:17  
**three-hundred-sixty-fifths**  
43:25  
**three-line** 32:21  
**three-paragraph** 11:21  
**three-year** 20:11 25:9 80:18  
**throughput** 38:4  
**tie** 53:9  
**tied** 87:9  
**time** 3:9 5:8 6:5,10 21:6 23:12  
26:11,17 32:19 39:18 45:17 49:1  
53:7 58:9 66:4 68:16,21 70:13  
71:10 73:17 74:5,6,7 75:16 76:10,  
20 79:12,13 84:9 92:11 94:18  
95:6 96:1 99:14 102:12,18,23  
103:5 104:21 105:21,24 106:1  
**time-based** 49:20  
**timeline** 4:17  
**times** 8:24 73:24 103:14  
**timing** 55:12 68:19 69:21 77:14  
**timing's** 89:15  
**tired** 78:23  
**Title** 15:11  
**today** 4:14 7:8 10:2 45:2 71:16,  
25 72:18 94:15,18 97:13 104:11,  
19,21 105:25  
**today's** 3:8,10,15 4:1  
**Tom** 8:14,18  
**ton** 73:19  
**top** 76:1 78:25  
**topic** 10:25 11:6 45:16  
**topics** 12:18  
**total** 13:14 20:21 38:14 45:3  
**totally** 44:5  
**traces** 27:22  
**track** 26:17

**tracking** 46:10  
**tract** 34:18 35:12,25 36:3  
**trade** 72:8  
**tranche** 54:17,19 100:6  
**tranches** 100:12  
**transcribed** 7:13  
**transferable** 13:8 17:17  
**transition** 51:6  
**transmission** 29:2,7  
**transparent** 65:14  
**transportation** 38:6  
**transported** 60:7  
**trash** 29:15,24,25  
**treated** 38:24  
**treatment** 53:7  
**trouble** 92:13  
**true** 13:5 54:22  
**trued** 37:12  
**trust** 47:10  
**trustees** 28:24  
**turn** 7:2 12:14 16:1 55:16 60:16  
75:12 84:13,15 85:8 88:17 101:10  
**turnarounds** 47:8  
**turning** 49:15 81:9 84:4  
**twofold** 24:22  
**type** 92:10  
**typos** 71:7,9

---

**U**

---

**U.S.** 6:15 60:3 66:5 67:19 90:2  
105:13  
**unambiguous** 39:9 69:19  
**unanimous** 10:12 59:25  
**uncertainty** 54:8  
**unchanged** 11:24 14:19  
**underlie** 23:24  
**underlying** 50:7

**undermined** 14:2  
**understand** 35:8,23 43:22 74:15  
75:7 79:25 80:16 81:6 83:25  
102:4  
**understanding** 81:23  
**undoing** 68:1 69:23  
**unduly** 46:10  
**unemployment** 60:4  
**unexpected** 47:10  
**unfairness** 61:13  
**UNIDENTIFIED** 106:2  
**unit** 34:3 97:16  
**United** 33:21 59:21 70:4 89:3  
**universe** 51:20 52:19,22 53:20  
**unlike** 41:20  
**unmerited** 26:6  
**unnecessary** 28:12 33:6  
**unpaid** 22:5 41:17 53:13 80:9,10  
**unquote** 13:10 15:8 16:8,11  
17:4,23 19:16,17 28:21,22 30:14,  
17 31:8 32:9 33:22 52:6  
**unrelated** 64:12  
**unused** 43:3 99:11 100:1  
**unwise** 28:12  
**update** 22:15,17,22 23:5  
**updates** 22:12 76:15  
**urge** 16:4  
**users** 97:12  
**utilities** 28:14,16,19 29:20,22  
30:3,4 81:16,20,22  
**utility** 28:18,21,22 30:9 71:2,3

---

**V**

---

**valid** 41:23  
**validity** 42:6  
**Valuation** 23:1  
**vaporize** 99:5  
**varies** 18:23

**verge** 38:11  
**verification** 64:7  
**verify** 64:7  
**verifying** 63:14  
**version** 26:13 98:17  
**versions** 16:19,20  
**versus** 53:24 59:22 66:6  
**vertical** 78:18  
**view** 15:5 67:16  
**violated** 60:1  
**violation** 15:25 17:6  
**volume** 12:8 31:2,7  
**voluntary** 32:13  
**volunteer** 104:14  
**voted** 59:18

---

**W**

---

**wait** 98:18  
**waiting** 64:17,22  
**walked** 94:9  
**Walker** 10:16  
**warrant** 53:6  
**waste** 29:15  
**wasteful** 26:7  
**water** 29:5  
**ways** 80:5  
**website** 4:20 5:1 6:2,7 7:14  
22:15 76:12 105:9  
**Wednesday** 3:1,9  
**welcomed** 46:22  
**well's** 35:25  
**wells** 88:5  
**Wendy** 95:20  
**West** 6:16 33:21 89:3 90:2  
105:14  
**whatsoever** 15:16  
**Whichever** 64:22

**Williams** 8:18  
**withdrawal** 68:5,13  
**withstand** 42:5  
**word** 37:7 66:22 67:2,6,7  
**wording** 88:5  
**words** 6:6 22:1,7 28:15,16 38:13  
43:19 45:2 54:16 71:6 73:23,25  
88:9 92:21 99:6,25 100:19 102:2  
**work** 34:7 48:10 56:2 59:24 75:18  
85:22 98:6  
**worker** 70:9,19  
**workers** 53:25 55:7,8,10,13,22  
58:14 59:11 61:17,24 63:15 70:8,  
12,17 103:2  
**workforce** 59:11 61:24 62:10,12  
63:24 64:8,15 67:15,24 70:6,7,11,  
17  
**workforces** 58:15

**working** 8:8 46:5 97:20 98:7  
**works** 99:8  
**workshop** 73:18 75:10,20 77:6  
81:11  
**workshops** 74:11  
**worldwide** 37:25  
**worried** 73:4  
**worth** 91:22  
**wound** 19:22  
**write** 6:6 84:3  
**writing** 71:24 72:19 102:12  
**written** 4:15 7:16 18:19 33:7 40:9  
43:7 73:11 77:21 83:22 88:16  
94:7 105:22  
**wrote** 66:11 82:3  
**www.tax.alaska.gov.** 4:20

---

**Y**

---

**year** 10:9,17 13:1,6,10,15 14:11  
17:13,15,20,22,23 18:1 37:4,7,12,  
14 38:19 42:8,13,15,17 43:4,13,  
16,18,24 44:21 45:3,4,13 46:13  
48:23 52:12 53:16 55:24 56:4,5,  
19 57:3 58:24 64:16 74:18,23

81:1 97:3,8 98:17 99:13 100:3,8,  
24 101:5,6,12,13,15,23,24,25  
102:14,23 103:3,7,10  
**year's** 54:17,19 64:20  
**Yearbook** 23:1  
**years** 19:6,9,15,17,20,22,24 20:2,  
16,21 25:5 32:19 33:18 35:17  
36:25 61:20 62:23 76:21 78:6  
80:12,23 81:3,4,5,7 86:13,15,22  
87:3 90:24 99:14 103:13  
**yesterday** 94:11,12