

Qualifications for Bidding

QUALIFYING TO APPLY FOR, OBTAIN, OR TRANSFER AN INTEREST, PERMIT, OR LEASE RELATING TO OIL AND GAS IN ALASKA

Who Must File

Every individual, association or partnership, corporation, or person authorized to act on behalf of another party must qualify with the Division of Oil and Gas prior to bidding for lease tracts. Qualification also must be obtained prior to applying for, obtaining, or transferring interest in a permit or lease issued under AS 38.05.135 - 38.05.184.

Where to File

Address any required information or inquiries regarding qualifications to State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7th Avenue, Suite 1100, Anchorage, Alaska 99501-3560. Hand-carried material should be delivered to the same address.

How to File

The following is a list of the information and documents required when qualifying under 11 AAC 82.200 - 11 AAC 82.205. Information and documents that have been filed previously and are still current may be sufficient to qualify individuals or other entities.

A. Individuals

11 AAC 82.205(a)(2). Individuals must submit a signed, dated statement that includes the applicant's name, address, and telephone number, preferably notarized, attesting that:

The individual has reached the age of majority (in Alaska the age of majority is 18 years, except for those who are emancipated earlier by marriage or by court order), a citizen of the United States or an alien qualified under AS 38.05.190.

Forms may be obtained from the Division of Oil and Gas upon request, or online at: http://www.dog.dnr.state.ak.us/oil/programs/leasing/leaseadmin/stmn-qual_rev04-09.pdf or a statement including the necessary information may be composed and submitted by an individual.

Any legal representative, guardian, or trustee for an individual must submit a certified copy of the court order authorizing the representative to act in that capacity and to fulfill, on behalf of the individual, all obligations arising under the lease or permit. The representative must also submit a signed statement as to the age of the individual and themselves.

Agents for an individual must submit an original or certified copy of a notarized power of attorney instrument authorizing the agent to act on behalf of the individual.

B. Corporations and LLCs

Corporations must submit:

- 1) the current name, mailing address, phone and fax numbers of the corporation;
- 2) a list of the individuals (officers for corporations; members/managers for LLCs) authorized to act on its behalf with respect to oil and gas leasing or permitting;
- 3) an original or certified copy of a notarized power of attorney authorizing any agent who is not a current officer/member/manager but who has been authorized by the corporation/LLC to act on its behalf with respect to the mineral specified in the permit or lease;
- 4) a current Certificate of Compliance (Certificate of Good Standing) for those corporations qualified to do business in Alaska;

-or-

- 5) if filing for the first time, either:
 - a) a Certificate of Incorporation (Certificate of Organization for an LLC) from those corporations which have been incorporated in the state of Alaska (also known as "domestic" corporations), or
 - b) a Certificate of Authority (Certificate of Registration for an LLC) from those corporations which have been incorporated outside the state of Alaska (also known as "foreign" corporations).

The required certificates must be requested from the Alaska Department of Commerce, Community and Economic Development (DCCED). Certificates may be purchased online at www.dced.state.ak.us/occ/, e-mail: corporations@alaska.gov.

These documents may also be obtained by mail from:

Alaska Department of Commerce, Community and Economic Development (DCCED)
Attention: Corporations Section
9th Floor, State Office Building
P. O. Box 110808
Juneau, Alaska 99811-0808
(907) 465-2530

-or-

Alaska Department of Commerce and
Economic Development
Attention: Corporations Section
550 W 7th Ave., Suite 1500
Anchorage, Alaska 99501
(907) 269-8173

Inquiries about incorporating in the state of Alaska, or qualifying as a foreign corporation to do business in the state of Alaska should be addressed to personnel at either of the above addresses.

C. Unincorporated Associations

Unincorporated Associations, partnerships or joint ventures must submit:

- 1) a statement describing the business relationships between members of the association, partnership or joint venture;
- 2) a statement of qualifications for each member of the association, partnership, or joint venture (outlined in Section A);

-and/or-

if some or all of the members are incorporated entities, all information required for corporations (described in Section B) must also be submitted; and

- 3) in the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney defining the agent's authority to sign with respect to the mineral specified in the permit or lease on behalf of the partnership, association or joint venture.

If still current, material previously filed with the department satisfying all or part of the requirements of this section may be incorporated in an application by appropriate reference together with a statement as to any material changes or amendments. Qualified parties are responsible for ensuring that any changes in this information is updated with the division.

Sources:

- 11 AAC 82.200
- 11 AAC 82.205
- AS 38.05.020
- AS 38.05.145(a)

Further Information

For further information regarding qualifying for Alaska oil and gas leases, please contact the State of Alaska, Department of Natural Resources, Division of Oil and Gas, 550 West 7th Avenue, Suite 1100; Anchorage, Alaska 99501-3560; Phone (907) 269-8810 or visit our Web site at <http://www.dog.dnr.state.ak.us>.

Summary of Oil and Gas Incentives

Alaska has adopted exploration and development incentive programs to encourage active exploration and the timely development of the state's oil and gas resources. These programs are described below.

Department of Revenue (DOR) Production Tax Credits under AS 43.55

Under AS 43.55.011(e) and (g), the State assesses a production tax between 25 and 75% of a measure of production tax value. In determining production tax value, field operating and capital expenditures ("lease expenditures") are deductible from the gross value at the point of production. In the Cook Inlet, there is a tax ceiling; the production tax on oil produced anywhere in Cook Inlet is zero. For natural gas produced in the Cook Inlet, production taxes are generally capped at approximately \$0.18 per thousand cubic feet. For gas produced anywhere in the State and sold in state, the production tax is capped at \$0.18 per thousand cubic feet. Effective January 1, 2013, under AS 43.55.011(p), for areas south

of 68 degrees North latitude and outside Cook Inlet the production tax is limited to a maximum of 4% of the gross value for the first seven years of commercial production. Commercial production must begin before 2022 to be eligible for this limit. For more information on the DOR Production Tax Credits summarized below please contact Destin Greeley at (907) 269-6642.

Qualified Capital Expenditures (QCE) Credit under AS 43.55.023(a)

The QCE credit is a 20% credit based on Qualified Capital Expenditures, as defined by AS 43.55.023(o).¹ The QCEs must also be Allowable Lease Expenditures under AS 43.55.165. If the expenditures are incurred in connection with geological or geophysical exploration or an exploration well under AS 43.55.023(a)(2), then there are also certain data requirements² that must be met with the Department of Natural Resources (DNR). For more information on these data requirements please contact Heather Ann Heusser at (907) 269-0137.