

Alaska's Oil Production Tax (Current Law as of January 1, 2022)

AS 43.55 -Key Provisions

Provision	North Slope	Cook Inlet
Base Tax Rate 43.55.011 (e)	35% of the annual Production Tax Value ¹ of the taxable oil and 13% of the Gross Value at the Point of Production ² of the taxable gas.	35% of the annual Production Tax Value of the taxable oil and 13% of the Gross Value at the Point of Production of the taxable gas.
Minimum Tax (applied to GPVV) 43.55.011(f)	Up to 4% of the GVPP. 4% rate applies when the Alaska North Slope price is more than \$25/barrel. Some credits can apply against the minimum tax.	No minimum tax applied to taxable gas or taxable oil from Cook Inlet.
Gross Value Reduction 43.55.160 (f) (g)	For new oil, 20% or 30% of gross value excluded from the Base tax calculation; limited to first seven years of production; benefit ends early if the average ANS price exceeds \$70 for any three years.	Not applicable to Cook Inlet taxable production.
Per-Taxable-Barrel Credit for Non-GVR Production. 43.55.024 (j)	Sliding scale \$0/barrel to \$8/barrel. \$8 credit applies when wellhead price is less than \$80/barrel. Cannot be used to reduce tax below the minimum tax. Cannot be carried forward to subsequent year.	Not applicable to Cook Inlet taxable production.
Per-Taxable-Barrel Credit for GVR Production 43.55.024 (i)	\$5/barrel, no sliding scale. Cannot be carried forward to subsequent year. When used alongside non-GVR eligible oil credit, cannot reduce tax below the minimum tax.	Not applicable to Cook Inlet taxable production.
Lease Expenditures Carryforward Deduction 43.55.165 (p)	Beginning Jan. 1, 2018, a company may carry forward lease expenditures not deducted against tax and may apply in a future year to reduce the production tax liability. These shall be limited by the minimum tax whenever the minimum tax applies. Carryforwards reduce in value by one-tenth each year beginning in the eighth or 11th year after it is earned.	Beginning Jan. 1, 2018, a company may carry forward lease expenditures not deducted against tax and may apply in a future year to reduce the production tax liability. Carryforwards reduce in value by one-tenth each year beginning in the eighth or 11th year after it is earned.
Tax Ceiling 15 AAC 55.440 (d) 43.55.011 (k)	Average 17.7 cents/thousand cubic feet (mcf), for gas sold in State until 2022.	Permanent tax ceiling equal to an average of 17.7 cents/thousand cubic feet (mcf) for taxable gas. \$1/barrel, permanent tax ceiling for taxable oil.
Applicability of lease expenditures 15 AAC 55.125	Beginning on January 1, 2022, lease expenditures representing the cost to explore, develop, or produce oil or gas is considered a lease expenditure applicable to taxable oil.	Beginning on January 1, 2022, lease expenditures representing the cost to explore, develop, or produce oil or gas is considered a lease expenditure applicable to taxable oil.

¹ Production Tax Value is the GVPP less Lease Expenditures. Lease Expenditures include capital and operating expenditures including property tax and other cost allowances allowed by AK statute.

² GVPP: Gross Value at the Point of Production is non-royalty share of well head value of produced oil.

Provision	Middle Earth	Statewide/Other – Additional provisions
Base Tax Rate (applied to PTV)	35%.	
Tax Ceiling 43.55.011 (p)	4% of gross value for the first seven years of production, if production begins before 2027.	Gas used in state, other than gas that qualifies for the 4% of GVPP tax ceiling, is subject to a tax ceiling of \$0.177/Mcf
Capital, Well Lease, Expenditure Credits 43.55.023 (l)1B	10% of Qualified Capital Expenditure, 20% of Well Lease Expenditure	
Lease Expenditures Carryforward 43.55.165 (p)	Beginning Jan. 1, 2018, a company may carry forward lease expenditures not deducted against tax, and may apply in a future year to reduce liability to zero, contingent on production from the area earned. Carryforwards reduce in value beginning in the 8th or 11th year after earned.	
Exploration Tax Credits 43.55.025 (b)	30% or 40% for qualifying exploration, expires Jan. 1, 2022, does not apply to seismic after Jan. 1, 2018. Credits can be applied against a company's own corporate tax liability or sold to another company.	
Small-Producer Credits 43.55.024 (c)		Up to \$12 million per company for first nine years of production, can apply against minimum tax; must begin production before May 1, 2016. Unused credit cannot be carried forward to subsequent year.

Alaska's Royalty and Other Investment Incentives

- Royalty modification (AS 38.05.180(j))
- Exploration licensing
- Area-wide lease sales and Lease term extension opportunities
- Cook Inlet Discovery Royalty (AS 38.05.180(f)(4))
- Pre-application meetings with Division of Oil and Gas Staff

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