An Act changing the oil and gas production tax for certain fields, units, and nonunitized reservoirs on the North Slope

This act would change the oil and gas production tax for areas of the North Slope where the company produced more than 40,000 barrels of oil per day in the prior year and/or more than 400 million barrels total. It is unclear whether the area has to meet both the 40,000 and 400,000 million thresholds or just one of them. The new areas would be divided up based on "fields, units, and nonunitized reservoirs" that meet the production threshold. The Act does not define what a field or unit is. For any areas that meet the production threshold, the tax would be the greater of one of two new taxes.

(1) One tax would be a tax on the gross value at the point of production of the oil at a rate of 10% when oil is less than $50 per-barrel. This tax would increase to a maximum of 15% when oil is $70 per-barrel or higher. No deductions could take the tax below the 10% to 15% floor.

(2) The other tax would be based on a calculation of a production tax value for the oil that would allow lease expenditure and transportation cost deductions. This tax on production tax value would be calculated based on the difference between the production tax value of the oil and $50. The difference between the two would be multiplied by the volume of oil, and then that amount would be multiplied by 15%. The existing per-taxable-barrel credit would not apply. The Act uses the term "additional tax" but it does not designate what tax is in addition to. The result is that this tax would likely always be less than the tax above.

The Department of Revenue would calculate the tax for each field, unit, or nonunitized reservoir on a monthly basis. Taxes are currently calculated on an annual basis, with monthly estimated payments. Since these new taxes would only apply to certain areas, a taxpayer would still have to submit annual taxes for the areas where the new taxes do not apply.

The Act would also make all tax documents relating to the calculation and payment of the new taxes a matter of public record. This would mean the documents would be reviewed under the normal Public Records Act process, and any information that needed to be withheld, for example for privacy or balance-of-interests reasons, would be withheld.