

*State of Alaska*  
*Department of Revenue*

Cook Inlet 43.56 Property

01/09/04

# *The Law*

## **AS43.56.010 Oil and Gas Property Tax**

- 20 mil tax levied on the “Full and True” value of Oil and Gas exploration, production, and pipeline transportation property

## **15AAC 56.100. Production Property**

- Valued on a replacement cost less depreciation basis.
- Replacement cost calculated by the use of accepted appraisal techniques or other acceptable methods.
- Depreciation based upon the economic life of proven reserves, with due consideration given to the elapsed life of the facilities.

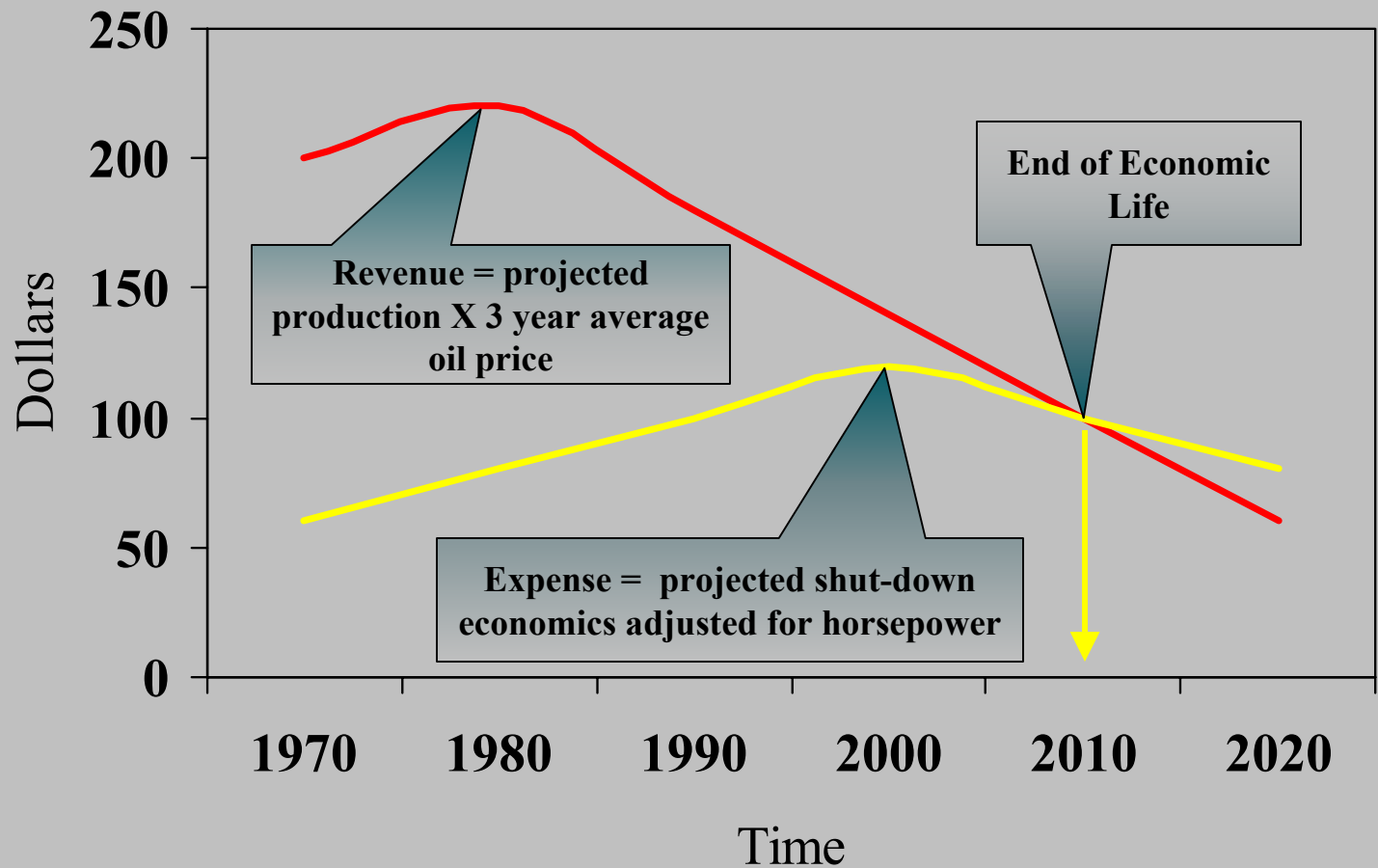
## **15AAC 56.110 Pipeline Transportation Property**

- Valued using “economic value” based upon the economic life of proven reserves
- Any standard appraisal technique may be used.

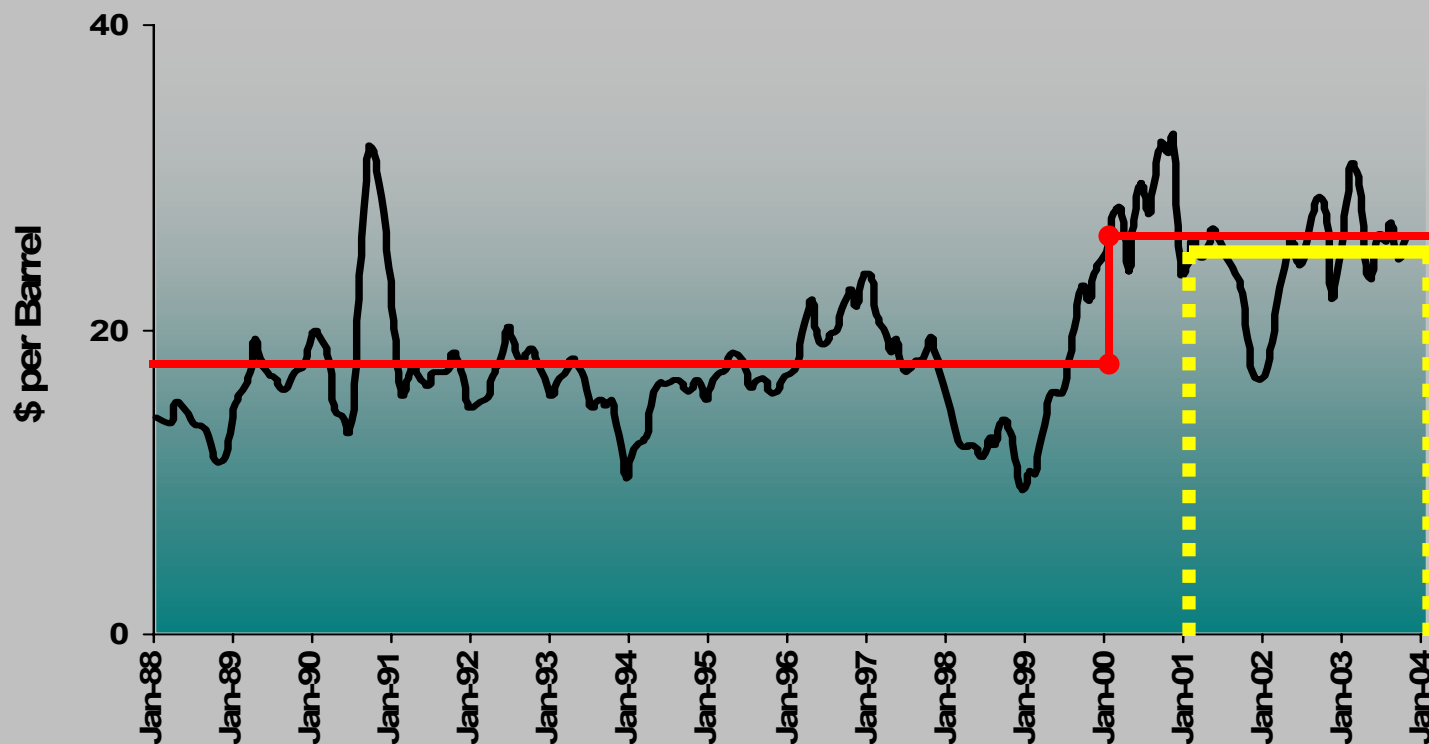
## **15AAC 56.090 Exploration Property**

- Valued on a “market” basis using recent sales of like property when available.
- In the absence of sales any standard appraisal technique may be used.

# *Underlying Concepts: Economic Life*



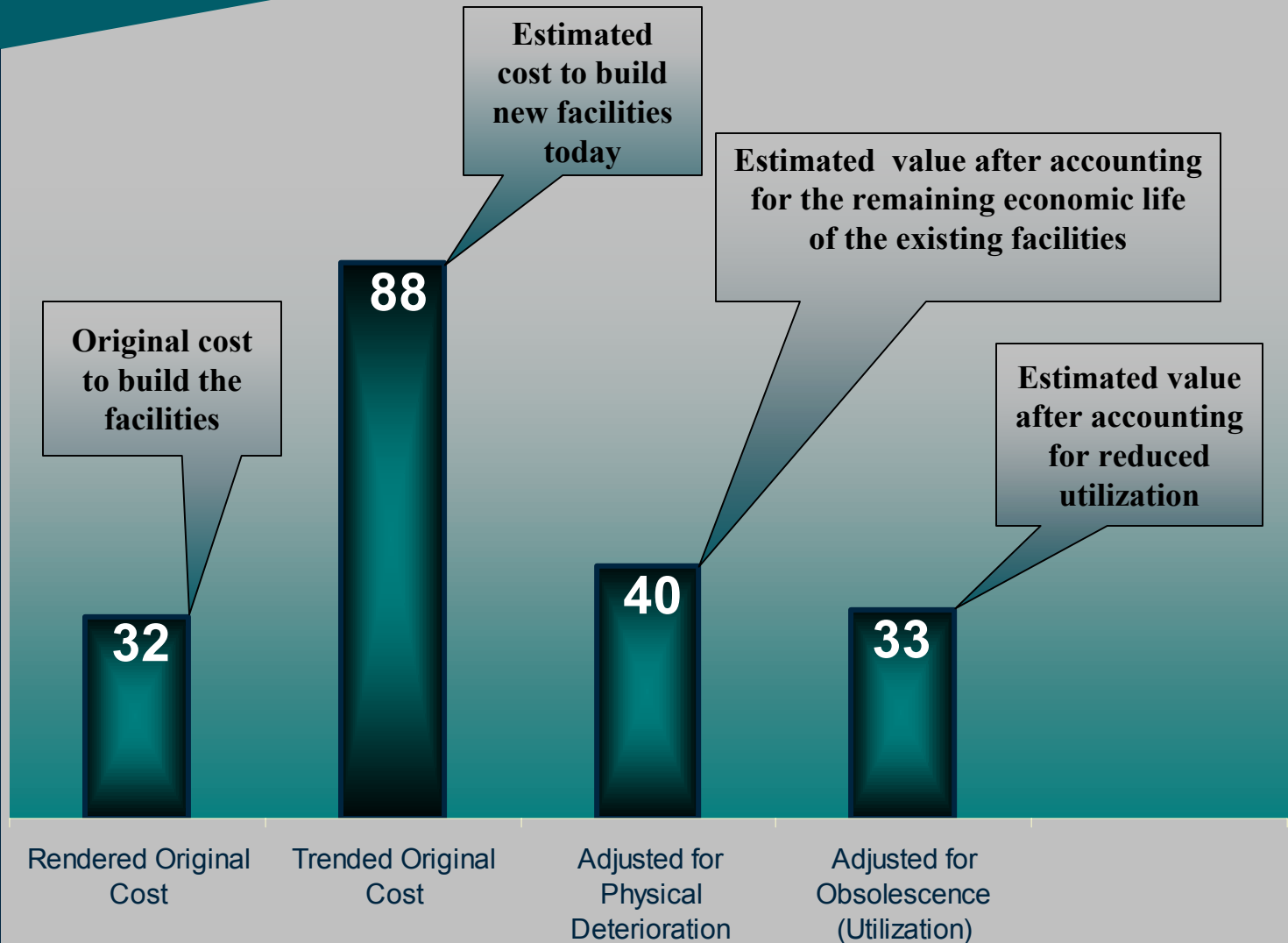
# Effects of Price Averaging



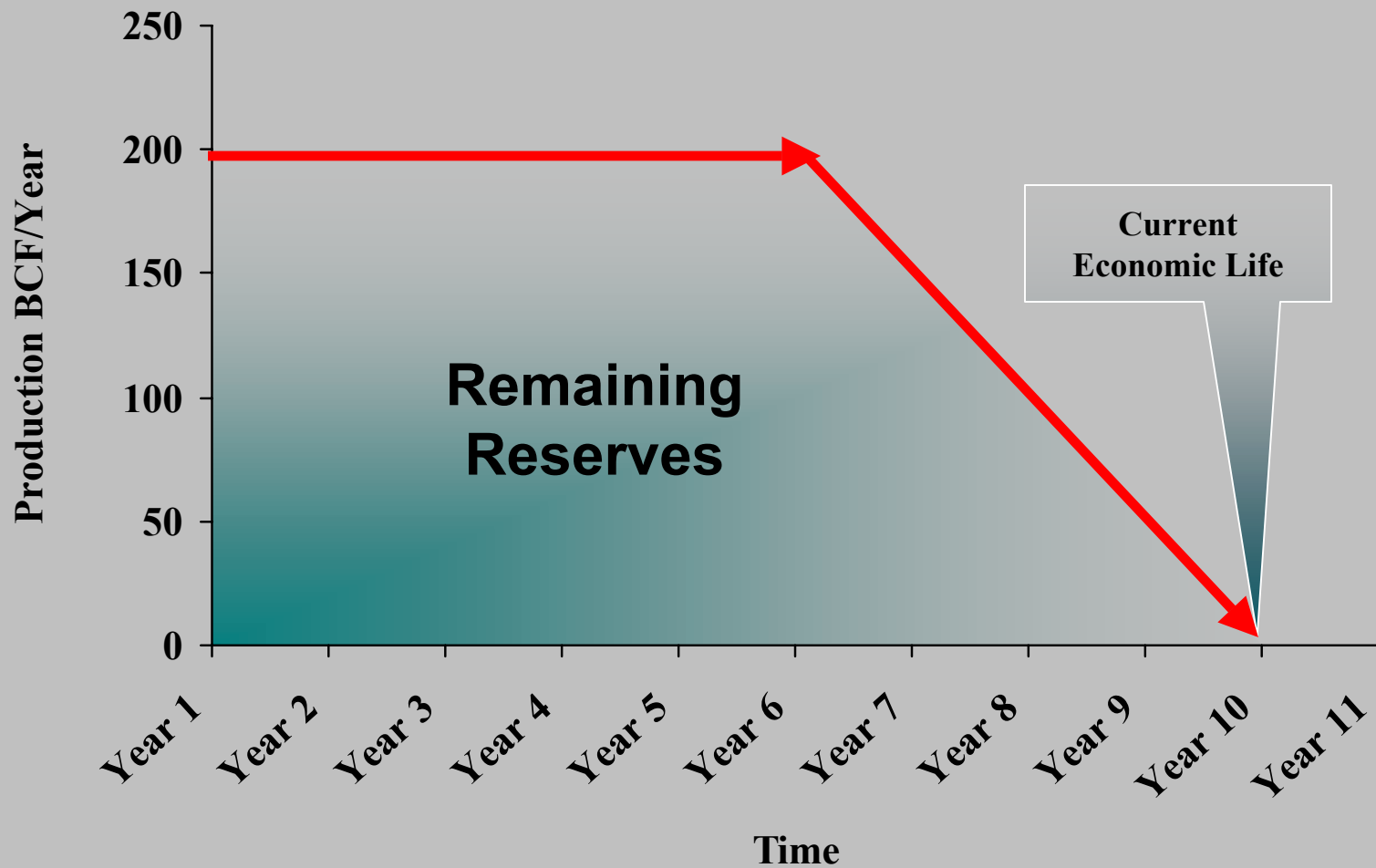
# *Underlying Concepts: Replacement Cost New Less Depreciation*

Millions of Dollars

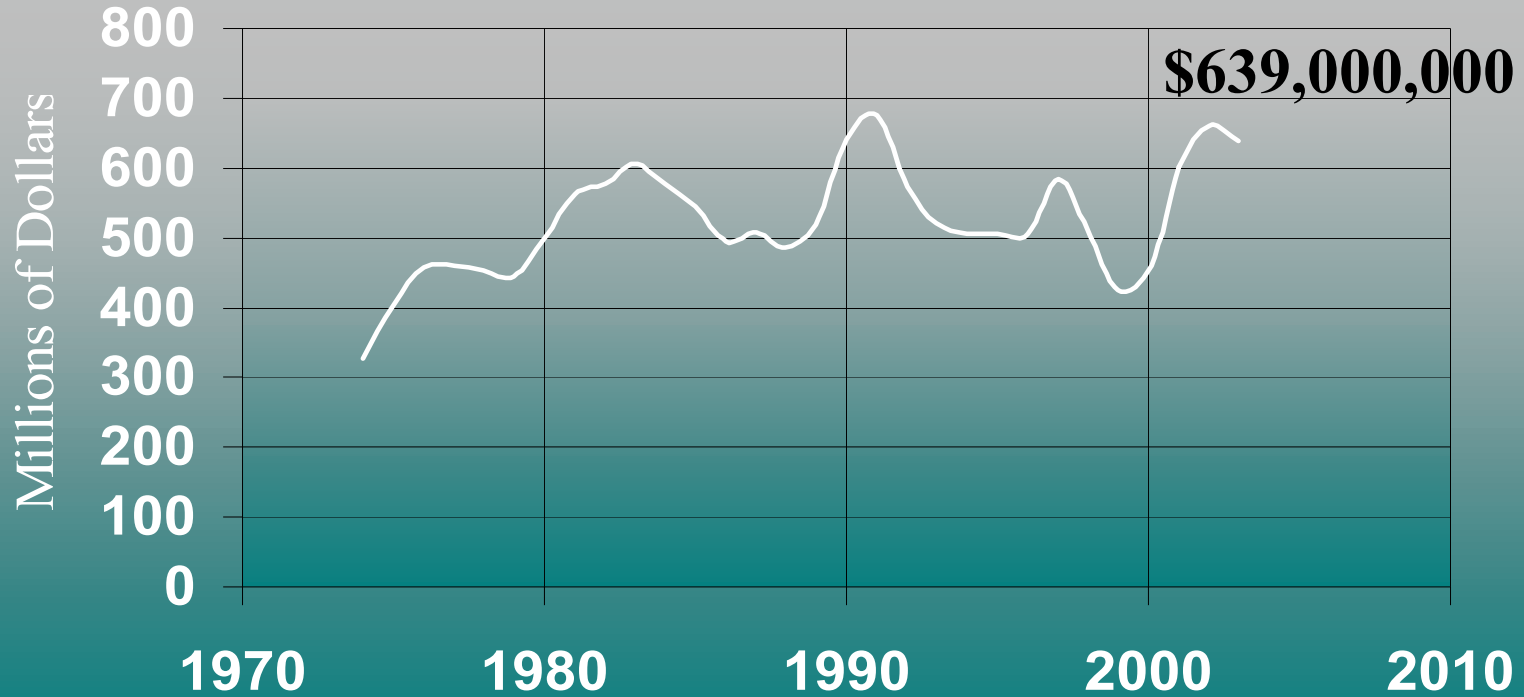
Basis: 2001 Valuation of Un-named Platform



# *Gas Life* *R/P*



# *KPB 43.56 Assessed Value*



# Valuation Percentage By Taxpayer for 2003

