



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

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March 31, 2016

The Honorable Pete Kelly
Alaska State Representatives
Co-Chair Kelly, Senate Finance Committee
State Capitol Room 532
Juneau AK 99801

Dear Co-Chair Kelly,

The purpose of this letter is to provide you with responses to the questions asked in your letter dated March 25, 2016. Please see questions in italics and our responses immediately below the questions.

- 1. Could you please provide the list of companies that will receive oil and gas tax refundable credits for work completed in calendar year 2014 and calendar year 2015 (delineated by calendar year)? Similarly, could you provide the list of companies who are conducting work in calendar year 2016 and are anticipated to receive oil and gas credits through the FY 2018 budget?*

The particular companies receiving tax credits, the specific amount of the credits, and the types of credits received are confidential information under AS 43.40.230. This makes it difficult to discuss important issues with both legislators and the general public. In the governor's original tax credit bill, HB 247 / SB 130, Section 8 would provide an exception to the confidentiality statutes, making the sort of information you are seeking public information. The current version of the bill, CSHB 247(RE) does not contain that provision.

Attached are two maps that list the activities of different companies, one for the North Slope and one for Cook Inlet, produced by the Department of Natural Resources. These maps may be helpful in identifying companies or projects that could be eligible for tax credits.

- 2. Please identify which companies are eligible for the small producer credit, broken down by North Slope and Cook Inlet.*

Specific companies that are eligible for or are currently receiving the small producer credit is confidential information under AS 43.40.230. However any company with less than 100,000 taxable barrel of oil equivalent per day (BOE) statewide qualifies for the credit for the first nine years of commercial production. After a company has more than 50,000 taxable BOE, the credit phases out to zero once a company reaches production of 100,000 taxable BOE. In practice, this means other than the three major producers, nearly all producers in Alaska would be eligible.

Because the Small Producer Credit will be closed for new applicants on May 1 of this year, it means that we expect to see a "slow sunset" of the program between now and 2025. In other words, if a company first earned the credit in 2008, they are now in their last year of eligibility. But a company who has their first production before May 1st will have credit eligibility for the next nine years.

The small producer credit can only be used to offset a tax liability; it cannot be refunded or carried forward. Therefore, it is not unusual for a producer to not gain the full \$12 million value. I have previously testified that the amount of small producer credits claimed since the creation of the program in FY07 is approximately \$400 million, with roughly \$340 million of that from operations on the North Slope and \$60 million from Cook Inlet.

In addition to the activity maps mentioned in our response to question 1, we are also attaching current DNR maps that list all the working interest owners of the various fields on the North Slope and Cook Inlet, and their percentages of ownership. Note that if a company operates in multiple areas of the state, their production statewide counts towards the taxable BOE limit.

3. *Is the Department of Revenue holding off on issuing credit certificates to any companies?*

No. Credit certificates are still being issued to companies. The great bulk of the credits that have been paid out this fiscal year are based on expenditures that occurred in calendar year 2014. Many of those credits had a statutory deadline of 120 days after the tax true-up date, which occurred in late July, 2015. Currently, we are going through our work pool on roughly a first in- first out priority.

As you know, we initially estimated \$700 million in credit demand for FY16. The difference between the \$500 million appropriation cap and the \$700 million estimate is largely made up of quarterly filings for the “spending” credits from Cook Inlet. In other words, Net Operating Loss credits are only applied for at the time of a company’s tax filing true-up in March, because that is when the “operating loss” is finalized. However, the 20% Capital (QCE) credit and 40% Well (WLE) credit can be applied for at any time. These credits are not available on the North Slope, but are often applied for quarterly by producers and developers in other areas of the state.

If we had unlimited resources and funds, many of those quarterly applications would likely be reviewed, certificated, and paid during Fiscal Year 2016. However, we are not obligated to do so until next July. Importantly, many of these applicants will also request Operating Loss credits, and it is more efficient for our staff to review all the applications related to a given set of expenditures concurrently.

4. *Has the Department of Revenue received credit certificates for which they have held off on cashing?*

AS 43.55.028(g) empowers DOR to adopt regulations to provide procedures for allocating money when there is a shortfall in the tax credit fund at the end of a fiscal year. That regulation is at 15 AAC 55.325(d). Essentially, the regulation establishes a first in, first out priority.

Unless there was a specific legal issue, which would of course be confidential, we have not withheld credit repurchases. There was a single case at the end of the last fiscal year, when the FY16 budget was still unresolved, where we had to partially pay a certificate until the FY16 fund transfer could be finalized. That certificate was our highest priority once additional funds were available.

5. *What is the dollar amount of credits that exceeded the Governor’s \$500 million cap for FY16 that got carried over into the FY17 budget*

Attached is an analysis that was provided to the House Resources Committee on 3/25/2016 that provides detail from the FY 2017 refunded credits estimate. As of March 8, 2016, there are \$900 million worth of credit certificates that have been requested since we completed the batch that were paid in FY15. Of that amount, about \$473 million has already been paid out in FY 2016, leaving about \$27 million in the tax credit fund.

Based on 2015 monthly reports, around \$160 million in additional refunded credit applications are expected by March 31, 2016, along with the end-of-year tax true-ups. This equals \$1,060 million in refundable credits based on activity through December 31, 2015, with about \$587 million of those still in process. Once the last \$27 million is paid from the FY2016 appropriation, there will be \$560 million in

refundable credits remaining that will be in our queue for FY 2017. This is based only on spending through the end of CY 2015.

As described in the response to Question 3, we also expect quarterly applications for the “spending” credits (QCE and WLE) for work done in calendar year 2016. We anticipate a greater than originally expected group of applications for exploration credits. Because this credit is scheduled to sunset for the North Slope and Cook Inlet on July 1 of this year, we are finding that there is substantial exploration work that was prioritized in order to qualify. Currently, exploration work on the North Slope is eligible for 75% in credits; last year the total was 85%. Finally, we anticipate at least some applications for refundable Refinery and LNG Storage credits this year.

Only some of the applications described in the above paragraph would be paid in FY17, with the rest coming due in FY18. However, as we described in the 3/25 analysis, the FY17 portion of the above applications, when added to the \$560 million in-hand, will result in a total estimated obligation of \$821 million. This has been rounded up to the \$825 million that we reported in the preliminary Spring Forecast.

6. *Of the Net Operating Loss (NOL) credits, could you identify how much are given to companies in preproduction and how much are given to small producers (companies producing under the 50,000 barrel threshold)?*

Of the \$500 million of credits that will be repurchased in FY 2016, around \$315 million are expected to be Net Operating Loss (NOL) credits. Of those NOL credits, approximately 80% were earned by companies in pre-production and 20% were earned by small producers. Companies classified as pre-production were those that did not report commercial production as of 3/28/2016.

The number of producers claiming an NOL credit is, of course, highly dependent on the price of oil and the profitability of their operations.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



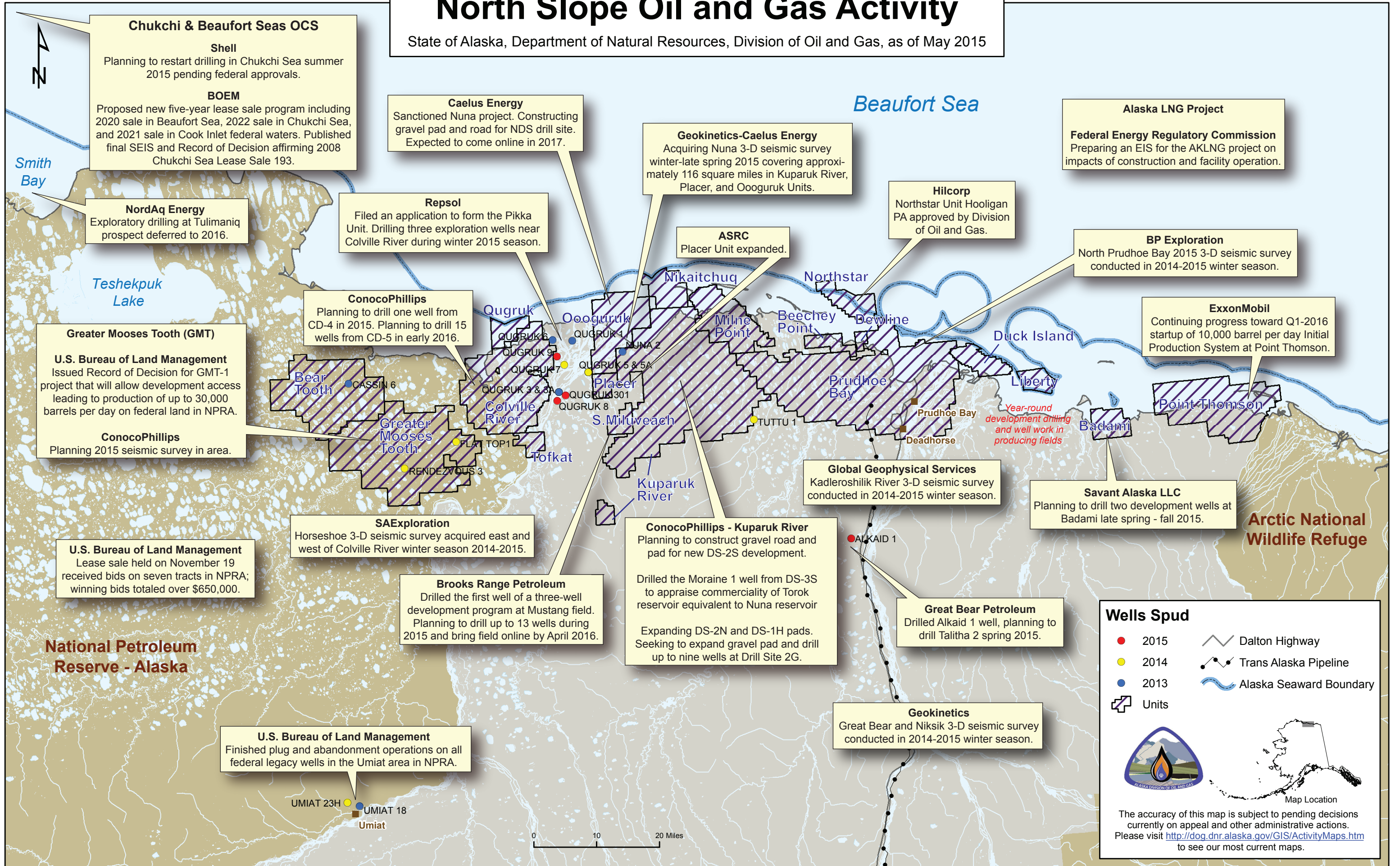
Ken Alper
Tax Division Director

Attachments:

- DNR North Slope Oil and Gas Activity Map
- DNR Cook Inlet Oil and Gas Activity Map
- DNR North Slope Oil and Gas Working Interest Owners Map
- DNR Cook Inlet Oil and Gas Working Interest Owners Map
- FY 2017 Refunded Credits Estimate Detail

North Slope Oil and Gas Activity

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of May 2015



Chukchi & Beaufort Seas OCS

Shell
Planning to restart drilling in Chukchi Sea summer 2015 pending federal approvals.

BOEM
Proposed new five-year lease sale program including 2020 sale in Beaufort Sea, 2022 sale in Chukchi Sea, and 2021 sale in Cook Inlet federal waters. Published final SEIS and Record of Decision affirming 2008 Chukchi Sea Lease Sale 193.

Caelus Energy
Sanctioned Nuna project. Constructing gravel pad and road for NDS drill site. Expected to come online in 2017.

Geokinetics-Caelus Energy
Acquiring Nuna 3-D seismic survey winter-late spring 2015 covering approximately 116 square miles in Kuparuk River, Placer, and Oooguruk Units.

Alaska LNG Project

Federal Energy Regulatory Commission
Preparing an EIS for the AKLNG project on impacts of construction and facility operation.

NordAq Energy
Exploratory drilling at Tulimaniq prospect deferred to 2016.

Repsol
Filed an application to form the Pikka Unit. Drilling three exploration wells near Colville River during winter 2015 season.

Hilcorp
Northstar Unit Hooligan PA approved by Division of Oil and Gas.

BP Exploration
North Prudhoe Bay 2015 3-D seismic survey conducted in 2014-2015 winter season.

Greater Mooses Tooth (GMT)

U.S. Bureau of Land Management
Issued Record of Decision for GMT-1 project that will allow development access leading to production of up to 30,000 barrels per day on federal land in NPRA.

ConocoPhillips
Planning 2015 seismic survey in area.

ConocoPhillips
Planning to drill one well from CD-4 in 2015. Planning to drill 15 wells from CD-5 in early 2016.

ASRC
Placer Unit expanded.

ExxonMobil
Continuing progress toward Q1-2016 startup of 10,000 barrel per day Initial Production System at Point Thomson.

SAExploration
Horseshoe 3-D seismic survey acquired east and west of Colville River winter season 2014-2015.

U.S. Bureau of Land Management
Lease sale held on November 19 received bids on seven tracts in NPRA; winning bids totaled over \$650,000.

Brooks Range Petroleum
Drilled the first well of a three-well development program at Mustang field. Planning to drill up to 13 wells during 2015 and bring field online by April 2016.

ConocoPhillips - Kuparuk River
Planning to construct gravel road and pad for new DS-2S development.

Drilled the Moraine 1 well from DS-3S to appraise commerciality of Torok reservoir equivalent to Nuna reservoir

Expanding DS-2N and DS-1H pads. Seeking to expand gravel pad and drill up to nine wells at Drill Site 2G.

Global Geophysical Services
Kadleroshilik River 3-D seismic survey conducted in 2014-2015 winter season.

Savant Alaska LLC
Planning to drill two development wells at Badami late spring - fall 2015.

Great Bear Petroleum
Drilled Alkaid 1 well, planning to drill Talitha 2 spring 2015.

Geokinetics
Great Bear and Niksik 3-D seismic survey conducted in 2014-2015 winter season.

U.S. Bureau of Land Management
Finished plug and abandonment operations on all federal legacy wells in the Umiat area in NPRA.

Wells Spud

- 2015
- 2014
- 2013
- Units

- Dalton Highway
- Trans Alaska Pipeline
- Alaska Seaward Boundary

Map Location

The accuracy of this map is subject to pending decisions currently on appeal and other administrative actions. Please visit <http://dog.dnr.alaska.gov/GIS/ActivityMaps.htm> to see our most current maps.

Cook Inlet Oil and Gas Activity

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of May 2015

Division of Oil and Gas
Areawide lease sales, encompassing approximately 4.2 million acres in Cook Inlet and 5.8 million acres in Alaska Peninsula, are scheduled for May 2015.

An email list is now available for leasing announcements, for more information and to join the list visit <http://list.state.ak.us/soalists/DOG.Licensing/jl.htm>

Ahtna Corporation
Planning to drill gas exploration well west of Glennallen by winter 2016 (Tolsona exploration license, off of map to east).

Cook Inlet Energy
Planning to drill well at Otter Unit late 2015-spring 2016.

AIDEA - Interior Energy Project
Announced intent to purchase Pentex Alaska Natural Gas Company, including subsidiaries Fairbanks Natural Gas and Titan Alaska LNG for \$52.5 million.

Nancy Lake State Recreation Area

Susitna Flats State Game Refuge

Hilcorp
Continuing field studies at Ivan River, Lewis River, and Pretty Creek Units.

SAExploration
Permitted 3-D marine seismic survey to cover up to 821 square miles in the Upper Cook Inlet area starting spring 2015.

Hilcorp
South Granite Point Unit expanded to include Granite Point field and renamed to Granite Point Unit. Hilcorp has 100% working interest.

Trading Bay State Game Refuge

Cook Inlet Energy
West McArthur River Unit expanded by 640 acres on the northeast and contracted by 1,100 acres on the south.

Furie Operating Alaska
Monopod gas production platform to be installed at Kitchen Lights Unit this summer. Two development wells planned before startup by year-end 2015.

Redoubt Bay Critical Habitat Area

Agrium
Considering re-opening Nikiski fertilizer plant due to increased availability of gas in Cook Inlet.

Cook Inlet Energy
Planning on drilling a sidetrack at Redoubt Unit summer 2015.

Alaska LNG Project Federal Energy Regulatory Commission
Preparing an EIS for the AKLNG project on impacts of construction and facility operation.

CINGSA
Discovered additional native gas in presumed depleted gas storage reservoir in Cannery Loop field. Proposal to sell the the found gas pending litigation, royalty allocation, and Regulatory Commission of Alaska approval.

Chugach National Forest

Kenai National Wildlife Refuge

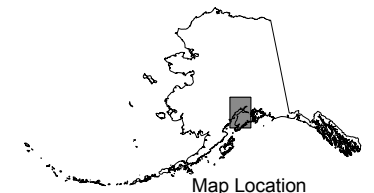
Kenai National Moose Range

BlueCrest Energy
Applied to form new Cosmopolitan Unit. Planning to develop oil from onshore and shallower gas zones from offshore monopod platform. Expected startup by early 2016.

Hilcorp
Growing Ninilchik Unit infrastructure by expanding Paxton pad; adding Blossom and Kalotsa pads to support additional exploration/delineation wells.

Wells Spud

- 2015 No Activity
- 2014
- 2013
- Existing Wells
- Approved for Gas Storage
- Units
- Exploration License
- Geothermal Leases
- Alaska Seaward Boundary

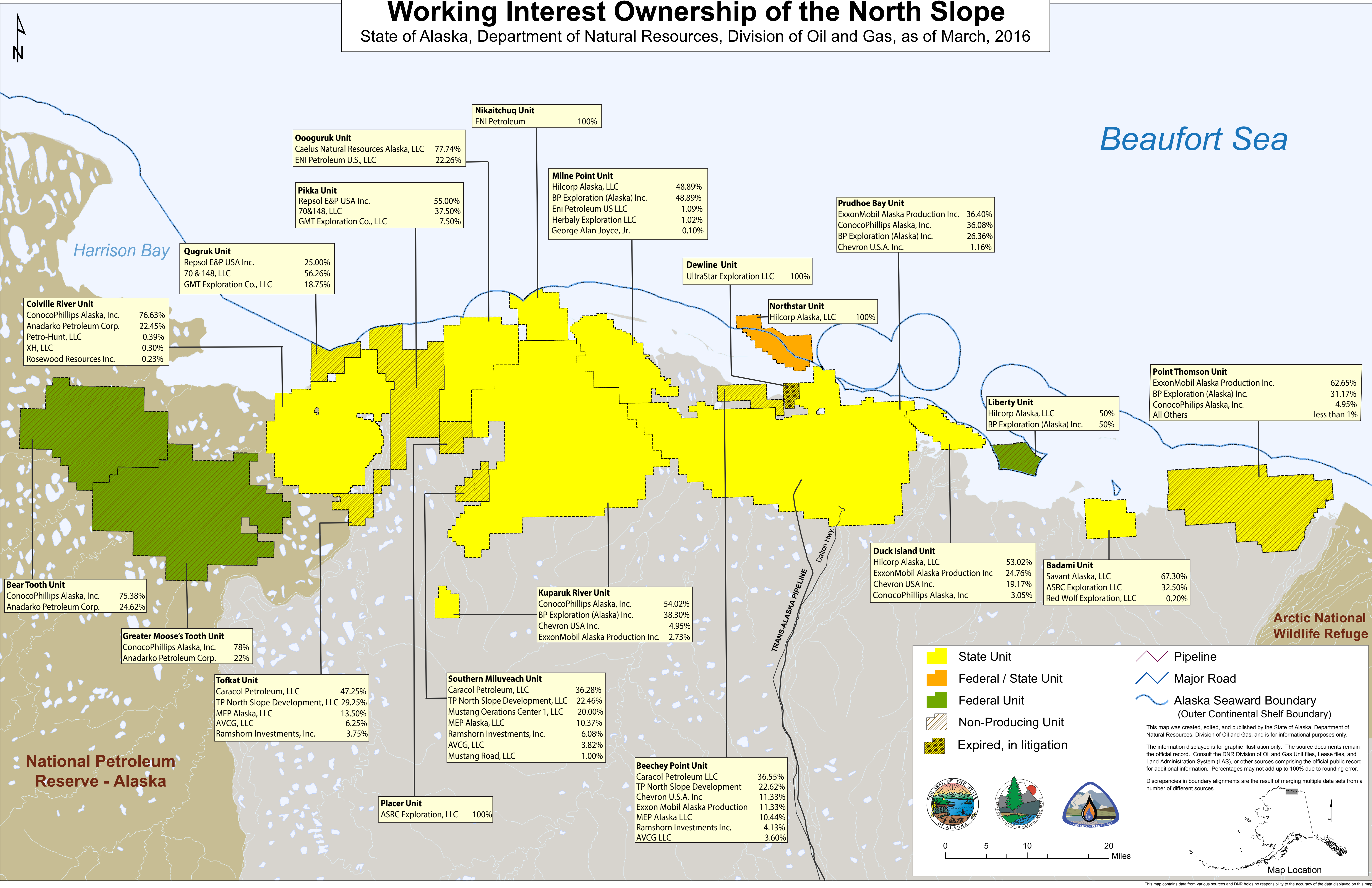


The accuracy of this map is subject to pending decisions currently on appeal and other administrative actions. Please visit <http://dog.dnr.alaska.gov/GIS/ActivityMaps.htm> to see our most current maps.

0 5 10 Miles

Working Interest Ownership of the North Slope

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of March, 2016



Oooguruk Unit

Caelus Natural Resources Alaska, LLC	77.74%
ENI Petroleum U.S., LLC	22.26%

Nikaitsuq Unit

ENI Petroleum	100%
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Pikka Unit

Repsol E&P USA Inc.	55.00%
70&148, LLC	37.50%
GMT Exploration Co., LLC	7.50%

Milne Point Unit

Hilcorp Alaska, LLC	48.89%
BP Exploration (Alaska) Inc.	48.89%
Eni Petroleum US LLC	1.09%
Herbaly Exploration LLC	1.02%
George Alan Joyce, Jr.	0.10%

Prudhoe Bay Unit

ExxonMobil Alaska Production Inc.	36.40%
ConocoPhillips Alaska, Inc.	36.08%
BP Exploration (Alaska) Inc.	26.36%
Chevron U.S.A. Inc.	1.16%

Qugruk Unit

Repsol E&P USA Inc.	25.00%
70 & 148, LLC	56.26%
GMT Exploration Co., LLC	18.75%

Dewline Unit

UltraStar Exploration LLC	100%
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Northstar Unit

Hilcorp Alaska, LLC	100%
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Colville River Unit

ConocoPhillips Alaska, Inc.	76.63%
Anadarko Petroleum Corp.	22.45%
Petro-Hunt, LLC	0.39%
XH, LLC	0.30%
Rosewood Resources Inc.	0.23%

Point Thomson Unit

ExxonMobil Alaska Production Inc.	62.65%
BP Exploration (Alaska) Inc.	31.17%
ConocoPhillips Alaska, Inc.	4.95%
All Others	less than 1%

Liberty Unit

Hilcorp Alaska, LLC	50%
BP Exploration (Alaska) Inc.	50%

Bear Tooth Unit

ConocoPhillips Alaska, Inc.	75.38%
Anadarko Petroleum Corp.	24.62%

Duck Island Unit

Hilcorp Alaska, LLC	53.02%
ExxonMobil Alaska Production Inc	24.76%
Chevron USA Inc.	19.17%
ConocoPhillips Alaska, Inc	3.05%

Badami Unit

Savant Alaska, LLC	67.30%
ASRC Exploration LLC	32.50%
Red Wolf Exploration, LLC	0.20%

Greater Moose's Tooth Unit

ConocoPhillips Alaska, Inc.	78%
Anadarko Petroleum Corp.	22%

Kuparuk River Unit

ConocoPhillips Alaska, Inc.	54.02%
BP Exploration (Alaska) Inc.	38.30%
Chevron USA Inc.	4.95%
ExxonMobil Alaska Production Inc.	2.73%

Tofkat Unit

Caracol Petroleum, LLC	47.25%
TP North Slope Development, LLC	29.25%
MEP Alaska, LLC	13.50%
AVCG, LLC	6.25%
Ramshorn Investments, Inc.	3.75%

Southern Miluveach Unit

Caracol Petroleum, LLC	36.28%
TP North Slope Development, LLC	22.46%
Mustang Oerations Center 1, LLC	20.00%
MEP Alaska, LLC	10.37%
Ramshorn Investments, Inc.	6.08%
AVCG, LLC	3.82%
Mustang Road, LLC	1.00%

Beechey Point Unit

Caracol Petroleum LLC	36.55%
TP North Slope Development	22.62%
Chevron U.S.A. Inc	11.33%
Exxon Mobil Alaska Production	11.33%
MEP Alaska LLC	10.44%
Ramshorn Investments Inc.	4.13%
AVCG LLC	3.60%

Placer Unit

ASRC Exploration, LLC	100%
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Legend

- State Unit
- Federal / State Unit
- Federal Unit
- Non-Producing Unit
- Expired, in litigation
- Pipeline
- Major Road
- Alaska Seaward Boundary (Outer Continental Shelf Boundary)

This map was created, edited, and published by the State of Alaska, Department of Natural Resources, Division of Oil and Gas, and is for informational purposes only. The information displayed is for graphic illustration only. The source documents remain the official record. Consult the DNR Division of Oil and Gas Unit files, Lease files, and Land Administration System (LAS), or other sources comprising the official public record for additional information. Percentages may not add up to 100% due to rounding error. Discrepancies in boundary alignments are the result of merging multiple data sets from a number of different sources.

0 5 10 20 Miles

Map Location

National Petroleum Reserve - Alaska

Arctic National Wildlife Refuge

Beaufort Sea

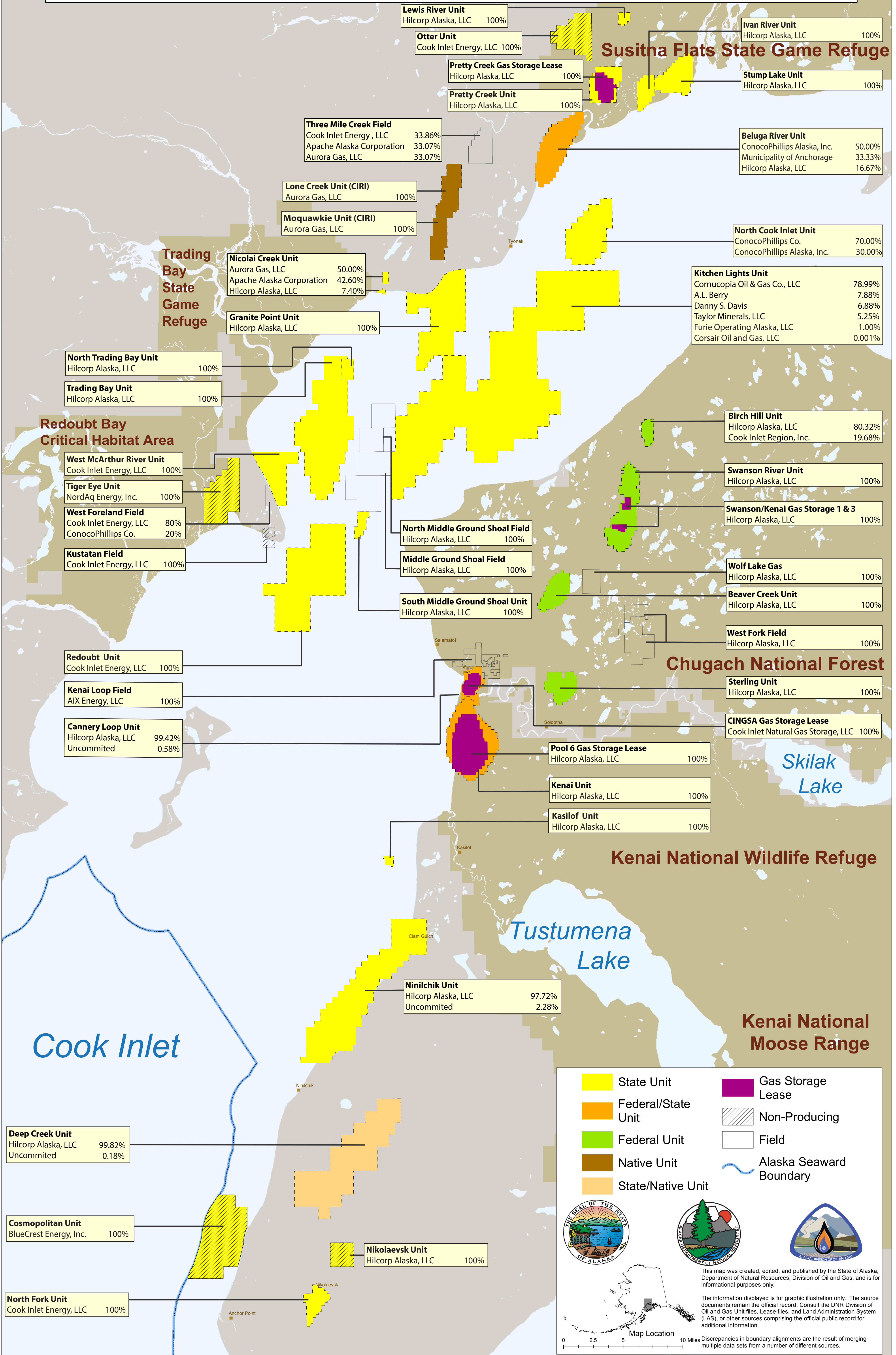
Harrison Bay

TRANS-ALASKA PIPELINE
Dalton Hwy



Working Interest Ownership of the Cook Inlet

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of March, 2016



Lewis River Unit
Hilcorp Alaska, LLC 100%

Otter Unit
Cook Inlet Energy, LLC 100%

Ivan River Unit
Hilcorp Alaska, LLC 100%

Susitna Flats State Game Refuge

Pretty Creek Gas Storage Lease
Hilcorp Alaska, LLC 100%

Stump Lake Unit
Hilcorp Alaska, LLC 100%

Pretty Creek Unit
Hilcorp Alaska, LLC 100%

Three Mile Creek Field
Cook Inlet Energy, LLC 33.86%
Apache Alaska Corporation 33.07%
Aurora Gas, LLC 33.07%

Beluga River Unit
ConocoPhillips Alaska, Inc. 50.00%
Municipality of Anchorage 33.33%
Hilcorp Alaska, LLC 16.67%

Lone Creek Unit (CIRI)
Aurora Gas, LLC 100%

Moquawkie Unit (CIRI)
Aurora Gas, LLC 100%

North Cook Inlet Unit
ConocoPhillips Co. 70.00%
ConocoPhillips Alaska, Inc. 30.00%

Trading Bay State Game Refuge

Nicolai Creek Unit
Aurora Gas, LLC 50.00%
Apache Alaska Corporation 42.60%
Hilcorp Alaska, LLC 7.40%

Granite Point Unit
Hilcorp Alaska, LLC 100%

Kitchen Lights Unit
Cornucopia Oil & Gas Co., LLC 78.99%
A.L. Berry 7.88%
Danny S. Davis 6.88%
Taylor Minerals, LLC 5.25%
Furie Operating Alaska, LLC 1.00%
Corsair Oil and Gas, LLC 0.001%

North Trading Bay Unit
Hilcorp Alaska, LLC 100%

Trading Bay Unit
Hilcorp Alaska, LLC 100%

Redoubt Bay Critical Habitat Area

West McArthur River Unit
Cook Inlet Energy, LLC 100%

Tiger Eye Unit
NordAq Energy, Inc. 100%

West Foreland Field
Cook Inlet Energy, LLC 80%
ConocoPhillips Co. 20%

Kustatan Field
Cook Inlet Energy, LLC 100%

North Middle Ground Shoal Field
Hilcorp Alaska, LLC 100%

Middle Ground Shoal Field
Hilcorp Alaska, LLC 100%

South Middle Ground Shoal Unit
Hilcorp Alaska, LLC 100%

Birch Hill Unit
Hilcorp Alaska, LLC 80.32%
Cook Inlet Region, Inc. 19.68%

Swanson River Unit
Hilcorp Alaska, LLC 100%

Swanson/Kenai Gas Storage 1 & 3
Hilcorp Alaska, LLC 100%

Wolf Lake Gas
Hilcorp Alaska, LLC 100%

Beaver Creek Unit
Hilcorp Alaska, LLC 100%

West Fork Field
Hilcorp Alaska, LLC 100%

Chugach National Forest

Redoubt Unit
Cook Inlet Energy, LLC 100%

Kenai Loop Field
AIX Energy, LLC 100%

Cannery Loop Unit
Hilcorp Alaska, LLC 99.42%
Uncommitted 0.58%

Sterling Unit
Hilcorp Alaska, LLC 100%

CINGSA Gas Storage Lease
Cook Inlet Natural Gas Storage, LLC 100%

Pool 6 Gas Storage Lease
Hilcorp Alaska, LLC 100%

Kenai Unit
Hilcorp Alaska, LLC 100%

Kasilof Unit
Hilcorp Alaska, LLC 100%

Skilak Lake

Kenai National Wildlife Refuge

Cook Inlet

Tustumena Lake

Kenai National Moose Range

Deep Creek Unit
Hilcorp Alaska, LLC 99.82%
Uncommitted 0.18%

Cosmopolitan Unit
BlueCrest Energy, Inc. 100%

North Fork Unit
Cook Inlet Energy, LLC 100%

Ninilchik Unit
Hilcorp Alaska, LLC 97.72%
Uncommitted 2.28%

Nikolaevsk Unit
Hilcorp Alaska, LLC 100%

**Title: Detail of FY 2017 refunded credits estimate in preliminary
Spring 2016 forecast**

Preparer: Dan Stickel, Assistant Chief Economist, 465-3279

Purpose: Provide explanation of FY 2017 estimate of credits for refund made in the preliminary spring 2016 forecast, of \$825 million.

Data Source: Preliminary Spring 2016 forecast

Key Assumptions: All assumptions are per preliminary Spring 2016 forecast, which was released on Monday, March 21. Final forecast will be released in early April. All amounts based on current law.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

Detail of FY 2017 refunded credits estimate in preliminary Spring 2016 forecast

Prepared 3/22/16 by Dan Stickel

Detail of FY 2017 refunded credits estimate (\$ millions)	
Refundable credits already in queue (based primarily on CY 2015 spending)	
Credit certificates / cases in progress as of March 8, 2016	\$ 900
Credit applications expected March 31 based on 2015 monthly reporting	<u>\$ 160</u>
Total credits already earned for activity through 2015	\$ 1,060
FY 2016 refunded credits appropriation	<u>\$ 500</u>
FY 2017 refundable credits already in queue	\$ 560
Additional credits expected to be available for refund in FY 2017 (based primarily on CY 2016 spending)	
Credits under AS 43.55.023 (NOL, capital, well lease)	\$ 186
Credits under AS 43.55.025 (exploration credits)	\$ 57
Credits under AS 43.20 (LNG storage, refinery investment)	<u>\$ 18</u>
Sum of additional FY 2017 refundable credits expected	\$ 261
Total forecast of credits eligible for refund in FY 2017	\$ 821
<i>(note, this number is rounded up to the nearest \$5 million)</i>	

Discussion

For FY 2017, expected credits for refund increased by \$200 million to \$825 million. This is largely due to two factors:

1. Lower oil prices more than offset reductions in overall spending, resulting in an increase to net operating losses subject to NOL credits.
2. Claimed exploration credits and spending that qualifies for exploration credits has exceeded expectations, as companies complete projects ahead of the July 1, 2016 sunset for North Slope and Cook Inlet.

The increase in refunded credits would be expected given the reduced price assumption. Note that applying the revised price assumption to the Fall 2015 forecast would also yield an estimate of \$825 million for FY 2017 refunded credits.

Reduced price expectations also impacted credits for companies not eligible for refunds (those with greater than 50,000 BOE of production). Expected carryforward NOL credit balance for such companies is now forecast at approximately \$600 million at end of FY 2017, compared to only \$1 million under Fall 2015 forecast.

Estimates are preliminary and may be revised for final spring forecast which will be released in early April. That forecast will incorporate information received in annual tax returns due March 31.