

## **Sponsor statement for House Bill 372**

House Bill 372 will extend the exploration incentive credit (EIC) for hydrocarbon exploration to 2010, a three-year extension.

This exploration incentive credit was enacted in 1994, and extended in 2002. The intent of the program is to encourage exploration of remote areas in the state. Encourage acquisition of oil and gas geophysical and well data, and provide for evaluation of the remote areas of the state on un-leased state acreage. Additional intent of the EIC is to provide the state with an avenue to obtain exploration data which otherwise would not be received from federal and private land.

This credit can be applied toward, bonus bids, rentals, royalties, and taxes. The credits are assignable to other companies.

To qualify for the credit, the work must have been performed after August 7, 1994 and before June 30, 2010 with passage of this bill.

The credit may not exceed \$5 million per eligible project and the total EICs for the entire program may not exceed \$30 million.