

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSSB 305(FIN), Draft Version "S"

Page 1, line 4, following "gas;":

Insert **"relating to the allocation of lease expenditures and adjustments to lease expenditures;"**

Page 9, following line 21:

Insert a new bill section to read:

"* Sec. 8. AS 43.55.165(h) is amended to read:

(h) The department shall adopt regulations that provide for reasonable methods of allocating costs between oil and gas, between gas subject to AS 43.55.011(o) and other gas, and between leases or properties in those circumstances where an allocation of costs is required to determine lease expenditures that are costs of exploring for, developing, or producing oil deposits or costs of exploring for, developing, or producing gas deposits, or that are costs of exploring for, developing, or producing oil or gas deposits located within different leases or properties. **When determining a reasonable method of allocating lease expenditures between the production of oil and the production of gas, the department shall consider allocating lease expenditures in proportion to the BTU equivalent barrels of oil produced and gas produced from each lease or property.**"

Renumber the following bill sections accordingly.

Page 9, line 31, following "properties.":

1 Insert "When determining a reasonable method of allocating the adjustments to a
2 producer's lease expenditures between the production of oil and the production of gas, the
3 department shall consider allocating the adjustments in proportion to the lease expenditures
4 allocated to the production of oil and the production of gas under regulations adopted by the
5 department under AS 43.55.165(h)."

6
7 Page 10, line 3:

8 Delete "Sections 1 - 8"

9 Insert "Sections 1 - 9"