

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 198
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB198-DNR-DOG-4-4-13
Title: OIL AND GAS AND GAS ONLY LEASES
Sponsor: LABOR & COMMERCE
Requester: House Resources

Department: Department of Natural Resources
Appropriation: Oil & Gas
Allocation: Oil & Gas
OMB Component Number: 439

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	***	***	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

Initial Version.

Prepared By:	William C. Barron, Director	Phone:	(907)269-8800
Division	Division of Oil and Gas	Date:	04/04/2013 12:00 PM
Approved By:	Daniel S. Sullivan, Commissioner	Date:	04/04/13
	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 198

Analysis

This bill allows The Department of Natural Resources (DNR), at the commissioner's discretion, to issue a one-time extension on oil and gas leases when there is no oil or gas produced in paying quantities from the lease if the commissioner finds that the extension is in the best interest of the state. The primary term of the lease combined with the extension date may not exceed a total of 10 years and the rental rate for the last three years shall increase to \$250 an acre for each year but can be reduced, at the commissioner's discretion, if the commissioner determines that a lessee has exercised reasonable diligence to explore and develop the lease during the primary term.

DNR does not anticipate needing additional staff or resources to process lease extension requests.

The indeterminate positive revenue change reflects the expectation that elevated rental rates will offset lease bonus if acreage had been placed back in the annual lease sale.