



**Senate Bill 61**  
**Oil/Gas Lease: DNR Modify Net Profit Share**  
**Sectional Analysis, Version A, 2/2/2021**

**Section 1** - Amends AS 36.30.850(b)(32) to make AS 36.30 not applicable to certain contracts between the Department and contractors hired to assist in evaluating royalty modification applications to the net profit share of oil and gas leases.

**Section 2** - Makes the following changes to current law: First, it allows the DNR commissioner to provide royalty modification of net profit share rates. Second, it inserts the qualifier "commercial" before "sale" in AS 38.05.180(j)(1)(A)(ii). Third, it allows royalty modification to be granted in circumstances in which capital expenditures are required to extend the economic life of an oil or gas field or pool. Fourth, it allows fixed royalty and net profit share to be used as mechanisms for providing royalty modification. Fifth, it requires lessees to submit a royalty modification application.