

# ALASKA STATE LEGISLATURE



## REPRESENTATIVE ZACK FIELDS

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February 25, 2026

### **HB 271 Sponsor Statement version H (34-LS1225\H) 2/25/26**

House Bill 271 puts royalty relief in statute for the Kitchen Lights Unit of the Cook Inlet basin. HB 271 is designed to increase both production and competition in Cook Inlet.

The Cook Inlet oil and gas leases are divided amongst 12 entities; however, one entity alone holds 90% of the oil and gas leases in Cook Inlet and produces more than 80% of the Inlet's gas. The lessee of the Kitchen Lights Unit is HEX, the only Alaska-owned and headquartered oil and gas production company. The Commissioner of the Department of Natural Resources has stated that it is important to secure local natural gas supplies for Alaskans along the Railbelt, the area stretching from the Kenai Peninsula through Anchorage to Fairbanks. The Kitchen Lights Unit's current total royalty percentage is twenty-five percent, nearly nine percent higher than the average royalty percentages in similar units. HB 271 extends in statute royalty relief rates that have been established by the Department of Natural Resources in regulation.

A 2022 Cook Inlet forecast report released by the Alaska Division of Oil and Gas lays out a natural gas crisis that is set to hit the Railbelt as early as 2027. The largest supplier of Alaska's natural gas utility, Enstar, relies on Cook Inlet gas for more than 80% of their fuel needs. The five utility stakeholders that rely on Cook Inlet's natural gas production are Golden Valley Electric Association, Matanuska Electric Association, Chugach Electric Association, Homer Electric Association, and the City of Seward.