

**AMENDMENT #1**

OFFERED IN THE HOUSE  
TO: CSHB 271(RES)

BY REPRESENTATIVE GALVIN

- 1 Page 2, line 8, following "lease.":
- 2       Insert "The royalty modification under this subsection shall terminate when the
- 3 cumulative gross revenue from the leases modified reaches \$712,000,000, or January 1, 2036,
- 4 whichever is later."

AMENDMENT #2

OFFERED IN THE HOUSE

BY REPRESENTATIVE GALVIN

TO: CSHB 271(RES)

1 Page 2, line 8, following "lease.":

2           Insert "The royalty modification under this subsection terminates if the price of natural  
3 gas originating from Cook Inlet for residential users exceeds \$17.44 for each 1,000 cubic  
4 feet."

AMENDMENT #3

OFFERED IN THE HOUSE  
TO: CSHB 271(RES)

BY REPRESENTATIVE GALVIN

- 1 Page 2, lines 7 - 8:
- 2 Delete "each month of the gross value of production from the lease"

AMENDMENT #4

OFFERED IN THE HOUSE

BY REPRESENTATIVE GALVIN

TO: CSHB 271(RES)

1 Page 2, line 8, following "lease.":

2 Insert "A royalty modification under this section may not extend past January 1,  
3 2036."

4

5 Page 2, following line 13:

6 Insert a new bill section to read:

7 **\*\* Sec. 3.** AS 38.05.180(mm) is repealed."

8

9 Page 2, following line 16:

10 Insert a new bill section to read:

11 **\*\* Sec. 5.** Section 3 of this Act takes effect January 1, 2036."

12

13 Page 2, line 17:

14 Delete "This"

15 Insert "Except as provided in sec. 5 of this Act, this"

AMENDMENT #5

OFFERED IN THE HOUSE

BY REPRESENTATIVE GALVIN

TO: CSHB 271(RES)

1 Page 2, line 11, following "section.":

2           Insert "The royalty modification under this subsection may also be terminated if the  
3 commissioner determines that the lessee is in default of a unit plan of development and the  
4 default is not cured by the end of the cure period, as set out in regulation."

**AMENDMENT** #6

OFFERED IN THE HOUSE

BY REPRESENTATIVE STAPP

TO: CSHB 271(RES)

1 Page 1, line 1:

2 Delete "**the Kitchen Lights Unit**"

3 Insert "**leases within the Cook Inlet sedimentary basin**"

4

5 Page 1, line 7:

6 Delete "the Kitchen Lights Unit, located in the Cook Inlet,"

7 Insert "Cook Inlet"

8

9 Page 1, lines 9 - 10:

10 Delete "the Kitchen Lights Unit"

11 Insert "leases in Cook Inlet"

12

13 Page 1, line 12, following "Southcentral":

14 Insert "and Interior"

15

16 Page 1, line 14:

17 Delete "certain Kitchen Lights Unit leases"

18 Insert "leases in Cook Inlet"

19

20 Page 2, line 4:

21 Delete "a new subsection"

22 Insert "new subsections"

23

1 Page 2, line 8, following "lease":

2 Insert "if the lessee can demonstrate that the royalty rate, as modified under this  
3 subsection, will result in cost savings to end users of natural gas."  
4

5 Page 2, following line 13:

6 Insert a new subsection to read:

7 "(nn) Under (j) of this section, beginning January 1, 2027, the commissioner  
8 shall modify the leases within the Cook Inlet sedimentary basin so that the royalty rate  
9 for leases within the Cook Inlet sedimentary basin is five percent each month of the  
10 gross value of production from the lease if the lessee can demonstrate that the royalty  
11 rate, as modified under this subsection, will result in cost savings to end users of  
12 natural gas. Royalty calculations may be audited by the department at any time. The  
13 royalty modification under this subsection may be terminated if the commissioner  
14 determines that the royalty modification was assigned without approval of the  
15 commissioner, consistent with (j)(5) of this section. This subsection does not apply to  
16 leases modified under (mm) of this section."  
17

18 Page 2, line 16:

19 Delete "This Act is"

20 Insert "Section 1 of this Act and AS 38.05.180(mm), enacted by sec. 2 of this Act, are"

AMENDMENT #7

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 271(RES)

1 Page 2, line 17:

2 Delete all material and insert:

3 **\*\* Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 **CONDITIONAL EFFECT.** (a) This Act takes effect only if, before December 31,  
6 2029, a lessee within the Kitchen Lights Unit transports a jack-up rig to Cook Inlet and uses it  
7 to drill a well for the purpose of discovering or extracting gas from the Cook Inlet  
8 sedimentary basin.

9 (b) If the commissioner of revenue determines that the conditions in (a) of this section  
10 have been met, the commissioner of revenue shall notify the revisor of statutes in writing  
11 within 30 days after making the determination.

12 (c) In this section, "jack-up rig" means a mobile drilling platform with extendible legs  
13 for support on the ocean floor.

14 **\* Sec. 5.** If this Act takes effect under sec. 4 of this Act, it takes effect the day after the  
15 commissioner of revenue determines, under sec. 4(b) of this Act, that the condition in sec. 4  
16 has been met."

**#8**  
**AMENDMENT**

OFFERED IN THE HOUSE

BY REPRESENTATIVE GALVIN

TO: CSHB 271(RES)

1 Page 2, line 17:

2 Delete all material and insert:

3 **\*\* Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 **CONDITIONAL EFFECT.** (a) This Act takes effect only if, before December 31,  
6 2029, a lessee within the Kitchen Lights Unit transports a jack-up rig to Cook Inlet and uses  
7 the jack-up rig to drill a well for the purpose of discovering or extracting gas from the Cook  
8 Inlet sedimentary basin.

9 (b) If the commissioner of natural resources determines that the condition in (a) of  
10 this section has been met, the commissioner of natural resources shall notify the revisor of  
11 statutes in writing within 30 days after making the determination.

12 (c) In this section, "jack-up rig" means a mobile drilling platform with extendible legs  
13 for support on the ocean floor.

14 \* **Sec. 5.** If this Act takes effect under sec. 4 of this Act, it takes effect the day after the  
15 commissioner of natural resources determines, under sec. 4(b) of this Act, that the condition  
16 in sec. 4 has been met."

**AMENDMENT** #9

OFFERED IN THE HOUSE  
TO: CSHB 271(RES)

BY REPRESENTATIVE BYNUM

1 Page 1, line 1, following "**Unit**":

2 Insert "**relating to a report on the Kitchen Lights Unit**;"

3

4 Page 2, line 4:

5 Delete "a new subsection"

6 Insert "new subsections"

7


8 Page 2, following line 13:

9 Insert a new subsection to read:

10 "(nn) Every five years, the commissioner shall prepare a report on the Kitchen  
11 Lights Unit, as defined in (mm) of this section. Every five years, beginning January 1,  
12 2031, the commissioner shall deliver the report not later than the first day of the  
13 regular session of the legislature to the senate secretary and the chief clerk of the  
14 house of representatives and notify the legislature that the report is available. The  
15 commissioner shall certify the accuracy of the information in the report and certify  
16 that the report is consistent with information reported to other agencies of the state.  
17 The state may audit information published in the report. The report must set out

18 (1) the amount of oil and gas produced from the unit in the preceding  
19 five-year period, including the cumulative amounts of oil and gas produced over the  
20 five-year period and the annual amount of oil and gas produced for each year covered  
21 by the report;

22 (2) the estimated remaining proven reserves in the unit, including a  
23 description of the methodology used to estimate those reserves;



1                   (3) financial and operational information for the unit for the preceding  
2 five-year period, including capital expenditures, operating expenditures, average cost  
3 of production, average realized sales price for oil and gas produced from the unit, and  
4 development activity occurring in the unit, including the number of wells drilled,  
5 completed, and producing and other significant capital projects or enhanced recovery  
6 efforts occurring in the unit;

7                   (4) the amount of royalty revenue received from the unit during the  
8 preceding five years;

9                   (5) a discussion of the effects on the state of the royalty modification  
10 under (mm) of this section, including the total amount of royalty revenue received by  
11 the state under the modified royalty rate, an estimate of royalty revenue that would  
12 have been received without the modification, and an analysis of the extent to which  
13 the royalty modification has affected production, investment, and continued operation  
14 of the unit;

15                   (6) a description of the future of the unit, including anticipated  
16 production over the next five years, planned development activities, and conditions  
17 necessary for continued operation of the unit; and

18                   (7) an analysis of the effects on energy costs for state residents  
19 resulting from the royalty modification under (mm) of this section and from  
20 production from the unit, including, if practicable, the effect on regional energy  
21 prices."