



CSHB 81(RES)am
Modification of a Royalty or Net Profit Share
Summary of Changes, Versions I, and I.A

Version I

HB 81 was amended in House Resources in several sections.

In Section 1, language in AS 36.30.850(b)(32) was modernized at the suggestion of Legislative Legal.

Section 2 changes were adopted by the committee to limit the application of the new condition for modification adopted under AS 38.05.180(j)(1)(D) to only net profit share modification, and to add a new subsection AS 38.05.180(j)(6) requiring that capital expenditures proposed in a modification application under new AS 38.05.180(j)(1)(D) actually be incurred in order to earn a modification and that the proposed capital expenditures would be sufficient to maximize potential production. Additionally, at the suggestion of Legislative Legal, the proposed language of AS 38.05.180(j)(1)(D) was changed to clarify the intent to approve modifications for new capital expenditures in order to extend the life of a field or pool.

Sections 3 through 5 were added at the suggestion of Legislative Legal to conform modification reservation language in AS 38.05.180(p), (s), & (t) with the new Net Profit Share Lease (NPSL) modification provisions. Section 5 also includes the modernized language added in Section 1.

Version I.A

CSHB 81 was amended on the House floor to add new Sections 6 and 7 to the bill. These sections required that any modification of a royalty or net profit share under AS 38.05.180(j) be presented to the Alaska Royalty Oil and Gas Development Advisory Board, and that the Commissioner of Natural Resources may not grant any such modification unless the Board recommends that the Commissioner approve the modification.