

HOUSE BILL NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ROKEBERG

Introduced: 1/13/97

Referred: House Special Committee on Oil and Gas, Resources

A BILL

FOR AN ACT ENTITLED

1 **"An Act reducing the amount for which proof of financial responsibility must be**
2 **provided to the Department of Environmental Conservation in conjunction with the**
3 **operation of certain onshore oil and gas exploration and production facilities."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** AS 46.04.040(b) is amended to read:

6 (b) A person may not cause or permit the operation of a pipeline or an
7 exploration or production facility in the state unless the person has furnished to the
8 department, and the department has approved, proof of financial ability to respond in
9 damages. Proof of financial responsibility required for

10 (1) a pipeline or an offshore exploration or production facility is
11 \$50,000,000 per incident;

12 (2) an onshore production facility is

13 (A) **\$10,000,000** [\$20,000,000] per incident if the facility
14 produces over 10,000 barrels per day of oil;

1 (B) \$5,000,000 [\$10,000,000] per incident if the facility
2 produces over 5,000 barrels per day but not more than 10,000 barrels per day
3 of oil;

4 (C) \$2,500,000 [\$5,000,000] per incident if the facility produces
5 over 2,500 barrels per day but not more than 5,000 barrels per day of oil;

6 (D) \$250,000 [\$1,000,000] per incident if the facility produces
7 2,500 barrels per day or less of oil;

8 (3) an onshore exploration facility is

9 (A) \$25,000 per incident for a facility used solely to explore for
10 shallow natural gas by means of drilling a well to explore for gas, whether
11 methane associated with and derived from coal deposits or otherwise, from a
12 source that is within 3,000 feet of the surface; and

13 (B) except as provided by (A) of this paragraph, \$250,000
14 [\$1,000,000] per incident.