

CS FOR HOUSE BILL NO. 380(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 3/13/98
Referred: Finance

Sponsor(s): REPRESENTATIVES HODGINS, Kohring

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a temporary reduction of royalty on oil and gas produced
2 for sale from fields within the Cook Inlet sedimentary basin where production is
3 commenced in fields that have been discovered and undeveloped or that have been
4 shut in."

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

6 * **Section 1.** AS 38.05.180(f) is amended by adding a new paragraph to read:

7 (5) notwithstanding and in lieu of a requirement in the leasing method
8 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases
9 unitized as described in (p) of this section, leases subject to an agreement described
10 in (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or
11 part of an oil or gas field **identified in this section** [IN THE COOK INLET
12 SEDIMENTARY BASIN DISCOVERED BEFORE JANUARY 1, 1988, THAT HAS
13 BEEN UNDEVELOPED OR SHUT IN FROM JANUARY 1, 1988, THROUGH
14 DECEMBER 31, 1997, AND THAT, BEFORE JANUARY 1, 2004, BEGINS

1 PRODUCING FOR SALE PREVIOUSLY UNDEVELOPED OR SHUT-IN OIL OR
2 GAS,] shall, provided production for sale begins before January 1, 2004, pay a
3 royalty of five percent on the first 35,000,000 barrels of oil and the first
4 35,000,000,000 cubic feet of gas produced [ALL PRODUCTION OF OIL OR GAS]
5 for sale from that oil or gas field that occurs in the 10 years following the date on
6 which the production for sale [OF PREVIOUSLY UNDEVELOPED OR SHUT-IN
7 OIL OR GAS] commences. The fields eligible for royalty reduction under this
8 section, all of which are located within the Cook Inlet sedimentary basin, were
9 discovered before January 1, 1988, and have been undeveloped or shut in from
10 at least January 1, 1988, through December 31, 1997, are:

11 (1) Falls Creek;

12 (2) Nicolai Creek;

13 (3) North Fork;

14 (4) Point Starichkof;

15 (5) Redoubt Shoal; and

16 (6) West Foreland [FROM THAT FIELD].