

CS FOR HOUSE BILL NO. 380(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/30/98

Referred: Rules

Sponsor(s): REPRESENTATIVES HODGINS, Kohring, Rokeberg

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 certain fields within the Cook Inlet sedimentary basin."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

5 (5) notwithstanding and in lieu of a requirement in the leasing method
6 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases
7 unitized as described in (p) of this section, leases subject to an agreement described
8 in (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or
9 part of an oil or gas field identified in this section shall, provided production for sale
10 begins before January 1, 2004, pay a royalty of five percent on the first 25,000,000
11 barrels of oil and the first 35,000,000,000 cubic feet of gas produced for sale from that
12 oil or gas field that occurs in the 10 years following the date on which the production
13 for sale commences; the fields eligible for royalty reduction under this paragraph, all
14 of which are located within the Cook Inlet sedimentary basin, were discovered before

1 January 1, 1988, and have been undeveloped or shut in from at least January 1, 1988,
2 through December 31, 1997, are:

- 3 (A) Falls Creek;
- 4 (B) Nicolai Creek;
- 5 (C) North Fork;
- 6 (D) Point Starichkof;
- 7 (E) Redoubt Shoal; and
- 8 (F) West Foreland.