

SENATE BILL NO. 256

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY SENATOR PEARCE

Introduced: 1/23/98

Referred: Resources, Finance

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 in the Cook Inlet sedimentary basin discovered before
12 January 1, 1988, that has been undeveloped or shut in from January 1, 1988, through
13 December 31, 1997, and that, before January 1, 2004, begins producing for sale
14 previously undeveloped or shut-in oil or gas, shall pay a royalty of five percent on all

1 production of oil or gas for sale from that oil or gas field that occurs in the 10 years
2 following the date on which the production for sale of previously undeveloped or shut-
3 in oil or gas commences from that field.