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AMENDMENT[#] 1

OFFERED IN THE HOUSE

BY REPRESENTATIVE

Kerttula

TO: HB 69

1 Page 1, line 4 through page 2, line 16:

2 Delete all material and insert:

3 **“* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 LEGISLATIVE INTENT. It is the intent of the legislature that

6 (1) The Alaska Oil and Gas Conservation Commission adopt regulations that
7 address the oversight, under AS 31.05, of shallow natural gas or coal bed methane exploration
8 and development activities on leases authorized by AS 38.05.177 or by other law; the
9 commissions' regulations must be reasonable and appropriate to the recovery of the gas
10 described in AS 38.05.177 (a): and

11 (2) the provisions of sec. 3 of this Act apply to allow for a temporary
12 accommodation for the treatment of shallow natural gas exploration and development activities
13 during the time necessary to propose and adopt those regulations.”

14 * **Sec. 2.** AS 31.05.030(f) is amended to read:

15 (f) The commission

16 **(1) shall adopt regulations to oversee shallow natural gas exploration and**
17 **development activities; the regulations must be reasonable and appropriate to the recovery**
18 **of the gas described in AS 38.05.177; and**

19 **(2)** may classify wells as oil or gas wells for purposes material to the interpretation or
20 enforcement of this chapter.

21 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
22 to read:

1 VARIANCES FOR DRILLING FOR SHALLOW NATURAL GAS OR COAL BED
2 METHANE WELLS. (a) Notwithstanding the requirements of AS 31.05.060 that relate to
3 fixing a date for a hearing and causing notice of the hearing to be given, for a single well
4 drilled to explore for or develop shallow natural gas or coal bed methane or for more than one
5 of these wells in a single field, at the request of an operator, the Alaska Oil and Gas
6 Conservation Commission may, if operations at the well or field might be otherwise unduly
7 delayed, approve without a hearing or notice of hearing a variance from one or more technical
8 requirements in the commission's regulations that apply to drilling operations or equipment.
9 The commission may approve a variance under this subsection only if the commission finds
10 that

11 (1) the variance provides at least an equally effective means of accomplishing
12 the purposes of the requirement set out in the commission's regulation; or

13 (2) compliance with the requirement of the commission's regulation is not
14 necessary or not appropriate to the well or field, taking into consideration

15 (A) the nature of the operation involved;

16 (B) the characteristics of the well or field for which the variance is
17 sought; and

18 (C) the reasonably anticipated risks of the exemption from the
19 requirements to conservation, human safety, and the environment.

20 (b) This section does not apply to a well used for underground injection.

21 * Sec. 4. Section 3 of this Act is repealed June 30, 2004.

22 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c)."