

SENATE BILL NO. 314

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Introduced: 4/12/06

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act limiting retroactive adjustments in the sale price of state royalty oil sold by the**
2 **state to a refiner."**

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

4 *** Section 1.** AS 38.05.183 is amended by adding a new subsection to read:

5 (i) Notwithstanding another provision of this chapter or a provision in a
6 contract for the sale of royalty oil, whether the contract is in effect on the effective
7 date of this Act or entered into on or after the effective date of this Act, in any contract
8 entered into for the sale of state royalty oil to a refiner, except for a price change that
9 is necessitated by a rate change based on a quality bank differential adjustment for the
10 Trans Alaska Pipeline System, the commissioner may not make a retroactive
11 adjustment in the sale price of the royalty oil based on a change in rates for
12 transportation of the oil on that pipeline system. For purposes of this subsection,
13 "quality bank differential" means the difference per barrel between the value of a
14 specified Alaska North Slope oil stream that is commingled with one or more other

1 streams at a pipeline connection and the value of the commingled pipeline stream,
2 referred to as the reference stream, immediately downstream from that pipeline
3 connection, as that difference in value is calculated by the person administering the
4 pipeline quality bank for that pipeline connection.