

HOUSE BILL NO. 349

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVES RAUSCHER, McCarty, McKay, McCabe, Nelson, Schrage, Prax, Kaufman,
Rasmussen, Drummond, Johnson****Introduced: 2/22/22****Referred: Community and Regional Affairs, Resources****A BILL****FOR AN ACT ENTITLED**

1 **"An Act relating to the establishment of oil and gas drilling units and patterns."**

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

3 * **Section 1.** AS 31.05.100(a) is amended to read:

4 (a) For the prevention of waste, to protect and enforce the correlative rights of
5 lessees in a pool, and to avoid the augmenting and accumulation of risks arising from
6 the drilling of an excessive number of wells, or the reduced recovery **that** [WHICH]
7 might result from too small a number of wells, the commission **may** [SHALL, AFTER
8 A HEARING,] establish a drilling unit or units for each pool. The establishment of a
9 unit for gas shall be limited to the production of gas.

10 * **Sec. 2.** AS 31.05.100(b) is amended to read:

11 (b) Each well permitted to be drilled on a drilling unit shall be drilled under
12 the rules and regulations and in accordance with the spacing pattern as the commission
13 prescribes for the pool in which the well is located. Exceptions to the rules and
14 spacing pattern may be granted where it is shown [, AFTER NOTICE AND
15 HEARING,] that the unit is partly outside the pool, or **that** for some other reason a

1 well [SO] located on the unit would be nonproductive, or topographical conditions
2 [ARE SUCH AS TO] make the drilling at [SUCH] a location unduly burdensome. If
3 an exception is granted, the commission shall take [SUCH] action **to** [AS WILL]
4 offset any advantage **that** [WHICH] the person securing the exception may have over
5 other producers **because** [BY REASON] of the drilling of the well as an exception,
6 and so that drainage from developed units to the tract with respect to which the
7 exception is granted will be prevented or minimized, and the producer of the well
8 drilled as an exception will be allowed to produce **not** [NO] more than a just and
9 equitable share of the oil and gas in the pool.