

CS FOR HOUSE BILL NO. 349(CRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Offered: 4/20/22

Referred: Resources

Sponsor(s): REPRESENTATIVES RAUSCHER, McCarty, McKay, McCabe, Nelson, Schrage, Prax, Kaufman, Rasmussen, Drummond, Johnson

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
5 [OF LESSEES IN A POOL], and to avoid the augmenting and accumulation of risks
6 arising from the drilling of an excessive number of wells, or the reduced recovery **that**
7 [WHICH] might result from too small a number of wells, the commission **may**
8 [SHALL, AFTER A HEARING,] establish a drilling unit or units for each pool. The
9 establishment of a 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

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

* **Sec. 3.** AS 31.05.100 is amended by adding a new subsection to read:

(f) The commission may adopt well spacing regulations to protect correlative rights in a pool without a drilling unit or units established under this section.