

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

May 13, 2022

3:49 p.m.

**MEMBERS PRESENT**

Senator Peter Micciche, Vice Chair  
Senator Click Bishop  
Senator Gary Stevens  
Senator Jesse Kiehl  
Senator Scott Kawasaki

**MEMBERS ABSENT**

Senator Joshua Revak, Chair  
Senator Natasha von Imhof

**COMMITTEE CALENDAR**

SENATE JOINT RESOLUTION NO. 11

Supporting development of the road belt electrical transmission line; and urging members of the Alaska delegation in Congress to pursue the development of this high- voltage electrical line in the interior of the state.

- MOVED CSSJR 11(RES) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 349(RES)

"An Act relating to the establishment of oil and gas drilling units, spacing, and patterns."

- MOVED CSHB 349(RES) OUT OF COMMITTEE

SENATE BILL NO. 244

"An Act relating to the establishment of oil and gas drilling units, spacing, and patterns."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 11

SHORT TITLE: SUPPORTING ROAD BELT ELECTRICAL LINE

SPONSOR(s): RESOURCES

03/22/21 (S) READ THE FIRST TIME - REFERRALS  
03/22/21 (S) RES  
01/24/22 (S) RES AT 3:30 PM BUTROVICH 205  
01/24/22 (S) Heard & Held  
01/24/22 (S) MINUTE(RES)  
05/09/22 (S) RES AT 3:30 PM BUTROVICH 205  
05/09/22 (S) -- MEETING CANCELED --  
05/11/22 (S) RES AT 3:30 PM BUTROVICH 205  
05/11/22 (S) -- MEETING CANCELED --  
05/13/22 (S) RES AT 3:30 PM BUTROVICH 205

BILL: HB 349

SHORT TITLE: HEARING ESTABLISH DRILLING UNITS/SPACING  
SPONSOR(S): RAUSCHER

02/22/22 (H) READ THE FIRST TIME - REFERRALS  
02/22/22 (H) CRA, RES  
03/29/22 (H) CRA AT 8:00 AM BARNES 124  
03/29/22 (H) -- MEETING CANCELED --  
04/05/22 (H) CRA AT 8:00 AM BARNES 124  
04/05/22 (H) -- MEETING CANCELED --  
04/07/22 (H) CRA AT 8:00 AM BARNES 124  
04/07/22 (H) -- MEETING CANCELED --  
04/12/22 (H) CRA AT 8:00 AM BARNES 124  
04/12/22 (H) Heard & Held  
04/12/22 (H) MINUTE(CRA)  
04/14/22 (H) CRA AT 8:00 AM BARNES 124  
04/14/22 (H) Heard & Held  
04/14/22 (H) MINUTE(CRA)  
04/19/22 (H) CRA AT 8:00 AM BARNES 124  
04/19/22 (H) Moved CSHB 349(CRA) Out of Committee  
04/19/22 (H) MINUTE(CRA)  
04/20/22 (H) CRA RPT CS(CRA) 5DP  
04/20/22 (H) DP: MCCARTY, MCCABE, PRAX, HANNAN,  
SCHRAGE  
04/27/22 (H) RES AT 1:00 PM BARNES 124  
04/27/22 (H) Heard & Held  
04/27/22 (H) MINUTE(RES)  
04/29/22 (H) RES AT 1:00 PM BARNES 124  
04/29/22 (H) Moved CSHB 349(RES) Out of Committee  
04/29/22 (H) MINUTE(RES)  
05/02/22 (H) RES RPT CS(RES) NEW TITLE 4DP 4NR  
05/02/22 (H) DP: MCKAY, RAUSCHER, GILLHAM, SCHRAGE  
05/02/22 (H) NR: CRONK, HOPKINS, HANNAN, PATKOTAK  
05/11/22 (H) TRANSMITTED TO (S)  
05/11/22 (H) VERSION: CSHB 349(RES)

05/12/22 (S) READ THE FIRST TIME - REFERRALS  
05/12/22 (S) RES  
05/13/22 (S) RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

REPRESENTATIVE GEORGE RAUSCHER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 349.

RYAN MCKEE, Staff  
Representative George Rauscher  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis on behalf of the sponsor.

JEREMY PRICE, Commissioner  
Alaska Oil and Gas Conservation Commission (AOGCC)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 349.

JESSIE CHMIELOWSKI, PE; Commissioner  
Alaska Oil and Gas Conservation Commission  
Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during the hearing on HB 349.

**ACTION NARRATIVE**

[3:49:51 PM](#)

**VICE CHAIR MICCICHE** called the Senate Resources Standing Committee meeting to order at 3:49 p.m. Present at the call to order were Senators Kiehl, Kawasaki, Stevens, and Vice Chair Micciche. Senator Bishop joined the meeting immediately thereafter.

**SJR 11-SUPPORTING ROAD BELT ELECTRICAL LINE**

[3:50:53 PM](#)

**VICE CHAIR MICCICHE** announced the consideration of SENATE JOINT RESOLUTION NO. 11 Supporting development of the road belt electrical transmission line; and urging members of the Alaska

delegation in Congress to pursue the development of this high-voltage electrical line in the interior of the state.

[SJR 11 was previously heard on 1/24/2022.]

VICE CHAIR MICCICHE made opening remarks. He related that one concern was that SJR 11 had the potential to draw attention away from other projects in the state. While this concern is valid, there is a security need to have redundant electrical infrastructure in the state. In improving Alaska's power infrastructure, the Senate Resources Committee is interested in all possible options on the table. Currently, the issue before the committee deals with support for a "road-belt electrical intertie," which he and the chair support. The chair expressed an interest in the committee supporting similar resolutions for other electrical and power-related improvements across the state.

[3:51:51 PM](#)

SENATOR KIEHL noted that the resolution was introduced before the untimely passing of Congressman Don Young, so he is still listed in the resolution.

[3:52:15 PM](#)

VICE CHAIR MICCICHE related his understanding that the resolution would go automatically to the office of former Congressman Don Young until there is a replacement.

[3:52:31 PM](#)

SENATOR STEVENS moved to report SJR 11, work order 32-LS0660\A, from committee with individual recommendations and attached fiscal note(s).

[3:52:49 PM](#)

SENATOR KAWASAKI objected, noting that the committee had adopted a conceptual amendment at the prior hearing on the resolution.

[SENATOR KAWASAKI pointed out a technical issue at the 1/24/2022 hearing on SJR 11. At that time, he noted that when SJR 11 was drafted, there was an Acting Secretary of Interior, but a Secretary of the Interior was subsequently appointed.]

[3:52:52 PM](#)

At ease

[3:53:23 PM](#)

VICE CHAIR MICCICHE reconvened the meeting and asked Senator Stevens to rescind his motion.

[3:53:29 PM](#)

SENATOR STEVENS rescinded his motion to report SJR 11 from committee.

[3:53:31 PM](#)

VICE CHAIR MICCICHE related his understanding that the committee had adopted a conceptual amendment at the last hearing to correct it [The committee had noted a technical issue during the 1/24/21 hearing on the resolution but did not adopt a conceptual amendment.] The word "Acting" was not removed, and the committee would like to correct it for the record, similar to the statement regarding the late US Congressman Don Young.

VICE CHAIR MICCICHE asked whether there was objection to correcting either statement; he found no objection, and the technical corrections were adopted.

[3:54:05 PM](#)

SENATOR STEVENS moved to report SJR 11, work order 32-LS0660\A, as amended, from committee with individual recommendations and attached fiscal note(s).

VICE CHAIR MICCICHE found no objection, and CSSJR 11(RES) was reported from the Senate Resources Standing Committee.

#### **HB 349-HEARING ESTABLISH DRILLING UNITS/SPACING**

[3:54:38 PM](#)

VICE CHAIR MICCICHE announced the consideration of the CS FOR HOUSE BILL NO. 349(RES)"An Act relating to the establishment of oil and gas drilling units, spacing, and patterns."

He noted that this was the first hearing in this committee.

[3:55:20 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, Juneau, Alaska, introduced HB 349 paraphrasing the sponsor statement:

[Original punctuation provided.]

HB 349 was written because the way we search for and produce oil in the 21st century, has changed since the 1950's. During that time, policymakers were worried

that oil companies might drill too many vertical wells that were spaced too tightly together, resulting in oil left in the ground that could no longer be recovered. Try googling Spindletop images.

Today, no one is spending millions of dollars to drill unnecessary wells in Alaska. In the decades since the early days of the industry, advancements in drilling technology allows wells to be directionally drilled underground, sometimes with multiple lateral wells from a single motherbore or parent well. Holes can be a few thousand feet deep, yet tens of thousands of feet long to recover greater amounts of oil and gas.

Unfortunately, our outdated statutes have not kept up with the advancements in the oil and gas industry. The statutes being amended by this legislation were originally designed to provide oversight by involving another step, to provide assurance that perforations into the ground were not going to be too close, jeopardizing substructure integrity of the field or zone. This extra oversight is no longer necessary, slows down development and costs the state time and money. HB 349 eliminates needless regulatory red tape, as drilling and production processes have fundamentally changed since the statute was written.

[3:57:51 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, Juneau, Alaska, paraphrased the sectional analysis on behalf of the sponsor:

[Original punctuation provided.]

**Section 1: AS 31.05.100(a)**

This amends section 1 - part a, starting on page 1, line 7 and 8. This would remove the hearing requirement before the commission can establish the drilling unit or units for each pool.

**Section 2: AS 31.05.100(b)**

This amends section 2 - part b, starting with page 2 line 2. This removes the notice and hearing requirement exceptions to the rules and spacing pattern. Meaning that the need for proof of public notice of a hearing would no longer be

needed. The remaining changes in section 2, legal language that was needed to update the bill to reflect the changes made above.

**Section 3: AS 31.05.100(f)**

This adds a new subsection (f) that protects correlative rights.

[3:59:05 PM](#)

SENATOR KAWASAKI asked what the original purpose was for holding public hearings and public notification.

[3:59:19 PM](#)

REPRESENTATIVE RAUSCHER answered that the public hearing was a process required every time another hole was drilled in a nearby unit. HB 349 proposes to drill a single mother bore [also known as a parent bore]. When the bottom of the hole is reached, offshoots are drilled at different angles, avoiding the need to drill multiple wells. One single well hole would allow for 160 to 240 acres of exploratory drilling. Thus, it would enable the company to drill at any point underneath the oil by using a single mother borehole.

[4:00:04 PM](#)

SENATOR KAWASAKI surmised that the bill's primary purpose would be to eliminate numerous unsightly, large, above-ground wells in favor of multidirectional underground drilling.

[4:00:38 PM](#)

REPRESENTATIVE RAUSCHER deferred to Mr. Price to respond.

[4:00:44 PM](#)

JEREMY PRICE, Commissioner, Alaska Oil and Gas Conservation Commission (AOGCC), Anchorage, Alaska, answered that is correct. He directed attention to the photo [of the Spindletop Oil Field, Beaumont, TAX CREDIT - 1903, shown on slide 1 AOGCC's PowerPoint]. He said the photograph [depicting numerous closely spaced oil rigs] shows that drilling vertical holes together results in waste, leaving unrecoverable oil in the reservoir.

MR. PRICE explained that AOGCC's statute was based on one that all state oil and gas commissions had 70 years ago when the commissions were created. The issue of waste when oil wells were drilled too closely together within the hydrocarbon reservoir is no longer the concern that it once was.

[4:01:49 PM](#)

SENATOR BISHOP related his understanding that Senator Kawasaki acknowledged that the purpose of HB 349 was to allow drilling laterally from one wellbore.

4:02:06 PM

VICE CHAIR MICCICHE commented that Alaska modeled some of its statutes regarding oil fields on the Lower 48, but those fields are not similar to Alaska's oil fields. Alaska has always conducted oil drilling differently. He related his understanding that this was a late adjustment to the statutes.

4:02:35 PM

MR. PRICE stated that he serves in the public seat on AOGCC. The purpose of HB 349 is to reduce administrative barriers. He related that AOGCC is tasked under AS 31.05.100 (a) and (b) to hold hearings for any changes to oil and gas pool unit designations, rules, or spacing patterns, even where all relevant properties within a given pool belong to a single owner. This requirement for hearings in every instance causes an unnecessary delay for pool owners. It generates unnecessary costs for the state as AOGCC must engage in the protracted process of issuing notice and holding hearings before taking action. HB 349 would update the process, reduce unnecessary delays to oil and gas operators, and save the state time and money that would otherwise be spent on superfluous notice and hearing requirements.

4:03:30 PM

MR. PRICE noted that as Mr. McKee stated, Section 1 of HB 349, page 1, line 5 would delete the correlate of rights of lessees in a pool because the definition of correlative rights is already in AS 31.05.170. That definition is more comprehensive, and AOGCC commissioners rely on that definition.

4:04:03 PM

MR. PRICE referred to Section 1, lines 7 and 8, which would remove the hearing required before the commission can establish the drilling unit or units for each pool. Current statutes require AOGCC to hold a hearing when an operator drills an exploratory well and discovers oil and gas. The statutes require AOGCC to hold a hearing on the spacing of additional wells drilled within the same pool and establish a drilling unit or units for that pool. He noted that the default drilling unit size for a governmental section for gas is 640 acres, and a governmental quarter section for oil is 160 acres.

MR. PRICE stated that Section 1 of HB 349 would remove the requirement to hold a hearing and to establish a drilling unit. He recalled that some confusion exists between a drilling unit, which AOGCC creates, and a unit boundary created during the Department of Natural Resources leasing process.

[4:05:09 PM](#)

MR. PRICE explained that establishing drilling units, which are essentially boxes on a map within which only one vertical well can be drilled, is an outdated process due to horizontal drilling.

MR. PRICE explained that Section 2 would make it discretionary rather than mandatory for AOGCC to issue notice and hold a hearing in each instance where an exception is granted to the rule regarding spacing patterns prescribed to a particular pool. With this change, AOGCC could allow the operator to drill additional wells within the same pool without having a 30-day public notice and comment period, followed by the issuance of a conservation order. He noted that from 2016 to 2020, before the pandemic, AOGCC publicly noticed 47 hearings for non-controversial well spacing exceptions, but no member of the public requested nor submitted testimony.

[4:06:08 PM](#)

MR. PRICE referred to Section 3, subsection (f), which would retain public notice requirements to protect correlative rights by requiring public noticing when operators apply to drill within a certain distance of property lines when the landowners are not the same.

MR. PRICE referred to a one-page handout in members' packets, entitled 20 AAC 25.520, Drilling Units and Well Spacing, that shows how these changes would affect AOGCC. This provides an example of changes to regulations that could occur if this bill were to pass. He highlighted that the effect would be to delete the underlined portion in 20 AAC 25.055(a), which pertains to creating drilling units that would no longer be required. The drilling default unit size of the governmental core section and the spacing restriction between wells producing from the same pool would be repealed. Subsection (a), paragraphs (1), and (2) provide protections for correlative rights and establish a requirement to hold hearings for those spacing restrictions.

[4:07:42 PM](#)

JESSIE CHMIELOWSKI, PE; Commissioner, Alaska Oil and Gas Conservation Commission, Anchorage, Alaska, stated that she

serves as the engineering commissioner on AOGCC. HB 349 would modify statutes that have not been changed since 1955. If approved, this bill would not affect AOGCC's mission but would allow the commission to be more efficient.

[4:08:18 PM](#)

MS. CHMIELOWSKI stated that the bill title refers to drilling units, but the proposed language relates to inter-well safe and exceptions, or how far one well must be from another in the subsurface. She noted that it does not relate to anywhere below the surface but in the targeted, productive reservoir. When the statute was written in the 1950s, it was common for oil and gas fields to be developed with vertical wells. At times operators would drill wells that were too close together, resulting in waste or a reduction in the hydrocarbons that could be recovered.

MS. CHMIELOWSKI referred to the photo of the Spindletop Oil Field, which was a first-come-first-served approach with no controls over development. She stated that too many wells were drilled too close together, and the reservoir pressure would drop off too rapidly, resulting in stranded reserves or waste. After states passed conservation acts in the 1930s, agencies like AOGCC adopted reforms throughout the US to prevent wasting hydrocarbon resources.

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MS. CHMIELOWSKI reiterated that establishing the default drilling units and requiring AOGCC to hold hearings for spacing exceptions was to prevent waste of the resource or to encourage ultimate resource recovery. As previously mentioned, in Alaska, the default drilling unit size for a governmental section for gas and a governmental quarter section for oil only allows one well per default drilling unit unless AOGCC grants a spacing exception, which requires a hearing.

MS. CHMIELOWSKI discussed allowing wells to be drilled closer than the default spacing. She said it encourages greater ultimate recovery. With modern technology, wells are drilled based on geology and reservoir characteristics. Default drilling units based on governmental sections are out of date. It is common for wells to be planned and drilled closer than the default spacing.

[4:10:26 PM](#)

MS. CHMIELOWSKI stated that when Prudhoe Bay was initially started 44 years ago, the estimated recoverable reserves were 9

billion barrels of oil. However, with advancements in drilling and reservoir management, the estimated recoverable reserves are now 14 billion barrels of oil. She highlighted that updating the best practices would benefit Alaska.

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MS. CHMIELOWSKI stated that she had two examples.

[4:11:18 PM](#)

SENATOR STEVENS referred to the figures for recoverable oil in Prudhoe Bay. He asked whether the later projection that Prudhoe Bay contained 14 billion barrels of recoverable oil included the original estimate of 9 billion.

MS. CHMIELOWSKI answered that the 14 billion barrels of oil represent the estimated total recoverable reserves.

SENATOR STEVENS further asked whether that was for the entire Prudhoe Bay field from its inception until now.

MS. CHMIELOWSKI answered that is correct.

[4:11:46 PM](#)

MS. CHMIELOWSKI reviewed the slide titled AOGCC Well Spacing Exception Example: BlueCrest Energy which provided a birds-eye view of the BlueCrest Energy Development in Cook Inlet. She said the green lines represent the wells, which start at one onshore pad located at the right-hand side. She explained that the wells were drilled underground offshore to the oil and gas reservoir. Although difficult to see on the slide, the text shows the governmental sections in the area, consisting of a grid pattern laid across the map. She pointed out that each of these wells has a series of dots and unreadable text on the slide, representing the multi-lateral or fishbone lateral.

[4:12:56 PM](#)

MS. CHMIELOWSKI turned to the rainbow slide titled H-12 Multilateral. She said this shows a side view of one of the multi-lateral wells. The well begins on the right side of the slide, cutting across the reservoir, with the parent or mother bore extending to the far left. The drill rig pull back and sidetrack to drill the lateral wells that extend up. She referred to the series of laterals that are called fishbone laterals. She stated that BlueCrest Energy tried several ways to produce this reservoir most efficiently and found this to be the best way. She said it is a modern well design that optimizes the ultimate recovery of oil and gas. In this instance, each of the

laterals required an inter-well spacing exception and a hearing. She indicated this created a substantial administrative burden for the operator and AOGCC. Nevertheless, developing the drilling in this way is the right thing to do, which AOGCC verifies through its permitting process.

[4:14:22 PM](#)

MS. CHMIELOWSKI reviewed the slide titled AOGCC Well Spacing Exception Example: ConocoPhillips. She said this shows a birds-eye view of a map of the Rendezvous Oil Pool Development Plan in the Greater Mooses Tooth Unit. She directed attention to the governmental and quarter sections overlaid on the map. She directed attention to the red dot on the field labeled MT7, which identifies the drilling pad location where the wells will be drilled, with orange parallel lines depicting the planned wells. She stated that ConocoPhillips makes an alternating pattern of injectors or producers, which the next slide zooms in on. She noted the purple curved line that outlines the Rendezvous Oil Pool, and a squared-off jagged line that indicates the leases the company has secured for this oil pool.

[4:15:32 PM](#)

MS. CHMIELOWSKI reviewed the last slide, which shows a zoomed-in view of the wells. She indicated that the wells drilled begin at the same location with a series of parallel wells that alternate blue and green based on the producers and injectors to bring oil to the producers for optimal maximum recovery. Each of these wells covers multiple governmental quarter sections, so every well would require an inner-well spacing exception from AOGCC, including noticing a hearing. She stated that this proposed horizontal well development would yield greater recovery than a conventional vertical development plan with minimum spacing. She offered her belief that the request for inter-well spacing corrections is unnecessary to prevent waste or protect correlative rights. She summarized that the technical review of drilling permit sites by AOGCC engineers and geologists is robust and would not change. With the passage of HB 349, AOGCC will continue to fulfill its mission to prevent the waste of Alaska's valuable hydrocarbon resources.

[4:17:16 PM](#)

SENATOR KIEHL related that the bill indicates that the commission can adopt regulations for a more moderate approach. He asked what the public notice or comment opportunities for the public would be if the bill were to pass.

[4:17:54 PM](#)

MR. PRICE answered that the ability to request a petition for a hearing exists and will remain in statute. A member of the public can petition AOGCC for a hearing on any matter within its jurisdiction. In addition, the Department of Natural Resources (DNR) provides multiple opportunities for public comment to raise concerns about when the leasing process begins. He stated that once the project comes to AOGCC, the commission will hold hearings on correlative rights issues, but it would no longer be holding hearings on the well spacing or the distance between wells within the reservoir.

[4:19:15 PM](#)

SENATOR KIEHL said he would contemplate this.

[4:19:25 PM](#)

SENATOR BISHOP, following up on Senator Kiehl's question, recalled that AOGCC held 47 public-noticed hearings, and no one testified.

MR. PRICE responded that is correct.

[4:19:52 PM](#)

SENATOR STEVENS asked whether the producers could return to the original wells constructed or drilled at Prudhoe Bay and use the more modern approach of horizontal drilling.

MR. PRICE deferred to Ms. Chmielowski.

[4:20:23 PM](#)

MS. CHMIELOWSKI answered absolutely. The oil wells in Prudhoe Bay were drilled in the 1970s, and Hilcorp Alaska LLC returns to those wells, performs lateral drilling to sidetrack, and recover additional reserves.

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VICE CHAIR MICCICHE opened public testimony on HB 349; he found none and closed public testimony.

[4:21:35 PM](#)

SENATOR KIEHL related to his understanding that AOGCC would still hold hearings on correlative rights. Still, his reading is that the bill would remove the hearings to prevent waste and protect correlative rights.

MR. PRICE answered that there are still requirements in statute that relate to waste and ensure ultimate recovery. It would not specifically apply to waste pertaining to well spacing or inter-

well spacing. Suppose an operator is drilling through a gas zone that the commission's geologists believe could contain significant hydrocarbons. The commission may want to require that the gas zone be cemented to prevent any hydrocarbons from migrating into another zone. He stated that it would be an issue of waste, and AOGCC would hold a hearing on that matter. He indicated that other places in statute still require AOGCC to hold hearings and issue a public notice and comment.

[4:23:31 PM](#)

SENATOR KIEHL commented that Senator Bishop reminded him that Mr. Price mentioned that AOGCC held 47 hearings on non-controversial spacing exemptions. He asked whether controversial exemptions occur.

MR. PRICE answered that, in his experience, all inter-well spacing issues have been non-controversial.

[4:23:58 PM](#)

VICE CHAIR MICCICHE questioned whether he had answered the question on correlative rights. He asked whether other sections would protect those correlative rights.

MR. PRICE responded that the protection of correlative rights exists throughout the statute. He stated that when the legislature amended Section 1 in the House Community and Regional Affairs Committee, Representative Hannan requested assurance that AOGCC would preserve the requirement in statute to hold hearings for correlative rights. This led to adding Section 3 to the bill to ensure that AOGCC would have specific statutory authority to continue holding those hearings. He noted that AOGCC has historically held those hearings and will continue to do so.

[4:25:05 PM](#)

SENATOR KIEHL replied that it does answer his question. He asked for a brief description of how the commission informs various owners about specific correlative rights and issues.

MR. PRICE deferred to Ms. Chmielowski to respond.

MS. CHMIELOWSKI explained that HB 349 only affects the requirement to notice hearings on inter-well spacing. As Senator Kiehl mentioned, AOGCC also oversees the correlative rights related to leasing boundaries and how close a well can be drilled to a boundary when the owners are not the same on both sides. She indicated that AOGCC has strict rules and requires a

minimum standoff from these boundaries where the owner is not the same. AOGCC requires a minimum distance of 500 feet for an oil well and 1500 feet for a gas well. She elaborated that correlative rights are the rights of an owner of a resource to recover their share of the resource. AOGCC would still be required to notice hearings for spacing exceptions of this type. She noted that when AOGCC receives a request for a spacing exception for a well that will go close to a boundary where ownership is not the same, AOGCC has a specific list of things that need to occur in the application to drill the well in advance of issuing an approval. She offered her belief that this was in regulation. Further, AOGCC must notify every landowner or subsurface owner within a certain radius of the entire length of the wellbore by certified mail. That evidence must be presented to the commission as part of their application.

SENATOR KIEHL said the explanation helped him understand the noticing requirements.

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VICE CHAIR MICCICHE solicited the will of the committee.

[4:28:04 PM](#)

At ease

[4:28:39 PM](#)

VICE CHAIR MICCICHE reconvened the meeting.

[4:28:45 PM](#)

SENATOR STEVENS moved to report CSHB 349(RES), work order 32-LS1542\I, from committee with individual recommendations and attached fiscal note(s).

VICE CHAIR MICCICHE found no objection, and CSHB 349(RES) was reported from committee.

[4:29:49 PM](#)

There being no further business to come before the committee, Vice Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:29 p.m.