

CS FOR HOUSE BILL NO. 223(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 3/11/24

Referred: Finance

Sponsor(s): REPRESENTATIVES RAUSCHER, Allard, Josephson, Carpenter, Saddler

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to royalty rates and payments for certain oil and gas; and providing**
2 **for an effective date."**

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

4 * **Section 1.** AS 38.05.020(a) is amended to read:

5 (a) The commissioner shall

6 **(1) supervise the administration of the division of lands;**

7 **(2) make the determinations required under AS 38.05.180(mm)**

8 **and (nn);**

9 **(3) adopt regulations necessary to carry out AS 38.05.180(mm) and**

10 **(nn), including regulations for determining how to differentiate qualified new oil**

11 **and qualified new gas production from an existing field or pool for purposes of**

12 **AS 38.05.180(nn).**

13 * **Sec. 2.** AS 38.05.180 is amended by adding new subsections to read:

14 (mm) Notwithstanding a requirement in the leasing method chosen of a

1 minimum fixed royalty share, for leases issued in the Cook Inlet sedimentary basin,
 2 the department shall accept, as complete payment for royalties due to the state, zero in
 3 royalties for qualified new gas and 50 percent of the minimum fixed royalty share for
 4 qualified new oil, unless payment is lower under another subsection of this section.
 5 The royalty reduction in this subsection applies until the earlier of either

6 (1) 10 years following the commencement of commercial production
 7 that begins after July 1, 2024; or

8 (2) the date on which a commercial quantity of oil or gas produced
 9 from the Cook Inlet sedimentary basin is shipped out of the state.

10 (nn) In (mm) of this section,

11 (1) "qualified new gas" means gas produced from

12 (A) a field or pool that the commissioner determines has not
 13 previously produced gas for commercial sale before January 1, 2024;

14 (B) a field or pool that has previously produced gas, but did not
 15 produce gas during calendar year 2024;

16 (C) a well that did not exist on January 1, 2025, if the
 17 commissioner determines that production of that gas from the field or pool
 18 from an existing well was not economically feasible;

19 (2) "qualified new oil" means oil produced from

20 (A) a field or pool that the commissioner determines has not
 21 previously produced oil for commercial sale before January 1, 2024;

22 (B) a field or pool that has previously produced oil, but did not
 23 produce oil during calendar year 2024;

24 (C) a well that did not exist on January 1, 2025, if the
 25 commissioner determines that production of that oil from the field or pool from
 26 an existing well was not economically feasible.

27 * **Sec. 3.** AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed.

28 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).