

**HOUSE BILL NO. 15**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES RAUSCHER, Costello, Prax**

**Introduced: 1/22/25**

**Referred: Resources, Finance**

**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 38.05.180 is amended by adding new subsections to read:

5 (mm) Notwithstanding and in lieu of a requirement in the leasing method  
6 chosen of a minimum fixed royalty share or the royalty provision of a lease, for leases  
7 issued for land south of 68 degrees North latitude from which commercial production  
8 of oil or gas begins after July 1, 2025, and before January 1, 2036, the lessee shall pay  
9 a royalty of three percent for qualified new gas and 6.25 percent for qualified new oil,  
10 unless payment is lower under another subsection of this section. A royalty rate in this  
11 subsection applies until the earlier of

12 (1) 10 years following the commencement of commercial production;

13 or

14 (2) the date on which a commercial quantity of oil or gas produced by

1 the lessee from land south of 68 degrees North latitude is shipped out of the state.

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

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

4 (A) a field or pool that the commissioner determines has not  
5 previously produced gas for commercial sale before January 1, 2025;

6 (B) a field or pool that the commissioner determines has not  
7 produced gas during the preceding six months but that has previously produced  
8 gas; or

9 (C) a well that did not exist on January 1, 2026, if the  
10 commissioner determines that production of that gas from the field or pool  
11 from an existing well was not feasible;

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

13 (A) a field or pool that the commissioner determines has not  
14 previously produced oil for commercial sale before January 1, 2025;

15 (B) a field or pool that the commissioner determines has not  
16 produced oil during the preceding one year but that has previously produced  
17 oil; or

18 (C) a well that did not exist on January 1, 2026, if the  
19 commissioner determines that production of that oil from the field or pool from  
20 an existing well was not feasible.

21 (oo) Notwithstanding and in lieu of a requirement in the leasing method  
22 chosen of a minimum fixed royalty share, or the royalty provision of a lease or an  
23 existing royalty settlement agreement, for gas that is produced from leases that include  
24 land north of 68 degrees North latitude and that is later liquefied or used in the  
25 liquefaction or transportation process, the lessee shall pay a royalty rate of one percent  
26 if the lessee agrees to sell the gas to a publicly owned utility or a utility regulated  
27 under AS 42.05 at a rate that reflects the discounted royalty rate provided under this  
28 subsection. The royalty rate under this subsection applies until the earlier of either

29 (1) 10 years following the first commercial use of liquefied natural gas  
30 receiving the royalty rate under this subsection; or

31 (2) the date on which a commercial quantity of liquefied natural gas

1 produced from the lease receiving the royalty rate under this subsection is shipped out  
2 of the state.

3 \* **Sec. 2.** AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed.

4 \* **Sec. 3.** AS 38.05.180(mm) and 38.05.180(nn) are repealed January 1, 2046.

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