

HOUSE BILL NO. 271

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE FIELDS

Introduced: 1/23/26

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the royalty rate for the Kitchen Lights Unit; and providing for an**
2 **effective date."**

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 LEGISLATIVE FINDINGS. The legislature finds that

7 (1) the Kitchen Lights Unit, located in the Cook Inlet, is an important source
8 of natural gas for the Southcentral region of the state;

9 (2) without a modification of the royalty rate, production from the Kitchen
10 Lights Unit is not economically feasible because of declining production and rising costs;

11 (3) gas production in Cook Inlet is necessary to ensure reliable and affordable
12 energy supply for Southcentral utilities and ratepayers, to protect jobs, and to avoid reliance
13 on imported fuels; and

14 (4) granting royalty modification for certain Kitchen Lights Unit leases is in

1 the best interests of the state because a royalty modification is projected to extend gas
2 production from the leases for use by state residents and to maximize economic benefits to the
3 state, when compared with no modification.

4 * **Sec. 2.** AS 38.05.180 is amended by adding a new subsection to read:

5 (mm) Under (j) of this section, beginning January 1, 2026, the commissioner
6 shall modify the leases within the Kitchen Lights Unit so that the royalty rate for
7 leases within the Kitchen Lights Unit is three percent each month of the gross value of
8 production from the lease. Royalty calculations may be audited by the department at
9 any time. The royalty modification under this subsection may be terminated if the
10 commissioner determines that the royalty modification was assigned without approval
11 of the commissioner, consistent with (j)(5) of this section. In this subsection, "Kitchen
12 Lights Unit" means leases with division of lands numbers 389196, 389197, 389198,
13 389507, 389514, 389515, and 389923.

14 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 RETROACTIVITY. This Act is retroactive to January 1, 2026.

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