

Introduced: 3/14/77
Referred: Resources and
Finance

1 IN THE SENATE

BY CROFT, POLAND AND HUBER

2 SS

SENATE BILL NO. 250

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the production of natural gas;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 31.05 is amended by adding a new section to read:

10 Sec. 31.05.125. NATURAL GAS PRODUCTION. (a) Notwithstanding any
11 other provisions of law, new production of natural gas for sale or
12 resale from state-owned leases is prohibited unless

13 (1) a unitization agreement covering the leases has been
14 certified by the commissioner of natural resources; and

15 (2) a secondary recovery plan for the field has been certi-
16 fied by the commissioner.

17 (b) The commissioner shall review applications for certification
18 of unitization agreements under (a)(1) of this section. He shall grant
19 certification for those agreements which prevent or assist in preventing
20 physical waste, which insure a greater ultimate recovery of oil, gas, or
21 oil and gas, and which protect the correlative rights of persons owning
22 interests in the tracts of land affected.

23 (c) The commissioner shall review applications for approval of
24 secondary recovery plans required by (a)(2) of this section. He shall
25 certify those plans which provide for

26 (1) the most efficient recovery of total resources, except
27 that he may not certify a plan unless its efficiency of recovery is at
28 least equal to that which would be obtained through implementation of a
29 plan of water flooding; and

1 (2) a timetable of implementation and a date certain for
2 commencement of secondary recovery operations.

3 (d) A plan certified by the commissioner under (a) of this section
4 may be amended. An amended plan is effective upon approval of the
5 commissioner. The failure of the commissioner to approve an amended
6 plan under this subsection does not affect the validity of a secondary
7 recovery plan approved under (a) of this section.

8 (e) If, in the judgment of the commissioner, an approved secondary
9 recovery plan is not being implemented under the provisions of a plan
10 certified under (a) of this section or amended under (d) of this section,
11 the commissioner shall, after notice to the parties and public hearing,
12 revoke certification of the plan.

13 (f) Violation of the provisions of this section, including the
14 production of natural gas from a lease for which certification of a plan
15 of secondary recovery has been revoked is punishable by a fine equal to
16 twice the gross value of the natural gas produced.

17 * Sec. 2. AS 31.05.170 is amended by adding new paragraphs to read:

18 (13) "commissioner" means the commissioner of natural re-
19 sources;

20 (14) "new production of natural gas" is any production of
21 natural gas for sale or resale from state-owned leases from which there
22 has been no production of natural gas for sale or resale before January 1,
23 1977;

24 (15) "secondary recovery" means any recovery of oil or natural
25 gas which may be obtained by the injection of liquids or gases into the
26 reservoir for the purpose of augmenting reservoir energy, where the
27 injection or production occurs through the use of two or more well
28 bores;

29 (16) "unitization agreement" means the joint operation of some

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or all of a producing reservoir;

(17) "water flooding" means any process by which water is injected into oil or natural gas-producing reservoirs for the purpose of recovering additional oil or natural gas.

* Sec. 3. This Act is retroactive to January 1, 1977.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).