

1 IN THE SENATE

BY HUBER

2 SENATE BILL NO. 365

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to royalty oil and gas transportation."

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

8 * Section 1. AS 42.06.410 is amended by adding a new subsection to read:

9 (b) In any pipeline or pipeline facility constructed, used, or
10 operated for the transportation of oil or gas, the capacity of the pipe-
11 line shall be considered adequate to carry any royalty oil or gas taken
12 in kind under that lease at no cost to the owner of the royalty oil or
13 gas in excess of a just, reasonable, nondiscriminatory and nonpreferen-
14 tial rate which shall be established by the commission. Costs or ex-
15 penses incurred by the pipeline carrier as a result of an election to
16 take royalty oil or gas in kind either to increase the capacity of the
17 pipeline or pipeline facility or to increase production shall not be
18 considered in the establishment of a rate under this subsection.

19 * Sec. 2. AS 42.06.630(9) is amended to read:

20 (9) "pipeline" or "pipeline facility" means all the facilities
21 of a total system of pipe (whether owned or operated by a pipeline
22 carrier under a contract, agreement, or lease) in this state used by a
23 pipeline carrier for transportation, for hire and as a common carrier,
24 of oil and gas for delivery, storage or further transportation, and
25 including all pipe, pump and compressor stations, station equipment, and
26 all other facilities used or necessary for an integral line of pipe to
27 effectuate the transportation from point to point, excluding, however,
28 gas processing plants, treaters and separators; as used in this para-
29 graph, a "pipeline" or "pipeline facility" is used by a pipeline carrier

1 for transportation, for hire and as a common carrier of oil or gas if
2 any oil or gas transported in the pipeline or pipeline facility is sub-
3 ject to an agreement with the lessor giving the lessor the right to take
4 a percentage of its royalty oil or gas in kind and if the lessor makes
5 an election to take the royalty oil or gas in kind;
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29