

Introduced: 2/14/86
Referred: Resources and
Finance

1 IN THE SENATE

BY FAHRENKAMP

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SENATE BILL NO. 430

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - SECOND SESSION

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A BILL

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For an Act entitled: "An Act authorizing the commissioner of the Department of Natural Resources under certain circumstances to reduce or revoke royalty oil or gas obligation increases made in connection with the institution or operation of a cooperative or unit plan; and providing for an effective date."

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

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* Section 1. AS 38.05.180(j) is amended to read:

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* Sec. 2. AS 38.05.180(p) is amended to read:

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(p) To conserve the natural resources of all or a part of an oil or gas pool, field, or like area, the lessees and their representatives may unite with each other, or jointly or separately with others, in collectively adopting or operating under a cooperative or a unit plan of development or operation of the pool, field, or like area, or

1 a part of it, when determined and certified by the commissioner to be
2 necessary or advisable in the public interest. The commissioner may,
3 with the consent of the holders of leases involved, establish, change,
4 or revoke drilling, producing, and royalty requirements of the leases
5 and adopt regulations with reference to the leases, with like consent
6 on the part of the lessees, in connection with the institution and
7 operation of a cooperative or unit plan as the commissioner determines
8 necessary or proper to secure the proper protection of the public
9 interest. The commissioner may require oil and gas leases issued
10 under this section to contain a provision requiring the lessee to
11 operate under a reasonable cooperative or unit plan, and may prescribe
12 a plan under which the lessee must operate. The plan must adequately
13 protect all parties in interest, including the state. If the commis-
14 sioner determines that the public interest warrants the reduction or
15 revocation, the commissioner may reduce or revoke a lease royalty
16 obligation increase that was made by the commissioner under this
17 subsection in connection with the institution or operation of a co-
18 operative or unit plan.

19 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
20 10.070(c).