

Introduced: 2/26/86  
Referred: Resources and  
Finance

1 IN THE SENATE

BY FAHRENKAMP

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 430

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the commissioner of the Depart-  
7 ment of Natural Resources under certain circumstances  
8 to reduce or revoke royalty oil or gas obligation  
9 increases made in connection with the institution or  
10 operation of a cooperative or unit plan; and provid-  
11 ing for an effective date."

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

13 \* Section 1. AS 38.05.180(p) is amended to read:

14 (p) To conserve the natural resources of all or a part of an oil  
15 or gas pool, field, or like area, the lessees and their representa-  
16 tives may unite with each other, or jointly or separately with others,  
17 in collectively adopting or operating under a cooperative or a unit  
18 plan of development or operation of the pool, field, or like area, or  
19 a part of it, when determined and certified by the commissioner to be  
20 necessary or advisable in the public interest. The commissioner may,  
21 with the consent of the holders of leases involved, establish, change,  
22 or revoke drilling, producing, and royalty requirements of the leases  
23 and adopt regulations with reference to the leases, with like consent  
24 on the part of the lessees, in connection with the institution and  
25 operation of a cooperative or unit plan as the commissioner determines  
26 necessary or proper to secure the proper protection of the public  
27 interest. The commissioner may require oil and gas leases issued  
28 under this section to contain a provision requiring the lessee to  
29 operate under a reasonable cooperative or unit plan, and may prescribe

1 a plan under which the lessee must operate. The plan must adequately  
2 protect all parties in interest, including the state. Notwithstanding  
3 (j) of this section, if the commissioner determines that the public  
4 interest warrants the reduction or revocation, the commissioner may  
5 reduce or revoke a royalty obligation increase that was made by the  
6 commissioner in connection with the institution or operation of a co-  
7 operative or unit plan.

8 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
9 10.070(c).