

Introduced: 1/19/87
Referred: Oil & Gas, Labor & Commerce,
Resources and Finance

5-0283A

1 IN THE SENATE BY KERTTULA
2 SENATE BILL NO. 48
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to oil recovery and to royalty oil
7 and gas storage and trading; and providing for an
8 effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 31.05.110(p) is amended to read:
11 (p) An aliquot of unit production may be underlifted or over-
12 lifted from a unit established under this chapter or AS 38.05.180(p)
13 only when it does not create waste, except that the commissioner may
14 permit underlifting or overlifting for temporary periods for the
15 purpose of accommodating extraordinary disruptions to an interest
16 owner's production disposal system. [UNDERLIFTED OIL MAY BE RECOVERED
17 BY AN INTEREST OWNER AT A DAILY RATE NOT TO EXCEED 10 PERCENT OF THE
18 OWNER'S WORKING OR ROYALTY INTEREST SHARE OF DAILY PRODUCTION AT THE
19 TIME OF UNDERLIFT RECOVERY. THIS SUBSECTION APPLIES TO ALL UNITS
20 CREATED AFTER JUNE 30, 1978.]
21 * Sec. 2. AS 38.05.180(1) is repealed and reenacted to read:
22 (1) The commissioner shall include in each lease entered into
23 under this section a provision that, subject to the provisions of
24 AS 31.05, the commissioner may, if the commissioner after considering
25 engineering constraints and other relevant factors makes a written
26 finding that the state will receive back its stored or traded royalty
27 share before 80 percent of the estimated reserve of the field is
28 depleted,
29 (1) require that all or part of the state's royalty share

1 of oil or gas production be stored or retained in storage by the
2 lessee;

3 (2) enter into an agreement with one or more of the affect-
4 ed field lease holders to trade all or part of the current royalty
5 production from a field for a like amount, kind, and quality of future
6 production.

7 * Sec. 3. AS 31.05.110(p), as amended by sec. 1 of this Act, applies to
8 units created on or after June 30, 1987. Units created after June 30,
9 1978, and before June 30, 1987, are subject to AS 31.05.110(p) as it read
10 before the amendment made by sec. 1 of this Act.

11 * Sec. 4. AS 38.05.180(1), as amended by sec. 2 of this Act, applies to
12 leases entered into on or after the effective date of this Act.

13 * Sec. 5. This Act takes effect June 30, 1987.