

HB

680

*Quote # 1*  
AOGA PROPOSED TESTIMONY ON HOUSE BILL NO. 680

HOUSE LABOR AND COMMERCE COMMITTEE

*just what's needed*  
MARCH 7, 1984

Good morning. I'm ~~Dave Yesland~~ <sup>He is</sup> Senior Staff Environmental Engineer with Shell Western E & P. I'm representing the Alaska Oil and Gas Association ~~this morning~~ and I will comment on the proposed Committee Substitute for HB680.

~~Our Association supports the intent of CSUB680,~~ which is to provide the legislation necessary to enable the State to be the sole administrator of a permitting program for underground injection wells related to oil and gas production activities, or Class II wells, as they are identified in the Federal program. <sup>He gives his</sup> I will ~~discuss the~~ reasons for <sup>their</sup> our support.

Without State preemption of the Federal program there will be redundant State and Federal programs with nothing but duplicated record-keeping and administrative delay as a result.

We have had a concern that existing statutes might prevent the State from preempting the Federal program because confidentiality provisions and penalty imposition limits may not meet the Federal requirements. We believe this bill will eliminate that concern.

Our Association prefers that the permitting process for injection wells, related to oil and gas operations, be controlled by the

state. The regulation of oil and gas operations by the Alaska Oil and Gas Conservation Commission is an example of regulatory control based on well-established knowledge of the regulated activity.

Therefore, we believe the Alaska Oil and Gas Conservation Commission is the appropriate administrator of regulations that bear on the technical elements of oil and gas operations and it should be the sole administrator of Class II wells in the state.

Finally we have seen that the Federal program, as proposed, would reduce the production rate of secondary recovery projects (water floods) by requiring that current injection pressure be reduced. The EPA's basis for lower pressures is no more than a "rule-of-thumb" which they acknowledge may be changed on a case-by-case review. But, until that review is completed, pressure would have to be reduced to comply with the regulations. This reduction would not only reduce current production rates, but even if only temporary, would reduce the ultimate total production of the formation causing revenue losses to both the State and producer. It is therefore a matter of mutual urgency.

If the proposed Federal rules are promulgated in the absence of State intent and ability to assume the program there will be a loss with no measure of compensation.

We urge the State to assume primacy in the regulation of Class II injection wells and we believe this bill contains specific statutory language which will serve this purpose.

Thank you.

BILL SHEFFIELD  
GOVERNOR



HB 680

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 13, 1984

The Honorable Joe Hayes  
Alaska House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Oil and Gas Conservation Commission. This bill would give the state the authority to assume control and regulation of injection wells associated with oil and gas production, such as salt water disposal or enhanced recovery of natural gas or oil. The U.S. Environmental Protection Agency currently has that authority. A 1980 amendment to the Safe Drinking Water Act (42 U.S.C. sec. 300f -- j) added a new sec. 300h-4 that would allow a state to obtain primary enforcement responsibility from the federal government for those portions of its Underground Injection Control program related to the recovery and production of oil and gas. Instead of imposing the existing federal regulatory requirement, sec. 300h-4 would give a state that authority if the state could demonstrate that it had an effective program to prevent underground injection which endangers drinking water sources. This bill would give the state that authority.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

QUESTIONS

HB#680--3/7/84

MEMO:

FROM: MERRILL

TO: JOHN

1.) HAVE THE FEDS BEEN DOING THIS ELSEWHERE? AND EVEN IF WE PASS THIS BILL GIVING THE STATE THE AUTHORITY SO THAT IT MAY APPLY FOR TRANSFER, DOES IT GUARANTEE THAT WE'LL GET IT?

2.) IF THE FEDS ARE MAKING THIS TRANSFER POSSIBLE, ARE THEY PROVIDING ANY PROGRAMS TO HELP THE STATE FUND IT?

A.) FOLLOW UP: IF THERE ARE GOING TO BE FEDERAL FUNDS AVAILABLE, ISN'T THE FISCAL NOTE RATHER HIGH?

**SHELL WESTERN E&P INC.**  
A Subsidiary of Shell Oil Company

**DAVE YESLAND**  
Senior Staff Environmental Specialist

Pacific Frontier Division  
Production  
601 West Fifth Avenue  
Suite 810  
ANCHORAGE, ALASKA 99501

(907) 276-2545



**STATE OF ALASKA**  
ALASKA OIL & GAS  
CONSERVATION COMMISSION



**C.V. "CHAT" CHATTERTON**  
CHAIRMAN

OFFICE  
3001 PORCUPINE DRIVE  
ANCHORAGE, ALASKA 99501  
(907) 279-1433

HOME  
2308 BONIFACE PARKWAY  
ANCHORAGE, ALASKA 99504  
(907) 333-8161

HB# 680

Rules by request of the Governor  
Relating to oil & gas recovery

ANALYSIS FOR LABOR & COMMERCE COMMITTEE

7 March, 1984

This bill will basically give the state authority, enabling it to apply to the EPA for transfer of authority to control and regulate injection wells associated with oil & natural gas production. The Governor in his message transmitting this bill to the House, stated:

"THIS BILL WOULD GIVE THE STATE THE AUTHORITY TO ASSUME CONTROL AND REGULATION OF INJECTION WELLS ASSOCIATED WITH OIL AND GAS PRODUCTION, SUCH AS SALT WATER DISPOSAL OR ENHANCED RECOVERY OF NATURAL GAS OR OIL. THE U.S. ENVIRONMENTAL PROTECTION AGENCY CURRENTLY HAS THAT AUTHORITY. A 1980 AMENDMENT TO THE SAFE DRINKING WATER ACT, ADDED A NEW SECTION 300h-4 THAT WOULD ALLOW A STATE TO OBTAIN PRIMARY ENFORCEMENT RESPONSIBILITY FROM THE FEDERAL GOVERNMENT FOR THOSE PORTIONS OF ITS UNDERGROUND INJECTION CONTROL PROGRAM RELATED TO THE RECOVERY AND PRODUCTION OF OIL AND GAS. INSTEAD OF IMPOSING THE EXISTING FEDERAL REGULATORY REQUIREMENT, SEC. 300h-4 WOULD GIVE A STATE THAT AUTHORITY IF THE STATE COULD DEMONSTRATE THAT IT HAD AN EFFECTIVE PROGRAM TO PREVENT UNDERGROUND INJECTION WHICH ENDANGERS DRINKING WATER SOURCES. THIS BILL WOULD GIVE THE STATE THAT AUTHORITY."

AOGA PROPOSED TESTIMONY ON HOUSE BILL NO. 680

HOUSE LABOR AND COMMERCE COMMITTEE

MARCH 7, 1984

Good morning. I'm Dave Yesland, Senior Staff Environmental Engineer with Shell Western E & P. I'm representing the Alaska Oil and Gas Association this morning and I will comment on the proposed Committee Substitute for HB680.

Our Association supports the intent of CSHB680, which is to provide the legislation necessary to enable the State to be the sole administrator of a permitting program for underground injection wells related to oil and gas production activities, or Class II wells, as they are identified in the Federal program. I will discuss the reasons for our support.

Without State preemption of the Federal program there will be redundant State and Federal programs with nothing but duplicated record-keeping and administrative delay as a result.

We have had a concern that existing statutes might prevent the State from preempting the Federal program because confidentiality provisions and penalty imposition limits may not meet the Federal requirements. We believe this bill will eliminate that concern.

Our Association prefers that the permitting process for injection wells, related to oil and gas operations, be controlled by the

state. The regulation of oil and gas operations by the Alaska Oil and Gas Conservation Commission is an example of regulatory control based on well-established knowledge of the regulated activity.

Therefore, we believe the Alaska Oil and Gas Conservation Commission is the appropriate administrator of regulations that bear on the technical elements of oil and gas operations and it should be the sole administrator of Class II wells in the state.

Finally we have seen that the Federal program, as proposed, would reduce the production rate of secondary recovery projects (water floods) by requiring that current injection pressure be reduced. The EPA's basis for lower pressures is no more than a "rule-of-thumb" which they acknowledge may be changed on a case-by-case review. But, until that review is completed, pressure would have to be reduced to comply with the regulations. This reduction would not only reduce current production rates, but even if only temporary, would reduce the ultimate total production of the formation causing revenue losses to both the State and producer. It is therefore a matter of mutual urgency.

If the proposed Federal rules are promulgated in the absence of State intent and ability to assume the program there will be a loss with no measure of compensation.

We urge the State to assume primacy in the regulation of Class II injection wells and we believe this bill contains specific statutory language which will serve this purpose.

Thank you.

PROPOSED AMENDMENT NO. 1  
FOR  
CS House Bill No. 680 L & C

Add to the Bill a new Section 4 as follows and renumber subsequent Sections accordingly:

\* Sec. 4 AS 31.05.170 is amended by adding a new subsection to read:

- (14) regular production means continuing production of oil or gas from a well into production facilities and means for transportation to market, but does not include short term testing, evaluation, or experimental pilot production activities which have been approved by permit or order of the commission.

ARCO Alaska, Inc.

Legal Division  
Post Office Box 360  
Anchorage, Alaska 99510  
Telephone 907 265 6540

Stephen M. Williams  
Senior Attorney



RECEIVED  
Department of Law

FEB 28 1984  
Office of the Attorney General  
Anchorage Branch  
Anchorage, Alaska

February 28, 1984

Barbara Herman, Esquire  
Deputy Attorney General  
Alaska Department of Law  
Resolution Tower  
Anchorage, AK 99510

RE: Petition for Rehearing, ARCO Alaska, Inc. to the  
Alaska Oil and Gas Conservation Commission

Dear Barbara,

Attached for your review is the Stipulation and Settlement in the above-entitled matter. This document includes the comments we reviewed on Monday, February 27, 1984. I have executed 2 original copies of the settlement on behalf of ARCO. After you and the members of the Commission have executed the settlement, please transmit a copy to me.

If you have any questions, please advise me. Thank you for your assistance in resolving this matter.

Very truly yours,

S. M. Williams

SMW/ksm

Attachment



WHEREAS there is a dispute between ARCO and the AOGCC on whether the test production must be reported on Form 10-405; and

WHEREAS the AOGCC, by Order dated January 25, 1984, ordered ARCO to file the December 1983 production data on Form 10-405; and

WHEREAS ARCO, on February 10, 1984, petitioned the AOGCC for rehearing and reconsideration in accordance with the provisions of AS 31.05.080; and

WHEREAS it is the desire of both the AOGCC and ARCO to settle these matters;

NOW THEREFORE, ARCO and the AOGCC agree to stipulate and settle these issues as follows:

1. Until the date the pilot production facility to be located at the West Sak Sands Pilot Project Area commences normal operations and processes, and treats production from West Sak Sands Pilot production wells, or July 1, 1984, whichever date is earlier, ARCO shall file a monthly report on or before the 20th day of the month, commencing with a report on March 20, 1984 showing the test production levels, injection levels, and other test production data and information gathered by ARCO for the previous month. Such report shall be in the form and provide the specific information included in the reports filed by ARCO for December 1983, and January 1984. These reports will be kept and maintained confidential by the AOGCC in accordance with AS 31.05.035(d). Such reports shall be in addition to the quarterly report

required by Conservation Order No. 191, Rule 11.

2. Upon commencement of normal operations of the West Sak pilot production facility or July 1, 1984, whichever is earlier, ARCO must file all previously filed production reports on Form 10-405, or appeal to the Superior Court within 20 days of July 1, 1984 pursuant to the provisions of AS 31.05.080(b).

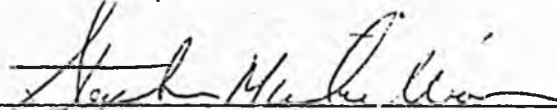
3. The AOGCC agrees to not claim, contend, or bring any action against ARCO under AS 31.05.150 of the Alaska Oil and Gas Conservation Commission statutes, or contend that ARCO violated AOGCC regulations for failure to file Form 10-405 showing West Sak Pilot test production information so long as ARCO is in compliance with the provisions of this Stipulation and Settlement, Conservation Order No. 191, and the AOGCC Regulations.

4. Because a dispute exists between ARCO and the AOGCC, this settlement shall not be construed as setting precedent or prejudicing any claims, arguments, or contentions of either ARCO or the AOGCC with respect to any of the issues set forth in this stipulation. Both the AOGCC and ARCO agree not to use this settlement as evidence in any proceeding before any court of law or administrative body, except as necessary to enforce the provisions set forth in this stipulation and settlement.

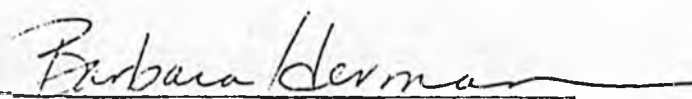
5. The AOGCC order issued January 25, 1984 is hereby amended to conform to this Stipulation and Settlement.

Agreed to and approved this 29<sup>th</sup> day of February,  
1984.

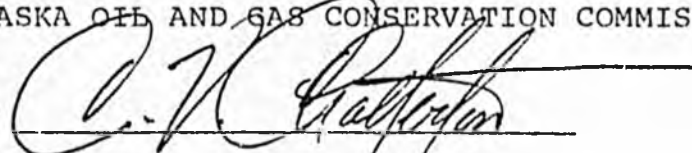
ARCO ALASKA, INC.

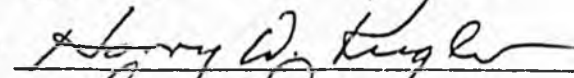
By   
Stephen M. Williams, Attorney

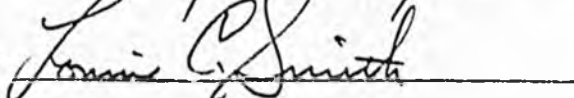
ALASKA DEPARTMENT OF LAW

By   
Barbara Herman

ALASKA OIL AND GAS CONSERVATION COMMISSION

By 

By 

By 

PROPOSED AMENDMENT No. 2  
FOR  
CS House Bill No. 680 L & C

Add to the Bill a new Section 2 as follows and renumber subsequent sections accordingly:

\* Sec. 2 AS 31.05.030 is amended by adding a new subsection to read:

(i) The commission shall have the authority to act as the jurisdictional agency over applications involving natural gas price determinations for all wells in Alaska not under federal jurisdiction, pursuant to the "Natural Gas Policy Act" of 1978, Public Law 95-621 and applicable regulations.

**Subpart E—Identification of State and Federal  
Jurisdictional Agencies**

[¶ 24,451]

**Sec. 274.501 Jurisdictional agency.**

(a) *Definition.* Except as provided in paragraph (b), "jurisdictional agency" means:

(1) with respect to a well the surface location of which is on the OCS, the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard.

(i) for OCS wells located in the Gulf Coast Region:

Area Oil & Gas Supervisor  
Suite 336  
3301 N. Causeway Blvd.  
Metairie, LA 70010

(ii) for OCS wells located in the Atlantic Region:

Area Oil and Gas Supervisor  
Atlantic OCS Operations  
Suite 204  
1725 K Street, N.W.  
Washington, DC 20244

(iii) for OCS wells located offshore Alaska:

Area Oil & Gas Supervisor  
P.O. Box 259  
Suite 109  
800 A Street  
Anchorage, AK 99510

(iv) for OCS wells located offshore California:

Area Oil & Gas Supervisor  
160 Federal Building  
1340 W. 6th Street  
Los Angeles, CA 90017

(2) with respect to a well the surface location of which is on lands within the boundaries of a State (including Federal lands and offshore State lands), the Federal or State agency having regulatory jurisdiction with respect to the production of natural gas. The following agencies have notified the Commission of their authority in this regard:

## Jurisdictional agency for wells on

State in which well is located	Federal lands	Other lands
Alabama	Area Oil & Gas Supervisor, Suite 204, 1725 K St., N.W., Washington, D.C. 20006.	Oil & Gas Supervisor, State Oil & Gas Board, Drawer O, University, AL 35486.
Alaska	Area Oil & Gas Supervisor, P.O. Box 259, Suite 109, 800 A Street, Anchorage, AK 99510.	Oil & Gas Conservation Commission, 3001 Porcupine Drive, Anchorage, AK 99501.
Arizona	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	Oil & Gas Conservation Commission, Suite 420, 1645 W. Jefferson, Phoenix, AZ 85007.
Arkansas	Area Oil & Gas Supervisor, 6136 E. 32nd Place, Tulsa, OK 74135.	Oil & Gas Commission, A Division of the Arkansas Dept. of Commerce, 314 East Oak, El Dorado, AR 71730.
California	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Department of Conservation, Division of Oil & Gas, 1416 Ninth St., Rm. 1316, Sacramento, CA 95814.
Colorado (except for the west ranges of the New Mexico Principal Meridian)	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Building & Post Office, Casper, WY 82602.	Oil & Gas Conservation Commission, 1313 Sherman Street, Rm. 721, Denver, CO 80203.
(cr)		
Colorado (only the west ranges of the New Mexico Principal Meridian)	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Florida	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Administrator of Oil & Gas, Bureau of Geology, Department of Natural Resources, 903 W. Tennessee Street, Tallahassee, FL 32304.
Georgia	Area Oil & Gas Supervisor, Suite 204, 1725 K St., N.W., Washington, D.C. 20006.	Department of Natural Resources, Geologic & Water Resources Division, 19 Martin Luther King Drive, S.W., Atlanta, GA 30334.
Idaho	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Idaho Public Utilities Commission, Statehouse Mail, Boise ID 83720.
Illinois	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Mines and Minerals, Oil & Gas Division, 704 Stratton Office Building, 400 S. Spring Street, Springfield, IL 62706.
Indiana	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources, Oil & Gas Division, 606 State Office Bldg., 100 N. Senate Avenue, Indianapolis, IN 46204.
Kansas	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Corporation Commission, State Office Building, Topeka, KS 66612.
Kentucky	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Mines and Minerals, Oil & Gas Division, Box 680, Lexington, KY 40501.
Louisiana	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Office of Conservation, Box 44275, Baton Rouge, LA 70804.
Maryland	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Energy and Coastal Zone Administration, Department of Natural Resources, Taxes State Office Bldg., Annapolis, MD 21404.
Michigan	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources, Box 30028, Lansing, MI 48909.
Mississippi	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	State Oil & Gas Board, Box 1332, Jackson, MS 39205.
Montana	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg. & Post Office, Casper, WY 82602.	Oil & Gas Conservation Division, Department of Natural Resources and Conservation, 2535 St. Johns Ave., Billings, MT 59102, or P.O. Box 217, Helena, MT 59601.

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## Jurisdictional agency for wells on

State in which well is located	Federal lands	Other lands
Nebraska	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper, WY 82602.	Oil & Gas Conservation Commission, Box 399, Sidney, NE 68162.
Nevada	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Department of Conservation and Natural Resources, Division of Mineral Resources, Capitol Complex, 201 S. Fall Street, Carson City, NV 89710.
New Mexico	Area Oil & Gas Supervisor, P.O. Box 26124, Marquette Ave., N.W., Albuquerque, NM 87125.	Department of Energy and Minerals, Oil Conservation Division, Box 2088, Santa Fe, NM 87501.
New York	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Environmental Conservation, Bureau of Mineral Resources, 50 Wolf Road, Albany, NY 12233.
North Carolina	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Natural Resources and Community Development, 512 N. Salisbury Street, Raleigh, NC 27611.
North Dakota	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper, WY 82602.	Geological Survey, University Station, Grand Forks, ND 58202.
Ohio	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Ohio Department of Natural Resources, 1932 Belcher Drive, Fountain Square, Columbus, OH 43224.
Oklahoma (except the Osage Reservation)	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Corporation Commission, Jim Thorpe Building, Oklahoma City, OK, 73105.
(or)		
Oklahoma (Only the Osage Reservation)	Superintendent, Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior, Pawhuska, OK 74056.	
Oregon	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Department of Geology & Mineral Industries, 1069 State Office Bldg., Portland, OR 97201.
Pennsylvania	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Department of Environmental Resources, Division of Oil & Gas Regulation, 1205 Kessman Bldg., 100 Forbes Avenue, Pittsburgh, PA 15222.
South Carolina	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	South Carolina Public Service Commission, P.O. Drawer 11649, Columbia, SC 29211.
South Dakota	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper, WY 82602.	Geological Survey, Science Center University of Vermillion, SD 57069.
Tennessee	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	State Oil & Gas Board, G-5 State Office Bldg., Nashville, TN 37219.
Texas (East of the 100th Meridian)	Area Oil & Gas Supervisor, 6136 East 32nd Place, Tulsa, OK 74135.	Railroad Commission, Drawer 12367, Austin, TX 78711.
(or)		
Texas (West of the 100th Meridian)	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Utah (except San Juan County)	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper, WY 82602.	Division of Oil, Gas and Mining, Utah Department of Natural Resources, 1589 West North Temple, Salt Lake City, UT 84116.
(or)		
Utah (only San Juan County)	Area Oil & Gas Supervisor, P.O. Box 26124, 505 Marquette Ave., N.W., Albuquerque, NM 87125.	
Virginia	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Division of Mines and Quarries, P.O. Drawer V, Big Stone Gap, VA 24219.
Washington	Area Oil & Gas Supervisor, 160 Federal Building, 1340 West 6th Street, Los Angeles, CA 90017.	Oil & Gas Supervisor, Department of Natural Resources, Olympia WA 98504.
West Virginia	Area Oil & Gas Supervisor, Suite 204, 1725 K Street, N.W., Washington, D.C. 20006.	Oil & Gas Division, Department of Mines, State Capitol, Charleston, WV 25305.
Wyoming	Area Oil & Gas Supervisor, P.O. Box 2859, 2002 Federal Bldg & Post Office, Casper,	Oil & Gas Conservation Commission, Box 2640, Casper, WY 82602.

(b) *Waiver.* In the case of any determination to which a waiver under Subpart C of Part 274 is applicable, "jurisdictional agency" means the Commission.

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under:

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. §§ 181 *et seq.*; and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. §§ 351 *et seq.*; and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221); and

(3) all Indian lands which are under the supervision of the Osage Indian Agency, Bureau of Indian Affairs, U.S. Department of the Interior.

(d) *Divided-interest leases.* Unless an agreement under paragraph (f) of this section provides otherwise, where a well is located on a divided-interest lease involving Federal (or Indian) and private (or State) ownership:

(1) the Federal jurisdictional agency shall make the determination where the majority lease interest is Federal (or Indian);

(2) the State jurisdictional agency shall make the determination where the majority lease interest is private (or State); and

(3) the State jurisdictional agency shall make the determination where the lease is divided equally

(e) *Drilling units.* Unless an agreement under paragraph (f) of this section provides otherwise, where a drilling unit is drained by two or more wells, the Federal jurisdictional agency shall make the determination if the completion location of the well in question is located on a Federal (or Indian) lease, and the State jurisdictional agency shall make the determination if the completion location of the well in question is located on a private (or State) lease.

(f) *Agreements.* If the United States Geological Survey and any State jurisdictional agency enter into an agreement authorizing such State agency to make determinations under Subpart A of this part with respect to wells located on Federal lands, or authorizing the U.S. Geological Survey to make such determinations with respect to wells located on State lands, such agreement shall be filed with the Commission. Upon the filing of such an agreement the agency so authorized in the agreement shall be considered the jurisdictional agency with respect to wells on the designated lands to the extent provided in the agreement.

44 F.R. 48664 (August 20, 1979).  
 Historical record.—Section 274.501 originated in 43 F.R. 56448 (12/1/78), effective 12/1/78.

Subsection (a), appearing in 43 F.R. 56448 (12/1/79), effective 12/1/78, read as

follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(a) *Definition.* Except as provided in paragraph (b), "jurisdictional agency" means:

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(1) With respect to a well on the OCS, one of the following offices of the United States Geological Survey:

(i) for OCS wells located in the Gulf Coast Region:

Area Oil & Gas Supervisor  
Suite 336  
3301 N Causeway Blvd  
Metairie, LA 70010

(ii) for OCS wells located in the Atlantic Region:

Area Oil & Gas Supervisor  
Atlantic OCS Operations  
Suite 204  
1725 K Street, N.W.  
Washington, DC 20244

(iii) for OCS wells located offshore Alaska:

Area Oil & Gas Supervisor  
P.O. Box 259  
Suite 109  
800 A Street  
Anchorage, AK 99510

(iv) for OCS wells located offshore California:

Area Oil & Gas Supervisor  
160 Federal Building  
1340 West 6th Street  
Los Angeles, CA 90017

(2) With respect to a well the surface location of which is on lands within the boundaries of a State (including Federal lands and offshore State lands), the agency specified in the following table:

[Note: the list of jurisdictional agencies, appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, is not reproduced.]

Subsection (c), appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, read as follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. §§ 181 *et seq.*, and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. §§ 351 *et seq.*, and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221).

Subsections (d) and (e) newly originated in 44 F.R. 48664 (8/20/79), effective 8/1/79.

Subsection (f) (formerly designated as subsection (d)), appearing in 43 F.R. 56448 (12/1/78), effective 12/1/78, read as follows until its amendment in 44 F.R. 48664 (8/20/79), effective 8/1/79:

(f) *Agreements.* If the United States Geological Survey and any state jurisdictional agency enter into an agreement authorizing such state agency to make determinations under Subpart A with respect to wells located on Federal lands, such agreement shall be filed with the Commission. If such an agreement is filed, then such state agency shall be considered the jurisdictional agency with respect to wells on Federal lands in such state to the extent provided in the agreement.

[Part 275 begins on page 14,541.]

(b) *Waiver.* In the case of any determination to which a waiver under Subpart C of Part 274 is applicable, "jurisdictional agency" means the Commission.

(c) *Federal lands.* For purposes of this section, "Federal lands" means

(1) all lands leased under:

(i) the Mineral Lands Leasing Act, as amended, 30 U.S.C. §§ 181 *et seq.*; and

(ii) the Mineral Leasing Act for Acquired Lands, as amended, 30 U.S.C. §§ 351 *et seq.*; and

(2) all Indian lands which are under the supervision of the United States Geological Survey (30 CFR Part 221).

(d) *Agreements.* If the United States Geological Survey and any state jurisdictional agency enter into an agreement authorizing such state agency to make determinations under Subpart A with respect to wells located on Federal lands, such agreement shall be filed with the Commission. If such an agreement is filed, then such state agency shall be considered the jurisdictional agency with respect to wells on Federal lands in such state to the extent provided in the agreement.

[Part 275 begins on page 14,541.]

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL  
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)  
(Sections 102, 103, 107 and 108)

GENERAL INSTRUCTIONS

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA.

Complete each appropriate item on the reverse side of this page. The code numbers used in items 4 and 6 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Also enter any additional remarks in the space below. The data reported on this form are not considered to be confidential and will not be treated as such.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 274.501. If there are any questions, call (202) 357-8585.

SPECIFIC INSTRUCTIONS

Use the codes in the table below for type of determination in item 2.

Section of NGPA (a)	Category Code (b)	Description (c)
102	1	New OCS lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS lease
103	-	New onshore production well
107	0	Deep (more than 15,000 feet) high cost gas
107	1	Gas produced from geopressured brine
107	2	Gas produced from coal seams
107	3	Gas produced from Devonian shale
107	5	Production enhancement gas
107	6	New tight formation gas
107	7	Recompletion tight formation gas
108	0	Stripper well
108	1	Stripper well - seasonally affected
108	2	Stripper well - enhanced recovery
108	3	Stripper well - temporary pressure buildup
108	4	Stripper well - protest procedure

Enter the appropriate information regarding other Purchasers/Contracts:

Line No.	Contract Date (Mo, Da, Yr) (a)	Purchaser (b)	Buyer Code (c)
1			
2			
3			
4			
5			
6			

Remarks:

1/ A gas sales contract has not as yet been agreed upon and/or executed. It is anticipated, however, that it will contain pricing provisions that will permit ARCO to collect the maximum lawful price.

**APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL  
PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)**

1.0 API well number: (If not assigned, leave blank. 14 digits.)	50- 029 - 20585 -				
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	102 Section of NGPA	4 Category Code			
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	_____ feet				
4.0 Name, address and code number of applicant. (35 letters per line maximum. If code number not available, leave blank.)	ARCO Alaska, Inc., a corporation duly organized under the laws of the State of Delaware			000969 Seller Code	
	Name P. O. Box 2819 (22-108 DAB)				
	Street Dallas, Texas 75221				
	City		State	Zip Code	
5.0 Location of this well: (Complete (a) or (b).) (a) For onshore wells (35 letters maximum for field name.)	Kuparuk River Oil Pool				
	Field Name North Slope Borough		Alaska		
	County		State		
(b) For OCS wells:	Area Name _____ Block Number _____				
	Date of Lease: Mo. Day Yr. _____ OCS Lease Number _____				
(c) Name and identification number of this well: (35 letters and digits maximum.)	Kuparuk River Unit #1C-8				
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	_____				
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	None		Contract Pending		
	Name _____ Buyer Code _____				
(b) Date of the contract:	N/A _____ Mo. Day Yr.				
(c) Estimated total annual production from the well:	302.8 Million Cubic Feet				
		(a) Base Price as of 2-1-84	(b) Tax Estimated	(c) All Other Prices [Indicate (+) or (-)]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	\$/MMBTU	_0_._0_0_0	_0_._0_0_0	_0_._0_0_0	_0_._0_0_0 <sup>1</sup> / <sub>0</sub>
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	\$/MMBTU	_3_._6_0_9	_0_._3_6_1	_0_._0_0_0	_3_._9_7_0
9.0 Person responsible for this application:	Dottie J. Martinson Director, Gas Regulations				
Agency Use Only	Name <i>Dottie J. Martinson</i>		Title		
Date Received by Juris. Agency	Signature		Date		
Date Received by FERC	February 16, 1984		(214) 880-3650		
	Date Application is Completed		Phone Number		

PROPOSED AMENDMENT NO. 3  
FOR  
CS House Bill No. 680 L & C

Add to the Bill a new Section 3 as follows and renumber subsequent sections accordingly:

\* Sec. 3 AS 31.05.030 is amended by adding a new subsection to read:

(j) The commission in accordance with I.R.C. Section 4993(d)(5)(A)(i) shall have the authority to act as the state jurisdictional agency over applications involving tertiary recovery projects on lands in Alaska not under federal jurisdiction, pursuant to requirements of I.R.C. of Section 4993(c)(2)(A), (B), and (C) of the "Crude Oil Windfall Profits Tax Act" of 1980 and applicable regulations.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

September 23, 1980

The Honorable W. Michael Blumenthal  
Secretary of the Treasury  
15th Street and Pennsylvania Avenue  
Washington, D.C. 20220

Dear Mr. Secretary:

Pursuant to the requirements of Section 4993 (d) (5) (A) of the recently enacted Crude Oil Windfall Profits Tax Act of 1980, I have appointed the Alaska Oil and Gas Conservation Commission (AOGCC) as the jurisdictional agency over applications involving tertiary recovery projects on lands in Alaska not under federal jurisdiction. The AOGCC will review and take suitable action on any application for a tertiary recovery project within the stipulations of the Crude Oil Windfall Profits Tax Act of 1980, and applicable regulations.

This notification fulfills the responsibilities of the Governor of Alaska to provide a written submittal of agency designation in accordance with Section 4993 (d) (5) (A) of the Act.

Acknowledgement of receipt of this letter is requested.

Sincerely,

Jay S. Hammond  
Governor

cc: Hoyle H. Hamilton, Chairman/Commissioner  
Alaska Oil and Gas Conservation Commission

The Honorable William P. Clements, Governor of Texas  
Interstate Oil Compact Commission

William W. Hopkins  
Alaska Oil and Gas Association

The Honorable Robert E. LeResche, Commissioner  
Department of Natural Resources



(2) REQUIREMENTS.—A project meets the requirements of this paragraph if—

(A) the project involves the application (in accordance with sound engineering principles) of 1 or more tertiary recovery methods which can reasonably be expected to result in more than an insignificant increase in the amount of crude oil which will ultimately be recovered,

(B) the project beginning date is after May 1979,

(C) the portion of the property to be affected by the project is adequately delineated,

(D) the operator submits (at such time and in such manner as the Secretary may by regulations prescribe) to the Secretary—

(i) a certification from a petroleum engineer that the project meets the requirements of subparagraphs (A), (B), and (C), or

(ii) a certification that a jurisdictional agency (within the meaning of subsection (d)(5)) has approved the project as meeting the requirements of subparagraphs (A), (B), and (C), and that such approval is still in effect, and

(E) the operator submits (at such time and such manner as the Secretary may by regulations prescribe) to the Secretary a certification from a petroleum engineer that the project continues to meet the requirements of subparagraphs (A), (B), and (C).

Source: New.

[Sec. 4993(d)]

(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) TERTIARY RECOVERY METHOD.—The term "tertiary recovery method" means—

(A) any method which is described in subparagraphs (1) through (9) of section 212.78(c) of the June 1979 energy regulations, or

(B) any other method to provide tertiary enhanced recovery which is approved by the Secretary for purposes of this chapter.

(2) PROJECT BEGINNING DATE.—The term "project beginning date" means the later of—

(A) the date on which the injection of liquids, gases, or other matter begins, or

(B) the date on which—

(i) in the case of a project described in subsection (c)(1)(A), the project is certified as a qualified tertiary enhanced recovery project under the June 1979 energy regulations, or

(ii) in the case of a project described in subsection (c)(1)(B), a petroleum engineer certifies, or a jurisdictional agency approves, the project as meeting the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2).

(3) PROJECT ONLY AFFECTS PORTION OF PROPERTY.—If a qualified tertiary recovery project can reasonably be expected to increase the ultimate recovery of crude oil from only a portion of a property, such portion shall be treated as a separate property.

(4) SIGNIFICANT EXPANSION TREATED AS SEPARATE PROJECT.—A significant expansion of any project shall be treated as a separate project.

(5) JURISDICTIONAL AGENCY.—The term "jurisdictional agency" means—

(A) in the case of an application involving a tertiary recovery project on lands not under Federal jurisdiction—

(i) the appropriate State agency in the State in which such lands are located which is designated by the Governor of such State in a written notification submitted to the Secretary as the agency which will approve projects under this subsection, or

(ii) if the Governor of such State does not submit such written notification within 180 days after the date of the enactment of the Crude Oil Windfall Profit Tax Act of 1980, the United States Geological Survey (until such time as the Governor submits such notification), or

(B) in the case of an application involving a tertiary recovery project on lands under Federal jurisdiction, the United States Geological Survey.

(6) BASIS OF REVIEW OF CERTAIN QUALIFIED TERTIARY RECOVERY PROJECTS.—In the case of any project which is approved under subsection (c)(2)(D)(ii) and for which a certification is submitted to the Secretary, the project shall be considered as meeting the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2) unless the Secretary determines that—

Sec. 4993(d)

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001-26

(A) the approval of the jurisdictional agency was not supported by substantial evidence on the record upon which such approval was based, or

(B) additional evidence not contained in the record upon which such approval was based demonstrates that such project does not meet the requirements of subparagraph (A), (B), or (C) of subsection (c)(2).

If the Secretary makes a determination described in subparagraph (A) or (B) of the preceding sentence, the determination of whether the project meets the requirements of subparagraphs (A), (B), and (C) of subsection (c)(2) shall be made without regard to the preceding sentence.

(7) **RULINGS RELATING TO CERTAIN QUALIFIED TERTIARY RECOVERY PROJECTS.**—In the case of any tertiary recovery project for which a certification is submitted to the Secretary under subsection (c)(2)(D)(ii), a taxpayer may request a ruling from the Secretary with respect to whether such project is a qualified tertiary recovery project. The Secretary shall issue such ruling within 180 days of the date after he receives the request and such information as may be necessary to make a determination.

Source: New.

Amendments:	Sec. as amended effective:
-------------	-------------------------------

P.L. 96-223 § 101(a)(1) .....	.....
-------------------------------	-------

P.L. 96-223, § 101(a)(1):

Added Code Sec. 4993 to read as above. For the effective date and transitional rules, see P.L. 96-223, § 101(i) following Code Sec. 4986.

[Sec. 4994]

#### SEC. 4994. DEFINITIONS AND SPECIAL RULES RELATING TO EXEMPTIONS.

(a) **QUALIFIED GOVERNMENTAL INTEREST.**—For purposes of section 4991(b)—

(1) **IN GENERAL.**—The term “qualified governmental interest” means an economic interest in crude oil if—

(A) such interest is held by a State or political subdivision thereof or by an agency or instrumentality of a State or political subdivision thereof, and

(B) under the applicable State or local law, all of the net income received pursuant to such interest is dedicated to a public purpose.

(2) **NET INCOME.**—For purposes of this paragraph, the term “net income” means gross income reduced by production costs, and severance taxes of general application, allocable to the interest.

(3) **AMOUNTS PLACED IN CERTAIN PERMANENT FUNDS TREATED AS DEDICATED TO PUBLIC PURPOSE.**—The requirements of paragraph (1)(B) shall be treated as met with respect to any net income which, under the applicable State or local law, is placed in a permanent fund the earnings on which are dedicated to a public purpose.

Source: New.

[Caution: Code Sec. 4994(b), below, as amended by P.L. 97-34, is applicable to taxable periods beginning after December 31, 1980.—CCH.]

[Sec. 4994(b)]

(b) **QUALIFIED CHARITABLE INTEREST.**—For purposes of section 4991(b)—

(1) **IN GENERAL.**—The term “qualified charitable interest” means an economic interest in crude oil if—

(A) such interest is—

(i) held by an organization described in clause (ii), (iii), or (iv) of section 170(b)(1)(A) which is also described in section 170(c)(2),

(ii) held by an organization described in section 170(c)(2) which is organized and operated primarily for the residential placement, care, or treatment of delinquent, dependent, orphaned, neglected, or handicapped children, or

(iii) held—

(i) by an organization described in clause (i) of section 170(b)(1)(A) which is also described in section 170(c)(2), and

(ii) There has been a material change of circumstances since the time that the project or expansion was initiated; and

(iii) The project is certified under the criteria and pursuant to the procedures provided in paragraph (d). For purposes of determining eligibility for certification, an existing project shall be examined prospectively, on the basis of the circumstances existing at the time such certification is sought.

(c) *Definitions.* For purposes of this section—

A "qualified tertiary enhanced recovery project" is a project for the enhanced recovery of crude oil, to the extent that such project involves the application of one or more of the following techniques and is certified pursuant to paragraph (d) of this section as being uneconomic at the otherwise applicable ceiling prices:

(1) Miscible fluid displacement, *i. e.*, an oil displacement process in which gas or alcohol is injected into an oil reservoir, at pressure levels such that the injected gas or alcohol and reservoir oil are miscible. The process may include the concurrent, alternating, or subsequent injection of water. The injected gas may be natural gas, enriched natural gas, a liquefied petroleum gas slug driven by natural gas, carbon dioxide, nitrogen, or flue gas. Gas cycling, *i. e.*, gas injection into gas condensate reservoirs, is not a miscible fluid displacement technique nor a tertiary enhanced recovery technique within the meaning of this section.

(2) Steam drive injection, *i. e.*, the continuous injection of steam into one set of wells (injection wells) or other injection source to effect oil displacement toward and production from a second set of wells (production wells).

(3) Microemulsion, or micellar/emulsion, flooding, *i. e.*, an augmented waterflooding technique in which a surfactant system is injected in order to enhance oil displacement toward producing wells. A surfactant system normally includes a surfactant, hydrocarbon, cosurfactant, an electrolyte and water, and polymers for mobility control.

(4) In situ combustion, *i. e.*, combustion of oil in the reservoir, sustained by continuous air injection, to displace unburned oil toward producing wells.

(5) Polymer augmented waterflooding, *i. e.*, augmented waterflooding in which organic polymers are injected with the water to improve areal and vertical sweep efficiency.

(6) Cyclic steam injection, *i. e.*, the alternating injection of steam and production of oil with condensed steam from the same well or wells.

(7) Alkaline (or "caustic") flooding, *i. e.*, an augmented waterflooding technique in which the water is made chemically basic as a result of the addition of alkali metals.

(8) Carbon dioxide augmented waterflooding, *i. e.*, injection of carbonated water, or water and carbon dioxide, to increase waterflood efficiency.

(9) Immiscible carbon dioxide displacement, *i. e.*, injection of carbon dioxide into an oil reservoir to effect oil displacement under conditions in which miscibility with reservoir oil is not obtained.

(10) Specific variations of any of the above-listed general techniques, as determined in any particular case by the certifying authority.

"Certifying authority" means the Administrator, Economic Regulatory Administration, Department of Energy, or any officer of the Department of Energy to whom the Administrator has delegated such functions.

"Incremental crude oil" (resulting from the implementation of a qualified tertiary enhanced recovery project) means, in the case of a new project, the amount of crude oil which is or will be produced as a result of such a project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from methods of production employed on the property prior to the receipt of the certifications provided for in paragraph (d) of this section. As applied to expansion of existing tertiary enhanced recovery projects, the term means the amount of crude oil which is or will be produced as a result of the expanded project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from the methods of production employed on the property prior to the receipt of the certification provided for in paragraph (d) of this section. As applied to an existing project within the meaning of paragraph (b)(2) of this section, the term means the amount of crude oil which is or will be produced as a result of the continuation of the project or of the particular highest phase of the project and which is in excess of the amount of crude oil ("nonincremental crude oil") which could have been produced from the property or project area through continued maximum feasible production from methods of production (other than the tertiary method, or that phase of such method, that would be discontinued in the

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: \_\_\_\_\_  
 Title: Relating to the Alaska Oil and Gas Conservation Commission  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Commerce and Economic Development  
 Program Category Affected: \_\_\_\_\_  
Protection  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Oil and Gas Conservation Commission

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 PERSONAL SERVICES	0	25.0	26.1	27.6	29.0	30.7
200 TRAVEL	0	88.0	90.4	90.4	90.5	90.3
300 CONTRACTUAL	60.0	9.5	9.5	9.5	9.5	0
400 SUPPLIES	0	0	0.5	0.5	0.5	0.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>60.0</b>	<b>125.0</b>	<b>126.5</b>	<b>128.0</b>	<b>129.5</b>	<b>121.5</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	60.0	125.0	126.5	128.0	129.5	121.5
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>60.0</b>	<b>125.0</b>	<b>126.5</b>	<b>128.0</b>	<b>129.5</b>	<b>121.5</b>

**POSITIONS:**

FULL-TIME	1	1	1	1	1
PART-TIME					
TEMPORARY					

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attach a separate page for analysis

Prepared By: Chat Chatterton Phone: 279-1433  
 Division: Alaska Oil and Gas Conservation Comm. Date: 2/3/84

Approved by Commissioner: Richard A. Lyon Date: 2/11/84  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

12/1/83

ALASKA OIL AND GAS CONSERVATION COMMISSION

ANALYSIS

- INTRODUCTION: The fiscal impact results solely from subsection (h) Section 1 of the Bill.
- Code 100 Are advised by Environmental Protection Agency (EPA) and by other states who have been delegated enforcement primacy by EPA that there is a substantial increase in the technical clerical workload. Accordingly request personal services funding for a Clerk Typist III.
- Code 200 Field inspection requirements will nearly double the current level of trips to the field. Accordingly additional travel funding is required.
- Code 300 a) Contractual cost to prepare an application package to EPA for obtaining primacy is estimated to cost \$60,000 which will be expended in FY'84.
- b) A word processing machine will be obtained for the additional Clerk Typist III on a four year rental/purchase agreement.
- Code 400 Additional clerical supplies will be required for the new Clerk Typist III.
- Code 500 A one-time expenditure for office equipment (desk, chair, etc.) will be necessary in FY'85.

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the owner of the well gives written permission to release the reports and information at an earlier date. If the commissioner finds that the required reports and information contain significant information relating to the valuation of unleased land in the same vicinity, he shall keep the reports and information confidential for a reasonable time after the disposition of all affected unleased land, unless the owner of the well gives written permission to release the reports and information at an earlier date. Well location, depth, status and production data and production reports required by the commission to be filed subsequent to the 30-day filing period shall be considered public information and shall not be classified confidential. Production data, as used in this subsection, means volume, gravity and gas-oil ratio of all production of oil or gas after the well begins regular production.

(d) Engineering, geological, and other information not required by (a) of this section but voluntarily filed with the commission shall be kept confidential if the person filing the information so requests. (§ 2 ch 209 SLA 1970; am § 5 ch 158 SLA 1973; am §§ 3 — 6 ch 160 SLA 1978)

**Effect of amendments.** — The first 1978 amendment substituted "commission" for "department" throughout the section. The second 1978 amendment in subsection (a), inserted "flow test information and" in paragraph (2), deleted "dipmeter surveys" following "experi-

mental logs" in paragraph (2), and added paragraph (3). In subsection (c), the amendment substituted "required in (a) of this section" for "marked confidential" in the first sentence and added the present second sentence. The amendment also added subsection (d).

**Sec. 31.05.040. Rules and regulations of commission.** (a) The commission shall prescribe rules and regulations governing practice and procedure before it under this chapter.

(b) All orders issued by the commission shall be in writing, shall be entered in full and indexed in books kept by the commission for that purpose, and shall be public records open for inspection at all times during reasonable office hours. A copy of an order certified by the commission, under its seal, shall be received in evidence in all courts of the state with the same effect as the original. (§ 9 1, 5 ch 40 SLA 1955; am § 5 ch 158 SLA 1978)

**Revisor's note.** — Subsection (b) of this section and AS 31.05.050—31.05.080 are generally superseded by the Administrative Procedure Act (AS 44.62). However, the department has the power to hold hearings and make orders relating to "pooling," etc. (AS 31.05.100 and 31.05.110), which may or may not fall under the Administrative Procedure Act. If those hearings and orders do not fall under the Administrative Procedure Act, then the

procedure in (b) of this section and in AS 31.05.050 — 31.05.080 would apply. **Effect of amendment.** — The 1978 amendment substituted "commission" for "department" throughout the section. Section 6, ch 158, SLA 1978, provides: "After the effective date of this Act [January 1, 1979], all orders, regulations, and other rulings of the division of oil and gas shall remain in effect until expressly revoked or modified by the commission."

AOGA PROPOSED TESTIMONY ON HOUSE BILL NO. 680

HOUSE LABOR AND COMMERCE COMMITTEE

MARCH 7, 1984

Good morning. I'm Dave Yesland, Senior Staff Environmental Engineer with Shell Western E & P. I'm representing the Alaska Oil and Gas Association this morning and I will comment on the proposed Committee Substitute for HB680.

Our Association supports the intent of CSHB680, which is to provide the legislation necessary to enable the State to be the sole administrator of a permitting program for underground injection wells related to oil and gas production activities, or Class II wells, as they are identified in the Federal program. I will discuss the reasons for our support.

Without State preemption of the Federal program there will be redundant State and Federal programs with nothing but duplicated record-keeping and administrative delay as a result.

We have had a concern that existing statutes might prevent the State from preempting the Federal program because confidentiality provisions and penalty imposition limits may not meet the Federal requirements. We believe this bill will eliminate that concern.

Our Association prefers that the permitting process for injection wells, related to oil and gas operations, be controlled by the

state. The regulation of oil and gas operations by the Alaska Oil and Gas Conservation Commission is an example of regulatory control based on well-established knowledge of the regulated activity.

Therefore, we believe the Alaska Oil and Gas Conservation Commission is the appropriate administrator of regulations that bear on the technical elements of oil and gas operations and it should be the sole administrator of Class II wells in the state.

Finally we have seen that the Federal program, as proposed, would reduce the production rate of secondary recovery projects (water floods) by requiring that current injection pressure be reduced. The EPA's basis for lower pressures is no more than a "rule-of-thumb" which they acknowledge may be changed on a case-by-case review. But, until that review is completed, pressure would have to be reduced to comply with the regulations. This reduction would not only reduce current production rates, but even if only temporary, would reduce the ultimate total production of the formation causing revenue losses to both the State and producer. It is therefore a matter of mutual urgency.

If the proposed Federal rules are promulgated in the absence of State intent and ability to assume the program there will be a loss with no measure of compensation.

We urge the State to assume primacy in the regulation of Class II injection wells and we believe this bill contains specific statutory language which will serve this purpose.

Thank you.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: \_\_\_\_\_  
 Title: Relating to the Alaska Oil  
 and Gas Conservation Commission  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce and Economic Development  
 Program Category Affected: \_\_\_\_\_  
Protection  
 BRU, Program or Subprogram(s) Affected:  
Oil and Gas Conservation Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES	0	25.0	26.1	27.6	29.0	30.7
200 TRAVEL	0	88.0	90.4	90.4	90.5	90.3
300 CONTRACTUAL	60.0	9.5	9.5	9.5	9.5	0
400 SUPPLIES	0	0.5	0.5	0.5	0.5	0.5
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>60.0</b>	<b>125.0</b>	<b>126.5</b>	<b>128.0</b>	<b>129.5</b>	<b>121.5</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND	60.0	125.0	126.5	128.0	129.5	121.5
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>60.0</b>	<b>125.0</b>	<b>126.5</b>	<b>128.0</b>	<b>129.5</b>	<b>121.5</b>

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Chat Chatterton Phone: 279-1433  
 Division: Alaska Oil and Gas Conservation Comm. Date: 2/3/84  
 Approved by Commissioner: Richard A. Lyon Date: 2/11/84  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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