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680

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *CS HB 680 (L/C)*

BILL NAME: *Recovery and production of oil and natural gas*

SPONSOR(S): *Governor*

RELATED BILLS PENDING:

DATE INTRODUCED: *3/9/84*

REFERRALS: *Resources
Finance*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

AOGFA - Dave Sears 272-1481

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 350
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

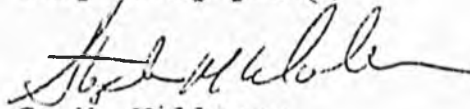
RE: Petition for Rehearing, ARCO Alaska, Inc. to the
Alaska Oil and Gas Conservation Commission

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

Before the Alaska Oil and Gas
Conservation Commission

In the matter of)
ARCO Alaska, Inc.) Stipulation and Settlement
)

This Stipulation and Settlement is entered into by ARCO Alaska, Inc. (ARCO) and the State of Alaska Oil and Gas Conservation Commission (AOGCC);

WHEREAS ARCO is the owner of certain acreage located on the North Slope of Alaska, including Section 35 of ADL 25649, located within the boundaries of the Kuparuk River Unit; and

WHEREAS ARCO applied to the AOGCC for approval to conduct the West Sak Sands Pilot Project to determine the optimum techniques for development of the West Sak Reservoir, and gather data for use in pool rules hearings; and

WHEREAS the AOGCC approved the West Sak Sands Pilot Project by Conservation Order No. 191; and

WHEREAS, since that time, ARCO has conducted the West Sak Sands Pilot Project in accordance with Conservation Order No. 191; and

WHEREAS oil and gas test production has ensued from the West Sak Sands Pilot Project Area; and

WHEREAS ARCO has filed confidential reports setting forth the production levels on the West Sak Sands Pilot Project Area for the month of December 1983, and January 1984; and

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).

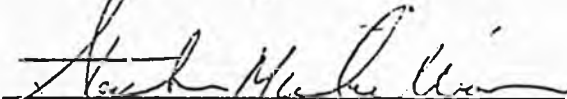
3. The AOGCC agrees to not claim, contend, or bring any action against ARCO under AS 31.05.150 of the Alaska Oil and Gas Conservation Commission statutes, or contend that ARCO violated AOGCC regulations for failure to file Form 10-405 showing West Sak Pilot test production information so long as ARCO 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 27th day of February,
1984.

ARCO ALASKA, INC.

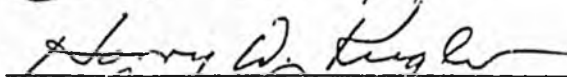
BY 
Stephen M. Williams, Attorney

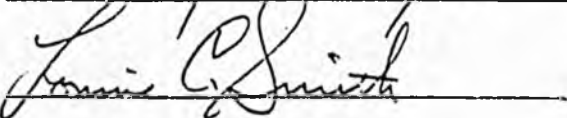
ALASKA DEPARTMENT OF LAW

BY 
Barbara Herman

ALASKA COAL AND GAS CONSERVATION COMMISSION

BY 

BY 

BY 

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

| Amendments: | Sec. as amended effective: |
|---|-------------------------------|
| P.L. 96-223, § 101(a)(1) | |
| P.L. 96-223, § 101(a)(1): | |
| Added Code Sec. 4992 to read as above. For the effective date and transitional rules, see P.L. 96-223, § 101(ii), following Code Sec. 4986. | |

[Sec. 4993]

SEC. 4993. INCREMENTAL TERTIARY OIL.

[Sec. 4993(a)]

(a) **IN GENERAL.**—For purposes of this chapter, the term "incremental tertiary oil" means the excess of—

- (1) the amount of crude oil which is removed from a property during any month and which is produced on or after the project beginning date and during the period for which a qualified tertiary recovery project is in effect on the property, over
- (2) the base level for such property for such month.

Source: New.

[Sec. 4993(b)]

(b) **DETERMINATION OF AMOUNT.**—For purposes of this section—

(1) **BASE LEVEL.**—The base level for any property for any month is the average monthly amount (determined under rules similar to rules used in determining the base production control level under the June 1979 energy regulations) of crude oil removed from such property during the 6-month period ending March 31, 1979, reduced (but not below zero) by the sum of—

(A) 1 percent of such amount for each month which begins after 1978 and before the first month beginning after the project beginning date, and

(B) 2½ percent of such amount for each month which begins after the project beginning date (or after 1978 if the project beginning date is before 1979) and before the month for which the base level is being determined.

(2) **MINIMUM AMOUNT IN CASE OF PROJECTS CERTIFIED BY DOE.**—In the case of a project described in subsection (c)(1)(A), for the period during which the project is in effect, the amount of the incremental tertiary oil shall not be less than the incremental production determined under the June 1979 energy regulations.

(3) **ALLOCATION RULES.**—The determination of which barrels of crude oil removed during any month are incremental tertiary oil shall be made—

(A) first by allocating the amount of incremental tertiary oil between—

- (i) oil which (but for this subsection) would be tier 1 oil, and
- (ii) oil which (but for this subsection) would be tier 2 oil,

in proportion to the respective amounts of each such oil removed from the property during such month, and

(B) then by taking into account barrels of crude oil so removed in the order of their respective removal prices, beginning with the highest of such prices.

Source: New.

[Sec. 4993(c)]

(c) **QUALIFIED TERTIARY RECOVERY PROJECT.**—For purposes of this section—

(1) **IN GENERAL.**—The term "qualified tertiary recovery project" means—

(A) a qualified tertiary enhanced recovery project with respect to which a certification as such has been approved and is in effect under the June 1979 energy regulations, or

(B) any project for enhancing recovery of crude oil which meets the requirements of paragraph (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 in 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—

(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. 25 amended effective: |
|-------------|-------------------------------|

P.L. 96-223 § 101(c)(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

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 261, 505 Marquette Ave., N.W., Albuquerque, NM 87125. | Oil & Gas Conservation Commission, Suite 420, 1645 N. 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. |
| (c) | | |
| 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, Statehood 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 Springfield Street, Springfield, IL 62766. |
| 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, Texas 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. |

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 82402 | Oil & Gas Conservation Commission, Box 393, 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 2089, 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 2159, 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 Delcher 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 Kossman 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, Vermilion, 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 12067, 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.

.01 44 F.R. 48664 (August 20, 1979).

.05 *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:

¶ 24,451 § 274.501

Federal Energy Guidelines
051-24

(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 20044

(iii) for OCS wells located offshore Alaska:

Area Oil & Gas Supervisor
P.O. Box 222
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 geopressed 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 Name P. O. Box 2819 (22-108 DAB) Street Dallas, Texas 75221 City State Zip Code | | | | 000969 Seller 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.) | S/MMBTU | 0.000 | 0.000 | 0.000 | 0.000 ^{1/} |
| 8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.) | S/MMBTU | 3.609 | 0.361 | 0.000 | 3.970 |
| 9.0 Person responsible for this application: | Dottie J. Martinson Director, Gas Regulations Name Signature Title February 16, 1984 Date Application is Completed (214) 880-3650 Phone Number | | | | |
| Agency Use Only Date Received by Juris. Agency Date Received by FERC | | | | | |

FLOOR NOTES

CSHB# 680

29 MARCH, 1984

THANK YOU MR. SPEAKER, THE BILL BEFORE US IS AN IMPORTANT OPPORTUNITY FOR THE STATE TO HAVE AUTHORITY FOR REGULATION OF INJECTION WELLS ASSOCIATED WITH OIL & NATURAL GAS PRODUCTION. UNDER A NEW SECTION (300H-4) THE EPA IS ALLOWING TRANSFER OF AUTHORITY TO STATES THAT DEMONSTRATE AN EFFECTIVE PROGRAM TO PREVENT UNDERGROUND INJECTION WHICH ENDANGERS DRINKING WATERS SOURCES. THIS BILL WOULD GIVE THE STATE AUTHORITY TO APPLY TO THE EPA FOR THE TRANSFER OF CONTROL, WITH THE ALASKA OIL & GAS COMMISSION BECOMING THE REGULATORY AGENCY. IF THE APPLICATION IS APPROVED BY THE EPA, THE STATE WOULD THEN ASSUME CONTROL AND REGULATION OF INJECTION WELLS, SUCH AS SALT WATER DISPOSAL OR ENHANCED RECOVERY OF NATURAL GAS OR OIL. MR. SPEAKER, THIS TRANSFER IS SUPPORTED BY ALL CONCERNED, AND IN TESTIMONY IT HAS BEEN MADE CLEAR THAT REGULATION OF OIL AND GAS OPERATIONS BY THE ALASKA OIL & GAS COMMISSION WOULD BE AN EXAMPLE OF REGULATORY CONTROL BASED ON WELL-ESTABLISHED KNOWLEDGE OF THE REGULATED ACTIVITY.

IT HAS ALSO BEEN BROUGHT OUT IN TESTIMONY MR. SPEAKER 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. HOWEVER, UNTIL THAT REVIEW WOULD BE 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. THEREFORE, MR. SPEAKER, THIS BECOMES A VERY IMPORTANT PIECE OF LEGISLATION, FOR IF THE PROPOSED FEDERAL RULES ARE PUT INTO EFFECT IN THE ABSENCE OF STATE INTENT AND ABILITY TO ASSUME THE PROGRAM THERE WILL BE A PROBABLE FINANCIAL LOSS TO THE STATE AND INDUSTRY.

MR. SPEAKER THE ORIGINAL BILL WAS AMENDED IN LABOR & COMMERCE COMMITTEE TO INCLUDE A DEFINITION OF "REGULAR PRODUCTION" SO THAT SHORT TERM TESTING, EVALUATION, OR EXPERIMENTAL PILOT PRODUCTION ACTIVITIES APPROVED BY PERMIT OR ORDER OF THE OIL & GAS COMMISSION, WILL NOT BE INCLUDED AS REGULAR PRODUCTION. THIS ALLOWS COMPANIES TO RETAIN AS CONFIDENTIAL, DATA, RELATING TO A TEST WELL UNTIL THE TIME OF "REGULAR PRODUCTION".

THIS IS IMPORTANT TO INDUSTRY FOR OBVIOUS REASONS, AND TO THE STATE.,MR. SPEAKER., BECAUSE SEVERANCE TAXES AND ROYALTIES WILL BE COLLECTED ON OIL & GAS THAT OTHERWISE WOULD BE REINJECTED DURING TESTING CYCLES TO PROTECT SUCH DATA.

IT ALSO SHOULD BE NOTED MR. SPEAKER THAT THE STATE WILL BE ELIGIBLE FOR FEDERAL FUNDS THAT WILL COVER THE COST OF ADMINISTERING THIS PROGRAM IF THE AUTHORITY IS TRANSFERRED TO THE STATE.

THANK YOU MR. SPEAKER, THIS IS A GOOD BILL, AND I WOULD URGE ALL MY COLLEAGUES TO SUPPORT IT.

land. The authority of the commission further applies to all land included in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m). (§ 1 ch 158 SLA 1973)

Sec. 31.05.030. Powers and duties of commission. (a) The commission has jurisdiction and authority over all persons and property, public and private, necessary to carry out the purposes and intent of this chapter.

(b) The commission shall investigate to determine whether or not waste exists or is imminent, or whether or not other facts exist which justify or require action by it.

(c) The commission shall adopt rules, regulations and orders and take other appropriate action to carry out the purposes of this chapter.

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing and plugging of wells in a manner which will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas;

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

(8) the measuring and monitoring of oil and gas pool pressures;

(9) the filing and approval of a plan of development and operation for a field or pool in order to prevent waste, insure a greater ultimate recovery of oil and gas, and protect the correlative rights of persons owning interests in the tracts of land affected.

(e) The commission may regulate, for conservation purposes

(1) the drilling, producing and plugging of wells;

(2) the shooting and chemical treatment of wells;

(3) the spacing of wells;
 (4) the disposal of salt water, nonpotable water and oil field wastes;
 (5) the contamination or waste of underground water;
 (6) the quantity and rate of the production of oil and gas from a well or property; this authority shall also apply to a well or property in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(m).

(f) The commission may classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

(g) When the commission finds sufficient likelihood of an unexpected encounter of oil, gas, or other hazardous substance as a result of well drilling in an area of the state, the commission may, by regulation, designate the area and specify a depth in the area as one in which wells or any boring into the soil in excess of the specified depth but not otherwise subject to this chapter are subject to the regulations and requirements adopted under this section. No designation of an area or specification of a depth under this subsection constitutes a certification that no hazardous substance will be encountered in another area or at a lesser depth, and the state is not liable for any damages arising from such an unexpected encounter of a hazardous substance. (§ 4 ch 40 SLA 1955; am § 2 ch 75 SLA 1960; am § 1 ch 209 SLA 1970; am § 1 ch 87 SLA 1977; am § 5 ch 158 SLA 1978; am §§ 1, 2 ch 160 SLA 1978)

Effect of amendments. — The 1977 amendment added subsection (g).

The first 1978 amendment substituted "commission" for "department" throughout the section.

The second 1978 amendment added paragraphs (8) and (9) of subsection (d) and added paragraph (6) of subsection (e).

Applied in *Bradley v. State*, 2 Alaska L.J. No. 6, pg. 88 (June-July, 1964).

Sec. 31.05.035. Confidential reports. (a) For all wells for which a permit to drill has been issued by the commission since January 3, 1959, the commission may require:

(1) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information; and

(2) the filing of flow test information and all logs, except experimental logs and velocity surveys run on a well and not required by (1) of this subsection;

(3) the operator to make available for copying the digitized log information, if it is available, on any log required to be filed under (1) or (2) of this subsection.

(b) Reports and information required under (a)(1) and (2) of this section shall be filed within 30 days after the completion, abandonment, or suspension of a well. However, under (a)(1) of this section, the commission may not require the making of a log on a well completed, abandoned or suspended before June 19, 1970.

(c) The reports and information required in (a) of this section shall be kept confidential for 24 months following the 30-day filing period unless

Sec. 46.03.090. Plans for pollution disposal. The department may require the submission of plans for sewage and industrial waste disposal or treatment or both for a publicly or privately owned or operated industrial establishment, community, public or private property subdivision or development. (§ 3 ch 120 SLA 1971)

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation which results in the disposal of solid or liquid waste material heated process or cooling water into the waters or onto the land of the state must procure a permit from the department before disposing of the waste material or water. The permit must be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) This section does not apply to a person discharging only domestic sewage into a sewerage system.

(c) A permit for disposal of a hazardous waste may not be issued under this section unless the applicant for the permit has furnished proof to the commissioner of financial ability to control the hazardous waste. Proof of financial responsibility may be demonstrated by self-insurance, insurance, surety, or guarantee, under regulations issued by the department. Acceptance of proof of financial responsibility under this subsection expires

(1) one year from its issuance for self-insurance;

(2) on the effective date of a change in the surety bond, guarantee, or insurance agreement; or

(3) on the expiration or cancellation of the surety bond, guarantee, or insurance agreement. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976; am § 9 ch 93 SLA 1981)

Cross references. — As to compliance with financial responsibility requirements, see AS 46.03.833.

Effect of amendments. — The 1981 amendment added subsection (c).

Opinions of attorney general. — This section confers upon the Department of Environmental Conservation permit authority over dredge or fill activities including residential subdivisions, wetlands, estuaries, and inland and coastal marshes periodically inundated by discernible bodies of fresh or salt water upland from the mean high tide line to the

extent of the aquatic or salt water vegetation line. November 13, 1975, Op. Att'y Gen.

Dredge or fill activities in coastal and fresh water wetlands shoreward to the aquatic vegetation line to result in the disposal of solid waste material into the waters of the state within the meaning of this section and thus, to the extent that these activities are of a commercial or industrial nature, do require a permit from the Department of Environmental Conservation. November 13, 1975, Op. Att'y Gen.

Sec. 46.03.110. Waste disposal permit procedure. (a) An application for a permit shall be made on forms prescribed by the department or on forms prescribed by the United States Environmental Protection Agency and shall contain the name and address of the applicant, a description of his operations, the quantity and type of waste material sought to be disposed of, the proposed method of disposal, and

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.