



# LAWS OF ALASKA

1998

**Source**

SCS CSHB 380(FIN) am S

**Chapter No.**

29

**AN ACT**

Relating to a temporary reduction of royalty on oil and gas produced for sale from certain fields described as being located within the Cook Inlet sedimentary basin, as having been discovered before January 1, 1988, and as having been undeveloped or shut in from at least January 1, 1988, through December 31, 1997.

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

THE ACT FOLLOWS ON PAGE 1

**Veto Overridden:** May 7, 1998

**Actual Effective Date:** August 5, 1998

AN ACT

1 Relating to a temporary reduction of royalty on oil and gas produced for sale from certain  
2 fields described as being located within the Cook Inlet sedimentary basin, as having been  
3 discovered before January 1, 1988, and as having been undeveloped or shut in from at least  
4 January 1, 1988, through December 31, 1997.

5

6 \* **Section 1.** AS 31.05.030 is amended by adding a new subsection to read:

7 (i) The commission shall accept written plans submitted by lessees for  
8 purposes of AS 38.05.180(f)(5). If a lessee submits a plan, the commission shall hold  
9 a public hearing on the plan and, within 45 days after receipt of the plan, grant  
10 approval of the plan if the plan contains a voluntary agreement by the lessee to use its  
11 best efforts to employ residents of this state, consistent with law, and to contract with  
12 firms in this state for work in connection with the development of the field, including

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1 the fabrication and installation of required facilities, whenever feasible. The decision  
2 of the commission to grant approval may not be appealed.

3 \* Sec. 2. AS 38.05.180(f) is amended by adding a new paragraph to read:

4 (5) notwithstanding and in lieu of a requirement in the leasing method  
5 chosen of a minimum fixed royalty share, or the royalty provision of a lease, for leases  
6 unitized as described in (p) of this section, leases subject to an agreement described  
7 in (s) or (t) of this section, or interests unitized under AS 31.05, the lessee of all or  
8 part of an oil or gas field identified in this section that has been granted approval of  
9 a written plan submitted to the Alaska Oil and Gas Conservation Commission under  
10 AS 31.05.030(i) shall, subject to (dd) of this section, pay a royalty of five percent on  
11 the first 25,000,000 barrels of oil and the first 35,000,000,000 cubic feet of gas  
12 produced for sale from that field that occurs in the 10 years following the date on  
13 which the production for sale commences; the fields eligible for royalty reduction  
14 under this paragraph, all of which are located within the Cook Inlet sedimentary basin,  
15 were discovered before January 1, 1988, and have been undeveloped or shut in from  
16 at least January 1, 1988, through December 31, 1997, are

- 17 (A) Falls Creek;
- 18 (B) Nicolai Creek;
- 19 (C) North Fork;
- 20 (D) Point Starichkof;
- 21 (E) Redoubt Shoal; and
- 22 (F) West Foreland.

23 \* Sec. 3. AS 38.05.180 is amended by adding a new subsection to read:

24 (dd) A lessee is eligible for the royalty in (f)(5) of this section only if  
25 production of oil or gas for sale begins from the eligible field before January 1, 2004.  
26 However, if the state or an agency of the state is a party to a suit, other than a suit  
27 brought by the lessee or agent of the lessee, and if the suit challenges (f)(5) of this  
28 section or AS 31.05.030(i) or an act under (f)(5) of this section or AS 31.05.030(i), the  
29 January 1, 2004, deadline is extended by the number of days the state or agency of the  
30 state is a party to the suit, including any appeals.