HOUSE BILL NO. 15

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE RAUSCHER

Introduced: 1/10/25
Referred: Prefiled

A BILL

FOR AN ACT ENTITLED

"An Act relating to royalty rates and payments for certain oil and gas; and providing for an effective date."

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

*** Section 1.** AS 38.05.180 is amended by adding new subsections to read:

(mm) Notwithstanding and in lieu of a requirement in the leasing method chosen of a minimum fixed royalty share or the royalty provision of a lease, for leases issued for land south of 68 degrees North latitude from which commercial production of oil or gas begins after July 1, 2025, and before January 1, 2036, the lessee shall pay a royalty of three percent for qualified new gas and 6.25 percent for qualified new oil, unless payment is lower under another subsection of this section. A royalty rate in this subsection applies until the earlier of

(1) 10 years following the commencement of commercial production; or

(2) the date on which a commercial quantity of oil or gas produced by

the lessee from land south of 68 degrees North latitude is shipped out of the state.

(nn) In (mm) of this section,

(1) "qualified new gas" means gas produced from

(A) a field or pool that the commissioner determines has not previously produced gas for commercial sale before January 1, 2025;

(B) a field or pool that the commissioner determines has not produced gas during the preceding six months but that has previously produced gas; or

(C) a well that did not exist on January 1, 2026, if the commissioner determines that production of that gas from the field or pool from an existing well was not feasible;

(2) "qualified new oil" means oil produced from

(A) a field or pool that the commissioner determines has not previously produced oil for commercial sale before January 1, 2025;

(B) a field or pool that the commissioner determines has not produced oil during the preceding one year but that has previously produced oil; or

(C) a well that did not exist on January 1, 2026, if the commissioner determines that production of that oil from the field or pool from an existing well was not feasible.

(oo) Notwithstanding and in lieu of a requirement in the leasing method chosen of a minimum fixed royalty share, or the royalty provision of a lease or an existing royalty settlement agreement, for gas that is produced from leases that include land north of 68 degrees North latitude and that is later liquefied or used in the liquefaction or transportation process, the lessee shall pay a royalty rate of one percent if the lessee agrees to sell the gas to a publicly owned utility or a utility regulated under AS 42.05 at a rate that reflects the discounted royalty rate provided under this subsection. The royalty rate under this subsection applies until the earlier of either

(1) 10 years following the first commercial use of liquefied natural gas receiving the royalty rate under this subsection; or

(2) the date on which a commercial quantity of liquefied natural gas

produced from the lease receiving the royalty rate under this subsection is shipped out of the state.

* **Sec. 2.** AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed.

* **Sec. 3.** AS 38.05.180(mm) and 38.05.180(nn) are repealed January 1, 2046.

* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).