

Oil and Gas Definitions

Accounting Unit:

Means a unit, participating area, or lease which constitutes a single production, financial management and reporting entity.

Associated Substance:

Means all substances produced in association with oil or gas and not defined herein as oil or gas. 11 AAC 88.185 (39)

Commissioner:

Means the commissioner of the Department of Natural Resources or the commissioner's designee.

Division:

Means the state division of oil and gas in the Department of Natural Resources.

Field:

Means: a general area which is underlain or appears to be underlain by at least one pool, and includes the underground reservoir containing oil or gas; and the words 'pool' and 'field' mean the same thing when only one underground reservoir is involved, but 'field' unlike 'pool' may relate to two or more pools. AS 31.15.050 (2)

Gas:

Includes all natural gas and all hydrocarbons produced at the wellhead not defined as oil. AS 31.05.170 (6)

Geothermal Resources:

Means the natural heat of the earth at temperatures greater than 120 degrees Celsius, measured at the point where the highest-temperature resources encountered enter or contact a well or other resource extraction device, and includes (A) the energy, including pressure, in whatever form present in, resulting from, created by, or that may be extracted from that natural heat; (B) the material medium, including the geothermal fluid naturally present, as well as substances artificially introduced to serve as a heat transfer medium; and (C) all dissolved or entrained minerals and gases that may be obtained from the material medium, but excluding hydrocarbon substances and helium. AS 38.05.965 (6)

Lessee:

Means an individual or individuals, a corporation, or, collectively, two or more corporations or individuals, that hold a working interest in a lease. 11 AAC 83.295 (17)

Oil:

Includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas. AS 31.05.170 (8)

Overpayment:

Means an amount greater than the amount due that is identified at any time through routine accounting or audit procedures.

Owner:

Means the person who has the right to drill into and produce from a pool and to appropriate the oil and gas the person produces from a pool for that person and others. AS 31.05.170 (9)

Paying Quantities for Leases:

Means quantities sufficient to yield a return in excess of operating costs, even if drilling and equipment costs may never be repaid and the undertaking considered as a whole may ultimately result in a loss; quantities are insufficient to yield a return in excess of operating costs unless those quantities, not considering the costs of transportation and marketing, will produce sufficient revenue to induce a prudent operator to produce those quantities. 11 AAC 83.395 (4)

Production in paying quantities means production in such quantity as to enable the operator to realize a profit. For purposes of the habendum clause of a lease, that is, for the purpose of keeping the lease in force after the expiration of the primary term, "paying quantities" means production in quantities sufficient to yield a return in excess of operating costs, even though drilling and equipment costs may never be repaid and the undertaking considered as a whole may ultimately result in a loss. 11 AAC 83.105

Paying Quantities for Unit Purposes

"Paying quantities" means quantities sufficient to yield a return in excess of operating costs, even if drilling and equipment costs may never be repaid and the undertaking considered as a whole may ultimately result in a loss; quantities are insufficient to yield a return in excess of operating costs unless those quantities, not considering the costs of transportation and marketing, will produce sufficient revenue to induce a prudent operator to produce those quantities. 11 AAC 83.395.

Pool:

Means an underground reservoir containing, or appearing to contain, a common accumulation of oil or gas. Each zone of a general structure which is completely separated from any other zone in the structure is covered by the term 'pool'. AS 31.05.170 (11)

Primary Term:

Means the initial term of an oil and gas lease and any extension of it. 11 AAC 88.185 (24)

Producer:

Means the owner of a well or wells capable of producing oil or gas or both. AS 31.05.170 (12)

Public Records:

Means books, papers, files, accounts, writings, including drafts and memorializations of conversations, and other items, regardless of format or physical characteristics, that are developed or received by a public agency, or by a private contractor for a public agency, and that are preserved for their informational value or as evidence of the organization or operation of the public agency; 'public records' does not include proprietary software programs. AS 09.25.220 (6)

Purchaser:

Means a person who purchases oil in the state. AS 31.15.050 (5)

Qualified to do Business in Alaska:

Means holding the state certificates necessary to lawfully conduct business within the state. 11 AAC 88.185 (33)

Royalty or Royalty Interest:

Means a basic royalty or overriding royalty in the production of oil and gas. 11 AAC 83.295 (27)

State Lease:

Means an oil and gas lease on state land. AS 38.06.080 (2)

Unit Agreement:

Means an agreement or plan of development and operation for the recovery of oil and gas from a pool, field or like area, or any part of one, as a single consolidated unit without regard to separate ownerships, and for the allocation of costs and benefits on a basis as defined in the agreement or plan; 'unit agreement' also includes 'cooperative agreement' unless the context clearly requires the more restricted meaning. 11 AAC 88.185 (27)

Unit Area:

Means the area described in a unit agreement as constituting the land logically subject to development under the agreement. 11 AAC 88.185 (28)

Unit Operator:

Means the person, corporation or association designated under a unit agreement to conduct operations on unitized lands as specified in the agreement. 11 AAC 88.185 (29)

Unitized Land:

Means the part of a unit area committed to a unit agreement. 11 AAC 88.185 (30)

Unitized Substance:

Means deposits of oil, gas and associated substances produced with them recoverable by operations pursuant to a unit agreement. 11 AAC 88.185 (31)

Working Interest:

Means the interest held in lands by virtue of a lease, operating agreement, fee title or otherwise, under which the owner of the interest is vested with the right to explore for, develop and produce minerals; the right delegated to a unit operator by a unit agreement is not a working interest. 11 AAC 88.185 (32)