

NOTICE OF PROPOSED CHANGES IN THE  
REGULATIONS OF THE ALASKA DEPARTMENT OF NATURAL RESOURCES

BRIEF DESCRIPTION

The Alaska Department of Natural Resources proposes to adopt regulations dealing with the Oil and Gas Net Profit Share Leasing regulations to account for 2013 legislative changes to the oil and gas production tax and to make amendments related to royalty and net profit share lease reporting documentation and administrative fees for late filings.

The Department of Natural Resources (DNR) proposes to adopt regulation changes in Title 11, Chapters 4 and 83, of the Alaska Administrative Code, dealing with Payment of Oil and Gas Royalties, Rents, and Bonuses, and Oil and Gas Leasing, including the following:

- (1) **11 AAC 04.040, Supporting documentation for payments**, is proposed to be amended to remove references to materials previously adopted by reference and to add language related to required supporting documentation related to royalty payments.
- (2) **11 AAC 04.199, Definitions**, is proposed to be amended to conform to proposed changes in 11 AAC 04.040.
- (3) **11 AAC 83.209, Production revenue account**, is proposed to be amended to account for recent legislative changes to the oil and gas production tax and to add subsections related to production revenue account debits and credits.
- (4) **11 AAC 83.220, Development account credits**, is proposed to be amended to account for recent legislative changes to the oil and gas production tax.
- (5) **11 AAC 83.231, Extraordinary production revenue or loss**, is proposed to be amended to add a new subsection dealing with retroactive redetermination of the quantity of oil or gas allocated to a Net Profit Share Lease (NPSL) and to make clarifying amendments.
- (6) **11 AAC 83.241, Production tax lease allowance**, is amended to account for recent legislative changes related to the oil and gas production tax.
- (7) **11 AAC 83.245, Reporting and payment requirements**, is amended to clarify lessee reporting requirements and to add a new subsection related to charging of an administrative fee for NPSL reports, revisions, or payments filed late, or incomplete.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Greg Bidwell at Department of Natural Resources, 550 W. 7<sup>th</sup> Avenue, Suite 1100, Anchorage, Alaska, 99501-3560. Additionally, comments may be submitted by facsimile at 907-269-8938, may be submitted online at <http://dog.dnr.alaska.gov/ContactUs/PublicComment.htm>, and by electronic mail at [dog.comments@alaska.gov](mailto:dog.comments@alaska.gov). For e-mail, please place "Proposed NPSL Regulations" in the subject line. **Comments must be received no later than 5:00 p.m. on Monday, September 30, 2013.** Comments received after this date will not be considered in final action on these regulations.

## Notice of Proposed DNR Regulations

A public workshop will be held on **Friday, September 13, 2013 from 9:00 a.m. to 11:00 a.m. in the Atwood Building, Room 1270, 550 West 7<sup>th</sup> Avenue, Anchorage, AK 99501** and may be extended up to one hour if additional time is needed for clarifying the information presented. The workshop will cover the Department's proposed changes to the PT form used to calculate the production tax lease allowance for a Net Profit Share Lease, the mathematics and reporting information required for the form, and clarify questions for accurately completing the form. No comments on the proposed regulations will be taken at the workshop. The forms and instructions will be posted on the Department's web site at <http://dog.dnr.alaska.gov/AboutUs/PublicNotices.htm#pnother>. The workshop will be transcribed. Interested parties outside of Anchorage are invited to participate by teleconference. Please contact the Division of Oil and Gas at 907-269-8800 for teleconference phone number and access code.

If you are a person with a disability who needs a special accommodation in order to participate in the workshop, please contact the Division of Oil and Gas at 907-269-8800 (TDD 907-269-8411) no later than September 6, 2013 to ensure that any necessary accommodations can be provided.

For a copy of the proposed regulation changes and the proposed amended form, contact the Division of Oil and Gas at 907-269-8800 or go to either the Division's website at <http://dog.dnr.alaska.gov/AboutUs/PublicNotices.htm#pnother> or the Alaska Online Public Notice Website at <http://aws.state.ak.us/OnlinePublicNotices/Notices/Browse.aspx>.

After the public comment period ends, the Department of Natural Resources will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. **You should comment during the time allowed if your interests could be affected. Comments must be received no later than 5:00 p.m. on Monday, September 30, 2013.** Written comments received are public records and are subject to public inspection.

**Statutory Authority:** AS 38.05.020, AS 38.05.035

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 38.05.135, AS 38.05.180

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

DATE: August 29, 2013  
Anchorage, Alaska

\_\_\_\_\_/s/  
William C. Barron, Director  
Division of Oil and Gas

ADDITIONAL REGULATIONS NOTICE INFORMATION  
(AS 44.62.190(d))

1. Adopting agency: Department of Natural Resources, Division of Oil and Gas
2. General subject of regulation: Royalty reporting documentation and Net Profit Share Leasing payments
3. Citation of regulation (may be grouped): 11 AAC 04.040 and .199 and 11 AAC 83.209, .220, .231, .241, and .245
4. Department of Law file number, if any: JU2013200368
5. Reason for the proposed action:  
 compliance with federal law  
 compliance with new or changed state statute  
 compliance with court order  
 development of program standards  
 other: (please list).
6. Appropriation/Allocation: Department of Natural Resources, Division of Oil and Gas
7. Cost of implementation to the state agency and available funding (in thousands of dollars):

|                                     | Initial Year<br>FY 2015 | Subsequent<br>Years |
|-------------------------------------|-------------------------|---------------------|
| Operating Cost                      | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| Capital Cost                        | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| 1002 Federal receipts               | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| 1003 General fund match             | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| 1004 General fund                   | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| 1005 General fund/<br>program       | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| 1037 General fund/<br>mental health | \$ <u>-0-</u>           | \$ <u>-0-</u>       |
| Other                               | \$ <u>-0-</u>           | \$ <u>-0-</u>       |

8. The name of the contact person for the regulations:

Name: Greg Bidwell  
Title: Commercial Analyst  
Address: 550 W. 7<sup>th</sup> Suite 1100 Telephone: 907-269- 3565  
Anchorage, Alaska, 99501 E-mail address: [greg.bidwell@alaska.gov](mailto:greg.bidwell@alaska.gov)

9. The origin of the proposed action:

staff of state agency  
 federal government  
 general public  
 petition for regulation change  
 other (please list) \_\_\_\_\_

10. Date: August 29, 2013 Prepared by: \_\_\_\_\_ /s/ \_\_\_\_\_

Name (typed) Greg Bidwell  
Title (typed) Commercial Analyst  
Telephone: 907-269-3565