



ALASKA STATE LEGISLATURE

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CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

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SPONSOR STATEMENT

SB – 185: ROYALTY REDUCTION ON CERTAIN OIL

[SB 185](#) amends statutes to provide for reduction of royalty on oil produced in certain Cook Inlet fields and platforms as they near the end of their production capability.

The intent of the legislation is to provide a monetary incentive in the form of royalty relief to maximize production from old fields and extend the longevity of Cook Inlet oil platforms.

In return, there is continued employment in the area rather than a loss of jobs due to abandonment of the fields.

There is also more production than would otherwise be realized because the fields will have become more economical due to the reduced costs. That results in more oil production than would have originally been realized, and subsequently more unexpected royalty revenues, even at a reduced rate.

Encouraging production in these marginal fields will extend their life by a minimum of 18 to 24 months – a considerable extension of employment opportunities in the Cook Inlet basin.

SS SB 185 S(RES) 4-20-03 mj