

Regulations dealing with Geothermal Resources were adopted by the Alaska Oil and Gas Conservation Commission on July 14, 2010, with an effective date of September 30, 2010. The regulations have been made permanent and have been filed by the Lt. Governor. The regulations will appear in Register 195, October 2010, of the Alaska Administrative Code. You may obtain a copy of the filed regulations at <http://doa.alaska.gov/ogc/>. The following sections were adopted:

20 AAC 25.705	20 AAC 25.710	20 AAC 25.715	20 AAC 25.720
20 AAC 25.730	20 AAC 25.735	20 AAC 25.740	20 AAC 25.990

20 AAC 25 is amended by adding new sections to Article 7 to read:

Article 7. Geothermal Resources.

Section

- 705. Authority of commission
- 710. Applicability of regulations
- 715. Variances
- 720. Calculation of regulatory cost charges for geothermal wells
- 725. Estimated regulatory cost charges for geothermal wells
- 730. Commission's determination of regulatory cost charges for geothermal wells
- 735. Payment dates for regulatory cost charges for geothermal wells
- 740. Supplemental appropriations

20 AAC 25.705. Authority of commission. All wells drilled in search of or in support of the recovery or production of geothermal resources must comply with the regulations contained in 20 AAC 25.705 – 20 AAC 25.740. (Eff. 09/30/2010, Register195)

Authority: AS 41.06.005 AS 41.06.035 AS 41.06.040

20 AAC 25.710. Applicability of regulations. Unless otherwise specified in 20 AAC 25.705 – 20 AAC 25.740, the regulations in this chapter apply to wells drilled in search of or in support of the recovery or production of geothermal resources. (Eff. 09/30/2010, Register195)

Authority: AS 41.06.005 AS 41.06.035 AS 41.06.040

20 AAC 25.715. Variances. Upon request of the operator for an action under 20 AAC 25.705 – 25.740 that has application to a single well or geothermal system, the commission may approve a variance from the commission's regulations, if

(1) the approval provides at least an equally effective means of accomplishing the requirement set out in the commission's regulation; or

(2) the commission determines that the request is more appropriate to the proposed operation than compliance with requirements of the regulation. (Eff. 09/30/2010, Register195)

Authority: AS 41.06.005 AS 41.06.035 AS 41.06.040

20 AAC 25.720. Calculation of regulatory cost charges for geothermal wells. (a) The formula for determining a person's regulatory cost charge under AS 41.06.055 is

$$RCCg = V_{gop}/V_{gtot} *(Ag - Lg)$$

where

RCCg = the regulatory cost charge for geothermal wells;

V_{gop} = the total volume of geothermal resources produced from, and all fluids and substances injected into, during the most recently concluded calendar year, wells for which a Permit to Drill has been issued under AS 41.06.050, of which the person is the operator on the first day of the fiscal year, and that have not before that day been plugged and abandoned and reported as abandoned in accordance with this chapter;

V_{gtot} = the total volume of geothermal resources produced from, and all fluids and substances injected into, during the most recently concluded calendar year, all wells for which a Permit to Drill has been issued under AS 41.06.050 and that have not before the first day of the fiscal year been plugged and abandoned and reported as abandoned in accordance with this chapter;

A_g = the appropriation, other than from federal receipts, made for the operating costs related to activities under AS 41.06 of the commission for the fiscal year;

L_g = the lapsed amount of a previous appropriation that is appropriated for the fiscal year under AS 41.06.055(d).

(b) For purposes of calculating regulatory cost charges, volumes of geothermal resources produced from or injected into wells consist of the applicable volumes reported to the commission under 20 AAC 25.230(b) and 20 AAC 25.432, except that

(1) if an operator has failed to report a volume as required, if two or more reported volumes are inconsistent, or if the commission determines that a reported volume is otherwise unreliable, the commission may calculate or estimate volumes as it considers appropriate;

(2) the commission may add the volume of a substantial spill or other release of geothermal resources that is not included in a report under 20 AAC 25.230(b) or 20 AAC 25.432.

(c) For purposes of determining volumes under AS 41.06.055(b) and 20 AAC 25.705 – 20 AAC 25.740 9,000 cubic feet of gaseous geothermal resources has a volume that is the equivalent of one barrel of liquid geothermal resources.

(d) For purposes of AS 41.06.055(a) and 20 AAC 25.705 – 20 AAC 25.740, a well is considered plugged and abandoned and reported as abandoned in accordance with this chapter if the well has been abandoned in accordance with 20 AAC 25.105 and 20 AAC 25.112 and a complete well record for the well, including a description of plugging operations, on a Well Completion or Recompletion Report and Log (Form 10-407) as required by 20 AAC 25.070(3) has been filed with the commission after abandonment. (Eff. 09/30/2010, Register195)

Authority:	AS 41.06.005	AS 41.06.040	AS 41.06.055
	AS 41.06.035	AS 41.06.050	

20 AAC 25.725. Estimated regulatory cost charges for geothermal wells. (a) Before determining regulatory cost charges for a fiscal year under 20 AAC 25.730 the commission may establish estimated regulatory cost charges for geothermal wells to be paid during the first quarter of the fiscal year. The amount of an estimated regulatory cost charge for geothermal wells is one-fourth of the commission's reasonable estimate, based on information then available, of what the person's total regulatory cost charge for geothermal wells will be for that fiscal year.

(b) The commission will provide a person subject to an estimated regulatory cost charge for geothermal wells with written notice of the amount of the charge and the payment date. The commission will set a payment date to be at least 20 days after the date of the notice. The person

shall pay the estimated regulatory cost charge for geothermal wells by the payment date. (Eff. 09/30/2010, Register195)

Authority: AS 41.06.005 AS 41.06.040 AS 41.06.055
AS 41.06.035 AS 41.06.050

20 AAC 25.730. Commission's determination of regulatory cost charges for geothermal wells. (a) After the later of the beginning of a fiscal year or the date of enactment of an appropriation for the operating costs of the commission for that fiscal year, the commission will provide to persons subject to a regulatory cost charge under AS 41.06.055 written notice of the proposed regulatory cost charges for geothermal wells to be imposed on persons subject to regulatory cost charges for that fiscal year and the basis for the charges, in accordance with 20 AAC 25.720.

(b) No later than 30 days after notice is issued under (a) of this section, a person subject to a regulatory cost charge for geothermal wells may submit comments on, or request a revision to, the regulatory cost charges imposed for geothermal wells by the commission. A request for a revision must be accompanied by an explanation of the basis for the requested revision, and evidence in support of the request. Before a hearing is held under (c) of this section, the commission will provide all persons subject to a regulatory cost charge for geothermal wells with copies of comments and requests for revision received by the commission or with notice of the persons' right to inspect those comments and requests for revision.

(c) No later than 60 days after notice is issued under (a) of this section, the commission will hold a public hearing in accordance with 20 AAC 25.540 on the proposed regulatory cost charges for geothermal wells.

(d) No later than 90 days after notice is issued under (a) of this section, the commission will issue an order determining the regulatory cost charges for geothermal wells to be paid and the dates by which the charges must be paid. The commission will provide written notice to each person subject to a regulatory cost charge of the person's regulatory cost charge for geothermal wells and payment dates.

(e) The commission will not determine or adjust previously determined regulatory cost charges based on fluid volume reports that are filed or amended, or on other fluid volume corrections that are made, after the deadline under (b) of this section for responding to the commission's notice of proposed regulatory cost charges, except if the commission finds that

(1) a person has grossly under-reported the person's Vgop, as defined in 20 AAC 25.720(a);

(2) under-reporting as described in (1) of this subsection caused or will cause others' regulatory cost charges for geothermal wells to be materially excessive; and

(3) correcting the excessive regulatory cost charges for geothermal wells is in the public interest. (Eff. 09/30/2010, Register195)

Authority: AS 41.06.005 AS 41.06.040 AS 41.06.055
AS 41.06.035 AS 41.06.050

20 AAC 25.735. Payment dates for regulatory cost charges for geothermal wells. (a) If the commission orders payment of estimated regulatory cost charges under 20 AAC 25.725, the commission will establish payment dates for regulatory cost charges during the second, third,

and fourth quarters of the fiscal year. No later than each payment date, a person subject to a regulatory cost charge under 20 AAC 25.725 shall pay one-third of the difference between the person's regulatory cost charge for geothermal wells and any estimated regulatory cost charge previously paid for the fiscal year, except that a regulatory cost charge for geothermal wells may be prepaid, in part or in whole, at any time.

(b) If the commission does not order payment of estimated regulatory cost charges under 20 AAC 25.725, the commission will establish payment dates for regulatory cost charges during each quarter or each third of the fiscal year. No later than each payment date, a person subject to a regulatory cost charge under 20 AAC 25.750 shall pay one-fourth, if four payment dates are established, or one-third, if three payment dates are established, of the person's regulatory cost charge, except that a regulatory cost charge for geothermal wells may be prepaid, in part or in whole, at any time.

(c) The commission will set the first payment date in a fiscal year to be at least 20 days after the date the commission provides notice under 20 AAC 25.730(d). (Eff. 09/30/2010, Register195)

Authority:	AS 41.06.005	AS 41.06.040	AS 41.06.055
	AS 41.06.035	AS 41.06.050	

20 AAC 25.740. Supplemental appropriations. For regulatory cost charges for geothermal wells based on a supplemental appropriation for a fiscal year,

(1) the commission will determine regulatory cost charges using the commission's determinations of geothermal resources and well operatorship previously made in connection with the regular appropriation for the fiscal year;

(2) in applying the formula set out in 20 AAC 25.720(a), the commission will set the variable "Lg" equal to zero;

(3) the commission will use the procedures set out in 20 AAC 25.730, except that the period

(A) for submitting comments or requesting a revision under 20 AAC 25.730(b) is 10 days instead of 30 days;

(B) within which a public hearing will be held under 20 AAC 25.730(c) is 20 days instead of 60 days; the commission will provide notice of that hearing at least 10 days before the date of that hearing; the 30-day notice requirement under 20 AAC 25.540 does not apply to a hearing held under this paragraph; and

(C) within which the commission will issue an order determining regulatory cost charges under 20 AAC 25.730(d) is 30 days instead of 90 days;

(4) 20 AAC 25.735 does not apply; and

(5) the commission will set the payment date for regulatory cost charges to be at least 10 days after the date the commission provides notice under 20 AAC 25.730(d). (Eff. 09/30/2010, Register195)

Authority:	AS 41.06.005	AS 41.06.040	AS 41.06.055
	AS 41.06.035	AS 41.06.050	

20 AAC 25.990(73) is amended to read:

(73) "well"

(A) means a hole penetrating the earth, usually cased with steel pipe, and

(i) from which oil or gas, or both, or geothermal resources, is obtained or obtainable; or

(ii) that is made for the purpose of finding or obtaining oil, gas or geothermal resources, or of supporting oil, gas, or geothermal resources production; and

(B) includes a well with multiple well branches drilled to different bottom-hole locations. (Eff. 11/7/99, Register 152; am 1/5/2006), (Eff. 09/30/2010, Register195)

Authority: AS 31.05.030 AS 41.06.035 AS 41.06.040
AS 41.06.005

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MEMORANDUM

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FROM: Scott Clark
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DATE: August 31, 2010

RE: Filed Permanent Regulations: Alaska Oil and Gas Conservation Commission
Geothermal Resource Drilling: 20 AAC 25.700 - 990

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