

POSITION ANNOUNCEMENT

Kikiktagruk Inupiat Corp.

KIC, the village corporation of Kotzebue, seeks a president. KIC's major operation involves property management and development. Presently KIC owns and manages two apartment buildings, two office buildings and other properties. The president is responsible for the management of a corporation with assets of \$20,000,000. Qualified candidates should send resume to: Kikiktagruk Inupiat Corp., Box 279, Kotzebue, Alaska 99752. Recruitment closes June 11, 1982. Publish: 5/12, 5/19, 5/26, 6/2/82.

**NOTICE OF PROPOSED
CHANGES in the REGULATIONS
of the DEPARTMENT OF
NATURAL RESOURCES
GOVERNING OIL AND GAS
NET PROFIT SHARE LEASING,
UNITIZATION,
AND OPERATIONS**

Notice is hereby given that the Department of Natural Resources, under the authority vested by AS 38.05.020, AS 38.05.145 and AS 38.05.180, proposes to adopt, amend and repeal regulations in Title 11 of the Alaska Administrative Code, concerning oil and gas leasing, unitization, and operations.

The proposed changes are as follows:

- (1) 11 AAC 83.158, Plan of Operations, is amended to define under what conditions a plan of operations is required, what data may be required with the plan of operations application, and to make other clarifying amendments.
- (2) 11 AAC 83.202, Payment

Due State, is amended to clarify when payment is due.

- (3) 11 AAC 83.207, Accounting System, is amended to require the designated operator of a lease to maintain the accounting system for the lease.

- (4) 11 AAC 83.217(4), Exclusions From Accounts, which prohibits the deduction of expenses incurred in the preparation and audits of a net profit share payment to the State, is being repealed in order to allow the expense of the CPA certification required in 11 AAC 83.245(g).

- (5) 11 AAC 83.219, Development Costs, is amended in paragraph (b)(7) to require the lessee transferring the production interest to credit the development account for a like amount; paragraph (b)(9) has been added to allow the lessee to charge for general overhead and administrative expenses during development; a portion of subsection (c) which excluded overhead costs has been repealed; subsection (d) has been amended to clarify which costs the non-operator of a NPSL may charge; and subsection (e) relating to transfers of production interests has been repealed.

- (6) 11 AAC 83.224, Valuation of Oil or Gas, is amended in subsection (b) to correct a cross-reference error and in subsection (d) to correct a typographical error.

- (7) 11 AAC 83.240, Direct Operating Costs, is amended in subsection (b) to clarify the distinction between development and direct operating costs; subsection (c) has been amended to clarify which costs the non-operator of a NPSL may charge; in subsection (d) the allowable rate for charging for overhead related to direct oper-

ating costs is proposed to be changed.

- (8) 11 AAC 83.243, Direct Charges, is amended in paragraph (8) to include a cross-reference to another section that is being revised.

- (9) 11 AAC 83.244, Pricing of Materials and Supplies, is amended to more closely conform with the accounting methods currently used by the petroleum industry in Alaska.

- (10) 11 AAC 83.245, Reporting and Payment Requirements, is amended in subsection (a) to require a designated operator to report for all leaseholders prior to production, to change the pre-production reporting period from quarterly to annual, and the due date of report from 30 to 60 days after end of reporting period; the due date for the required reports due in subsection (b) is changed from 45 to 60 days; subsection (c) has been repealed; in subsection (d) the interest rate for late payments has been changed; in subsection (e) the records retention period for pre-production costs has been clarified and expanded to include the designated operator; subsection (f) has been expanded to include the designated operator and the time period for audits has been specified; a new subsection (g) has been proposed that would require the NPSL lessee to submit certified audit reports in addition to the regular reports.

- (11) 11 AAC 83.247, Redetermination, is amended to change the interest rate for underpayments and overpayments.

- (12) 11 AAC 83.295, definitions, is amended to clarify existing definitions, to add a definition for "sales delivery point," and to correct cross-referencing

errors.

- (13) 11 AAC 83.306, Application for Unit Approval, is amended to specify that the Unit Operating Agreement does not require the commissioner's approval for adoption or amendment. This section is further amended to define data that may be required at the time of application for unit approval.

- (14) 11 AAC 83.316, Unit Approval, is amended to require the commissioner to consult with the affected lessees prior to proposing changes in drilling, producing, and royalty requirements of state leases. The commissioner will also state in writing the reasons for proposing such changes. This section is also amended to define certain cases in which the commissioner will not propose increased royalty requirements at the time of unitization.

- (15) 11 AAC 83.336, Effective Date and Term of Unit Agreement, is amended to provide that seasonal stipulations imposed on operations as a condition of a unit plan of operations will be considered a suspension of operations or production which will extend the unit term. This section is also amended to provide that the commissioner will state in the decision the reasons for changing or revoking drilling, producing and royalty requirements of state leases.

- (16) 11 AAC 83.346, Unit Plan of Operations, is amended to define under what conditions a unit plan of operations is required and what data may be required with the unit plan of operations application, and to make other clarifying amendments.

- (17) 11 AAC 83.351, Participating Area, is amended to all-

ow land immediately adjacent to land capable of producing hydrocarbons in paying quantities to be included in a participating area. The section is also amended to provide that a participating area will become effective on the date it is approved by the commissioner.

- (18) 11 AAC 83.361, Certification of Well Test Results, is amended to specify that a well or reservoir will be certified as capable of producing hydrocarbons in paying or commercial quantities only when so requested by the lessee or unit operator. This section is also amended to clarify that only specific data may be required at the time of application for certification.

- (19) 11 AAC 83.366, Unit Operating Agreement, clarifies the relationship between the unit agreement and unit operating agreement.

- (20) 11 AAC 83.373, Severance, is amended to eliminate the discretion to sever leases by zone at the time of unitization.

- (21) 11 AAC 83.800, Exploration Incentive Credits, is amended to provide that credits may be assigned without the commissioner's consent and to require that any assignment of credits be on forms prescribed by the department.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the action proposed at a hearings to be held at 1:30 p.m., May 26, 1982, at the Noel Wien Library, 1215 Cowles Street, Fairbanks; and at 2 p.m., May 27, 1982, at the Pioneer Schoolhouse, 3rd and Eagle Streets, Anchorage. This action is not expected to require an increased appropriation. Copies of the proposed regulations