

20 AAC 25.025(b)(1) is amended to read:

(1) a bond, and if required, security must be in the amount specified in the following table:

Number of Permitted Wellheads Bond Amount

1-5 wells \$400,000 per well

6-20 wells \$2,000,000 plus an additional \$250,000 per well for each well above

5 (e.g. the bond for an operator with 8 wells would be \$2,750,000 [\$2 million for the first five wells plus \$250,000 per well for wells 6 through 8])

21-40 wells \$6,000,000

[1-10 wells \$400,000 per well

11-40 wells \$6,000,000]

41-100 wells \$10,000,000

101-1,000 wells \$20,000,000

Over 1,000 wells \$30,000,000

20 AAC 25.025(b)(3) is amended to read:

(3) upon request of an operator, or its own motion, the commission may increase or decrease the amounts set out in (1) of this subsection based on evidence that

(A) engineering, geotechnical, environmental, or location conditions warrant an adjustment of those amounts;

(B) a bond and, if required, security that is exclusively dedicated to the plugging and abandonment of a well or wells is in place with each landowner; or

(C) a bond and, if required, security that is in place with the United States Environmental Protection Agency dedicated to the plugging and abandonment of Underground Injection Control permitted Class I disposal wells.

20 AAC 25.025(c) is amended to read:

(c) An operator with a bond and, if required, security in place on May 18, 2019 will be allowed to increase the amount of its bond and, if required, security to the amount required under (b) of this section in seven [FOUR] installments. The installments shall be made as follows:

(1) the first installment is due August 16, 2019 and must be a minimum of \$500,000 or one-quarter of the difference between the operator's existing level of bonding and, if required, security and the level required under (b) of this section, whichever is greater;

(2) the second **through sixth installments are due annually on August 16 of the five years following the first installment and must be a minimum of one-sixth of the difference between the operator's level of bonding, rounded up to the nearest thousand, and, if required, security after payment of the first installment and the level required under (b) of this section** [INSTALLMENT IS DUE AUGUST 16, 2020 AND MUST BE A MINIMUM OF \$500,000 OR ONE-THIRD OF THE DIFFERENCE BETWEEN THE OPERATOR'S EXISTING LEVEL OF BONDING AND, IF REQUIRED, SECURITY AND THE LEVEL REQUIRED UNDER (B) OF THIS SECTION, WHICHEVER IS GREATER];
and

(3) **the final seventh installment is due on August 16 of the year following the sixth installment and must be in the amount of the difference between the operator's existing level of bonding, rounded up to the nearest thousand, and, if required, security and the level required under (b) of this section** [THE THIRD INSTALLMENT IS DUE AUGUST

16, 2021 AND MUST BE A MINIMUM OF \$500,000 OR ONE-HALF OF THE DIFFERENCE BETWEEN THE OPERATOR'S EXISTING LEVEL OF BONDING AND, IF REQUIRED, SECURITY AND THE LEVEL REQUIRED UNDER (B) OF THIS SECTION, WHICHEVER IS GREATER; AND

(4) THE FINAL INSTALLMENT IS DUE AUGUST 16, 2022 AND MUST BE IN THE AMOUNT OF THE DIFFERENCE BETWEEN THE OPERATOR'S EXISTING LEVEL OF BONDING AND, IF REQUIRED, SECURITY AND THE LEVEL REQUIRED UNDER (B) OF THIS SECTION].

(Eff. 4/13/80, Register 74; am 4/2/86, Register 97; am 11/7/99, Register 152; am 5/18/2019, Register 230; am ___/___/___, Register ___)

Authority: AS 31.05.030