

ALASKA STATE LEGISLATURE

Session

State Capitol, Rm. 101
Juneau, AK 99801
(907) 465-2435
Fax: (907) 465-6615

Interim

716 W. 4th Ave, Ste. 540
Anchorage, AK 99501
(907) 269-0120
Fax: (907) 269-0122

Senator_Bill_Wielechowski@legis.state.ak.us



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State Affairs Committee

Co-chair

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Administrative Regulation Review

SENATOR BILL WIELECHOWSKI

Sponsor Statement

SB 209: Spurring Greater Oil and Gas Production Through Improved Leasing Procedures

The purpose of SB 209 is to encourage greater and timelier development of the state's oil and gas resources, consistent with our constitutional mandate to develop the state's natural resources for the maximum benefits of Alaskans.

It was developed in response to concerns that some oil companies are winning exclusive leases of oil-rich state lands, then sitting on those leases and warehousing Alaska's resources, while investing elsewhere. For example, some state lands with vast quantities of oil and gas were leased more than three decades ago and have yet to be developed.

To address this concern, SB 209 requires:

- 1) companies interested in acquiring an exclusive lease of state petroleum lands to submit a plan of exploration or development for those lands;
- 2) the Department of Natural Resources (DNR) to review each plan and determine if it will develop the state's resources in the best interest of the state before "qualifying" the company to bid on a lease;
- 3) DNR to include work plans submitted by winning bidders within the terms of their leases; and
- 4) DNR to annually review leases to ensure that lease holders are developing state lands consistent with their plans of exploration or development.

SB 209 also provides a process for the Commissioner of DNR to waive a work commitment if conditions outside the lessee's control prevent the work from being carried out.

Please join me in supporting SB 209.