

# LEGAL SERVICES

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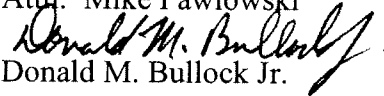
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 28, 2010

**SUBJECT:** Sectional summary for SB 243; removing the royalty obligation for geothermal resources (Work Order No. 26-LS1346\A)

**TO:** Senator Lesil McGuire  
Attn: Mike Pawlowski

**FROM:** Donald M. Bullock Jr.   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Amends AS 38.05.181(c) by deleting language that requires a royalty obligation in conjunction with a noncompetitive geothermal lease.

**Section 2.** Amends AS 38.05.181(d) by deleting royalty share as an alternative term in a competitive geothermal lease sale.

**Section 3.** Amends AS 38.05.181(e) by deleting language that states that the rent paid on a geothermal lease is a credit against the royalty accruing on the lease.

**Section 4.** Amends AS 38.05.0181(f) by deleting a reference to royalties as a term to be considered in the renegotiation of a geothermal lease.

**Section 5.** Amends AS 38.05.182(a) to delete the statutory section providing for a geothermal resource royalty in a spanned citation for statutes that provide for royalties that may be taken in kind rather than in money.

**Section 6.** Deletes AS 38.05.181(g), which requires a royalty to be paid for the sale or use of a geothermal resource.

**Section 7.** Adds a section to uncodified law to state that secs. 1 - 5 of the Act apply to a lease or renewal of a lease for a geothermal lease entered into on, or after, the effective date of the Act.

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