

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*Representatives
Stoltze, Austerman
By Request of the
Governor*

1 Page 15, lines 20 - 21:

2 Delete "with any member of the legislature"

3

4 Page 17, line 22:

5 Delete "with any member of the legislature"

6

7 Page 18, line 5:

8 Delete "in"

9 Insert "to"

10 Delete "agent"

11 Insert "entity"

12

13 Page 18, lines 7 - 8:

14 Delete ", if the commissioner determines that the North Slope natural gas project is not
15 making adequate progress toward a final investment decision,"

16

17 Page 18, line 8, following "state":

18 Insert "or an entity of the state"

19

20 Page 18, line 9, following "state":

21 Insert "or an entity of the state"

22

23 Page 18, line 10, following "state":

1 Insert "or an entity of the state"

2

3 Page 18, lines 10 - 11:

4 Delete "may not be on terms that are more restrictive than the terms that are applicable
5 for access by"

6 Insert "must be on the same or substantially similar terms applicable to"

7

8 Page 34, line 18, following "by the":

9 Insert "average"

10

11 Page 34, line 19, following "the gas":

12 Insert "produced by the producer from the lease during the month,"

13

14 Page 34, line 23, following "If the":

15 Insert "credit or"

16

17 Page 34, line 27, following "by the":

18 Insert "average"

19

20 Page 34, line 28, following "the gas":

21 Insert "produced by the producer from the lease during the month,"

22

23 Page 35, line 12:

24 Delete "(1) flared, released, or allowed to escape and, under AS 43.55.020(e),"

25 Insert "that, under AS 43.55.020(e), is"

26

27 Page 35, lines 14 - 17:

28 Delete "; or

29 (2) used in the operation of a lease or property in the state in drilling for
30 or producing oil or gas, or for repressuring and, under AS 43.55.020(e), considered as
31 gas produced from a lease or property for the purpose of AS 43.55.011 - 43.55.180"

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Page 36, line 15:

Delete "due under this chapter"

Page 57, line 8, following "of the":

Insert "following locations: the"

Page 57, line 13, following "the":

Insert "following locations: the"

Page 57, line 16, following "after":

Insert "completion of"

Page 57, line 19, following "the":

Insert "following locations: the"

Page 60, line 23:

Delete "and"

Page 60, following line 23:

Insert a new paragraph to read:

"(4) the costs, benefits, and risks associated with building a pipeline with a mainline diameter larger than 42 inches, including the effect of the increased diameter on compression, fuel, and other costs; the anticipated allocation of the cost of an increased diameter among project participants and the options for and effects of the state or participants in the project funding the increased diameter; a quantification of the potential benefits from the increased diameter that may include increased exploration activity and increased royalties and taxes from additional production transported in the increased capacity; and whether natural gas transported in the additional capacity is likely to be produced from federal or state land; and"

- I Renumber the following paragraph accordingly.

Conceptual

Am. 1 to
Am 1

28-GS2806\H.45
Nauman/Bullock
4/17/14

AMENDMENT

OFFERED IN THE HOUSE

TO: Amendment H.34 to HCS CSSB 138(RES)

By Representative:
Gara

- 1 Page 5, line 5, of the amendment, following "activity":
- 2 Insert "by parties and nonparties to the project"

Should read

"to Amendment H. 47"

p.3, Line 27

2

28-GS2806\H.50
Bullock
4/17/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*Representatives
Stoltze, Austerman
By Request of the
Governor*

1 Page 19, line 13, following "gas":

2 Insert "or gas delivered to the state under AS 43.55.014"

3

4 Page 20, line 2:

5 Delete "the"

6 Insert "a"

7

8 Page 20, line 6:

9 Delete "and"

10

11 Page 20, line 7:

12 Delete the second occurrence of "the"

13 Insert "a"

14

15 Page 20, line 8, following "term":

16 Insert "; and

17 (4) the lessee or an affiliate of the lessee has committed to purchase,

18 dispose of, or market the state's royalty gas taken in kind and gas delivered to the state

19 under AS 43.55.014 on the same or substantially similar terms as the lessee or an

20 affiliate of the lessee sells, disposes of, or markets the lessee's gas"

21

22 Page 20, line 9, through page 21, line 12:

23 Delete all material.

1
2 Renumber the following bill sections accordingly.
3
4 Page 24, line 11:
5 Delete "sec. 34"
6 Insert "sec. 32"
7
8 Page 28, line 4:
9 Delete "sec. 37"
10 Insert "sec. 35"
11
12 Page 36, line 13:
13 Delete "sec. 45"
14 Insert "sec. 43"
15
16 Page 61, line 4:
17 Delete "sec. 30"
18 Insert "sec. 28"
19
20 Page 62, line 6:
21 Delete "sec. 30"
22 Insert "sec. 28"
23
24 Page 63, line 11:
25 Delete "sec. 30"
26 Insert "sec. 28"
27
28 Page 65, line 23:
29 Delete "23, 30 - 34, 36, 37, 45, 47, and 63 - 72"
30 Insert "28 - 32, 34, 35, 43, 45, and 61 - 70"
31

1 Page 65, line 25:

2 Delete "Section 46"

3 Insert "Section 44"

4

5 Page 65, line 26:

6 Delete "secs. 73 and 74"

7 Insert "secs. 71 and 72"

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

BY REPRESENTATIVE HOLMES

*Stoltze, Austerman, Neuman,
T. Wilson, Edgmon, Castello,
Thompson,*

1 Page 60, following line 5:

2 Insert a new bill section to read:

3 **"* Sec. 66.** Section 1(b), ch. 11, SLA 2013, is amended to read:

4 (b) It is the intent of the legislature that

5 (1) the Alaska Gasline Development Corporation, in its new placement
6 as an independent public corporation of the state, shall be treated for all purposes as
7 the transfer of a corporation within the state and not as the creation of a new entity by
8 the State of Alaska;

9 (2) the Board of Directors of the Alaska Gasline Development
10 Corporation commit to governing the Alaska Gasline Development Corporation so as
11 to affect positively as many Alaskans as possible, including those in rural and coastal
12 communities, and to extend opportunities for all Alaskans to benefit from the natural
13 gas resources of the state, including propane and associated gas-related hydrocarbons
14 other than oil;

15 (3) to the maximum extent permitted by law, in developing a natural
16 gas pipeline, the Alaska Gasline Development Corporation shall procure services,
17 labor, products, and natural resources from qualified businesses located in the state,
18 including organizations owned by Alaska Natives and municipal organizations directly
19 affected by the project, if those persons are competitive;

20 (4) the Alaska Gasline Development Corporation and an Alaska
21 liquefied natural gas project as defined in AS 31.25.390 shall, to the maximum
22 extent permitted by law,

23 (A) hire qualified residents from throughout the state for

1 management, engineering, construction, operations, maintenance, and other
2 positions for a natural gas pipeline project;

3 (B) establish hiring facilities in the state or use existing hiring
4 facilities in the state; and

5 (C) use, as far as practicable, the job centers and associated
6 services operated by the Department of Labor and Workforce Development
7 and an Internet-based labor exchange system operated by the state; and

8 (5) the Alaska Gasline Development Corporation and its subsidiaries
9 shall wind up and dissolve when no bonds, notes, or other obligations are outstanding
10 and the Alaska Gasline Development Corporation or a subsidiary of the Alaska
11 Gasline Development Corporation is no longer engaged in the development, financing,
12 construction, or operation of an in-state natural gas pipeline."
13

14 Renumber the following bill sections accordingly.
15

16 Page 65, line 23:

17 Delete "72"

18 Insert "73"
19

20 Page 65, line 26:

21 Delete "secs. 73 and 74"

22 Insert "secs. 74 and 75"

Alaska State Legislature



Official Business

State Capitol
Juneau, AK 99801-1182

Letter of Intent for SB 138

It is the intent of the Alaska State Legislature that the Alaska LNG project honor the commitments, as copied below, made in "Article 11: Alaska Hire and Content", agreed to in the Heads of Intent Agreement by and among the Administration of the State of Alaska, Alaska Gas-line Development Corporation, TransCanada Alaska Development Inc., ExxonMobil Alaska Production Inc., ConocoPhillips Alaska, Inc., and BP Exploration (Alaska) Inc. through construction of the project.

ARTICLE 11: ALASKA HIRE AND CONTENT

11.1 For the Alaska LNG Project, the Alaska LNG Parties will, within the constraints of law:

- a. Employ Alaska residents and contract with Alaska businesses to the extent they are qualified, available, ready, willing and cost competitive;
- b. Use, as far as practicable, job centers and associated services operated by the State Department of Labor and Workforce Development;
- c. Participate with the State Department of Labor and Workforce Development to update the training plan for an LNG export project including main operations;
- d. Advertise for available positions locally and use, as far as practicable, Alaska job service organizations to notify the Alaska public; and
- e. Work with the State Department of Labor and Workforce Development and other organizations to provide training.

11.2 Prior to construction, the Alaska LNG Parties commit to negotiate in good faith project labor agreements for the Alaska LNG Project.

*LOI proposed by Representative
Holmes, Munoz, Austerman,
Thompson, Edgman, Costello*

5

28-GS2806\H.27
Bullock
4/15/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

BY REPRESENTATIVE AUSTERMAN

*T. Wilson, Costello, Holmes,
Edgmon, Neuman, Thompson*

1 Page 18, following line 15:

2 Insert a new subsection to read:

3 "(c) A proposed agreement or contract associated with a North Slope natural
4 gas project must provide the means for allocating infrastructure costs between the state
5 and other parties in the project. The allocation must take into consideration the extent
6 to which infrastructure is used by the project and used by the public and the difference
7 between the normal expected or actual life-cycle costs for the infrastructure as used by
8 the project and the expected or actual life-cycle costs of the same infrastructure if
9 subject only to general public use. The proposed agreement or contract may not
10 require the state to pay infrastructure costs that are directly related to the project and
11 not designed for general public use in a proportionate amount that is greater than the
12 state's share of participation in the project."

6

28-GS2806\H.37
Nauman/Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

BY REPRESENTATIVE NEUMAN

Thompson, T. Wilson

1 Page 60, following line 6:

2 Insert a new bill section to read:

3 "* **Sec. 67.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 INFRASTRUCTURE. The Alaska Gasline Development Corporation shall, in
6 consultation with the Department of Transportation and Public Facilities, evaluate the design
7 and construction of a new, separate bridge across the Yukon River that would accommodate
8 both vehicular traffic and a gas pipeline resulting from an Alaska liquefied natural gas
9 project."

10

11 Renumber the following bill sections accordingly.

12

13 Page 65, line 23:

14 Delete "72"

15 Insert "73"

16

17 Page 65, line 26:

18 Delete "secs. 73 and 74"

19 Insert "secs. 74 and 75"

7

28-GS2806H.38
Nauman/Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

BY REPRESENTATIVE NEUMAN

*Thompson, T. Wilson, Holmes
Castello*

1 Page 60, following line 6:

2 Insert a new bill section to read:

3 "* Sec. 67. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 INFRASTRUCTURE. The Alaska Gasline Development Corporation shall, in
6 consultation with the Department of Transportation and Public Facilities, evaluate existing
7 bridges and infrastructure and bridges and infrastructure constructed to accommodate a gas
8 pipeline resulting from an Alaska liquefied natural gas project and determine whether the
9 bridge or infrastructure could also be constructed for transportation uses, including vehicular
10 traffic."

11

12 Renumber the following bill sections accordingly.

13

14 Page 65, line 23:

15 Delete "72"

16 Insert "73"

17

18 Page 65, line 26:

19 Delete "secs. 73 and 74"

20 Insert "secs. 74 and 75"

8

28-GS2806\H.31
Nauman/Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE EDGMON

TO: HCS CSSB 138(RES)

*Stoltze, Austerman, Muñoz,
Costello, T. Wilson, Thompson,
Holmes, Newman*

- 1 Page 62, line 14, following "shall":
- 2 Insert ", after considering the state energy policy under AS 44.99.115 and sec. 1, ch.
- 3 82, SLA 2010,"

10

28-GS2806\H.36
Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*By Representative Stoltze
Austerman, T. Wilson, Costello,
Muñoz, Thompson, Edgman,
Neuman*

1 Page 36, line 23:

2 Delete "a state operated"

3 Insert "

4 (A) a [STATE OPERATED]"

5 Delete " ; "

6 Insert "in the state that offers programs approved by the United States

7 Department of Veterans Affairs and the Alaska Commission on Postsecondary

8 Education;

9 (B)"

10

11 Page 36, line 25:

12 Delete ", and"

13 Insert "; or

14 (C)"

11

28-GS2806\H.42
Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*By Representative Stoltze,
Thompson, Edgmon, Holmes*

- 1 Page 5, lines 1 - 5:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 15, line 29:
- 7 Delete "sec. 19"
- 8 Insert "sec. 18"
- 9
- 10 Page 20, line 9:
- 11 Delete "sec. 23"
- 12 Insert "sec. 22"
- 13
- 14 Page 24, line 11:
- 15 Delete "sec. 34"
- 16 Insert "sec. 33"
- 17
- 18 Page 28, line 4:
- 19 Delete "sec. 37"
- 20 Insert "sec. 36"
- 21
- 22 Page 36, line 13:
- 23 Delete "sec. 45"

1 Insert "sec. 44"
2
3 Page 61, line 4:
4 Delete "sec. 30"
5 Insert "sec. 29"
6
7 Page 62, line 6:
8 Delete "sec. 30"
9 Insert "sec. 29"
10
11 Page 63, line 11:
12 Delete "sec. 30"
13 Insert "sec. 29"
14
15 Page 63, line 16:
16 Delete "sec. 19"
17 Insert "sec. 18"
18
19 Page 63, line 18:
20 Delete "sec. 19"
21 Insert "sec. 18"
22
23 Page 65, line 23:
24 Delete "Sections 1 - 19, 22, 23, 30 - 34, 36, 37, 45, 47, and 63 - 72"
25 Insert "Sections 1 - 18, 21, 22, 29 - 33, 35, 36, 44, 46, and 62 - 71"
26
27 Page 65, line 25:
28 Delete "Section 46"
29 Insert "Section 45"
30
31 Page 64, line 26:

- 1 Delete "secs. 73 and 74"
- 2 Insert "secs. 72 and 73"

12

28-GS2806\H.40
Nauman/Bullock
4/16/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*By Representative
Gara*

- 1 Page 18, following line 15:
2 Insert a new subsection to read:
3 "(c) An agreement or contract negotiated under AS 38.05.020(b)(11) or other
4 agreement or contract in which the state is a party and that is associated with a North
5 Slope natural gas project may allow all parties the benefit of equalized capital costs
6 that result from the expansion of the project. However, the agreement or contract must
7 provide for an expansion to transport additional natural gas produced from a lease or
8 property subject to the tax levied under AS 43.55.011(e) that may increase the average
9 capital cost for each 1,000 cubic feet of natural gas above the level before the
10 expansion; however, the cost of the expansion may not increase the equalized capital
11 costs for a party that does not participate in the expansion above the highest capital
12 cost for each 1,000 cubic feet of natural gas before the expansion."

13

28-GS2806\H.43
Bullock
4/17/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

By Representative:
Gara

1 Page 18, following line 15:

2 Insert a new subsection to read:

3 "(c) An agreement or contract in which the state or an agent of the state is a
4 party that is negotiated under AS 38.05.020(b)(11) must include principles based on
5 commercially reasonable terms for delivering natural gas to public utilities in the state
6 when the demand for natural gas by the utilities exceeds the amount of the state's
7 royalty natural gas and natural gas delivered to the state as payment of tax that is being
8 transported in the North Slope natural gas project."

14

28-GS2806\H.29
Nauman/Bullock
4/16/14

AMENDMENT

By Representative
Gara

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

1 Page 18, line 3:

2 Delete "a new section"

3 Insert "new sections"

4

5 Page 18, following line 15:

6 Insert a new section to read:

7 "Sec. 38.05.024. Prohibited agreement or contract term relating to the tax
8 on oil production. An agreement or contract negotiated under AS 38.05.020(b)(11) or
9 other agreement or contract in which the state is a party and that is associated with a
10 North Slope natural gas project may not include a provision that reduces the tax levied
11 on oil production under AS 43.55.011 or that requires compensation to a producer for
12 future changes in the tax levied on oil production under AS 43.55.011."

15

28-GS2806H.22
Bullock
4/15/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*By Representative
Gara*

- 1 Page 18, following line 15:
2 Insert a new subsection to read:
3 "(c) An agreement or contract in which the state or an agent of the state is a
4 party that provides for the midstream transportation by a third party of natural gas
5 received by the state as royalty or payment of tax may not require the state to
6 reimburse the third party an amount for funds used during construction that is
7 calculated using a rate that is more than one percent higher than the five-year constant
8 maturity treasury rate reported by the federal reserve as of the date the agreement or
9 contract is terminated. In this subsection, "midstream" means that part of a North
10 Slope natural gas project that is upstream of a natural gas liquefaction facility."

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

By Representative
GaraPage 15, line 4, following "paragraph":Insert "(A)"Page 15, line 6, following "contract":Insert "and

(B) must include a provision that requires that each party to the agreement or contract pay, in proportion to the party's ownership interest in the North Slope natural gas project, the costs of that portion of infrastructure downstream from the point of production that are directly related to the North Slope natural gas project; the state may not pay for any costs of infrastructure upstream of the point of production; infrastructure costs include the costs of construction, improvement, and maintenance of roads, bridges, port facilities, and utilities;"

Page 17, line 7, following "paragraph":

Insert "(A)"

Page 17, line 9, following "contract;":

Insert "and

(B) must include a provision that requires that each party to the agreement or contract pay, in proportion to the party's ownership interest in the North Slope natural gas project, the costs of that portion of infrastructure downstream from the point of production that are directly related to the North

1 Slope natural gas project; the state may not pay for any costs of infrastructure
2 upstream of the point of production; infrastructure costs include the costs of
3 construction, improvement, and maintenance of roads, bridges, port facilities,
4 and utilities;"

17

28-GS2806H.5
Bullock
4/12/14

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

*By Representative
Gara*

- 1 Page 18, following line 15:
2 Insert a new subsection to read:
3 "(c) An agreement or contract in which the state or an agent of the state is a
4 party that provides for transportation by a third party of natural gas received by the
5 state as royalty or payment of tax may not require the state to reimburse the third party
6 for more than 40 percent of the development costs incurred by the third party plus an
7 amount for funds used during construction if the agreement or contract is terminated.
8 The agreement or contract must describe the development costs that are subject to
9 reimbursement and the rate or other method for determining the allowance for funds
10 used during construction."

AMENDMENT

OFFERED IN THE HOUSE

TO: HCS CSSB 138(RES)

By Representative
Gara

1 Page 18, following line 15:

2 Insert a new subsection to read:

3 "(c) A proposed agreement or contract related to the construction or operation
4 of a North Slope natural gas project must include a severability provision to require
5 that the remaining terms of the agreement or contract will continue to apply if a final
6 decision by a court of competent jurisdiction finds that a part of the agreement or
7 contract that relates to royalties, production taxes, payment of tax or royalty with gas
8 rather than payment in value, property taxes, or other fiscal terms is unconstitutional."