

HOUSE CS FOR SENATE BILL NO. 164(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 4/11/01

Referred: Resources

Sponsor(s): SENATORS TORGERSON, Halford, Pearce, Leman, Donley, Kelly, Phillips, Taylor, Green, Wilken, Ward, Austerman, Cowdery, Therriault, Davis, Ellis, Elton, Hoffman, Lincoln, Olson

REPRESENTATIVES Croft, Whitaker, Guess, Harris, Crawford, Dyson, Rokeberg, Davies

A BILL**FOR AN ACT ENTITLED**

1 **"An Act prohibiting leases under the Right-of-Way Leasing Act on state land in or**
2 **adjacent to the Beaufort Sea; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 38.35 is amended by adding a new section to read:

5 **Sec. 38.35.017. Limitation on leases in or adjacent to the Beaufort Sea.** (a)

6 Consistent with and in furtherance of the statements of general state policy guiding
7 resource development set out in art. VIII, sec. 1, Constitution of the State of Alaska,
8 that the resources of the state be developed "by making them available for maximum
9 use consistent with the public interest" and in art. VIII, sec. 2, Constitution of the State
10 of Alaska, directing that provision shall be made by the legislature for "the utilization,
11 development, and conservation of all natural resources belonging to the State . . . for
12 the maximum benefit of its people," and consistent with and in furtherance of the
13 general legislative declaration of policy for this chapter set out in AS 38.35.010, it is
14 the policy of this state that the overall strategy for development, use, and control of a

1 pipeline or pipelines to develop the state's substantial North Slope natural gas
2 resources be directed

3 (1) to enhance the standard of living of state residents by

4 (A) ensuring that, in conjunction with out-of-state market
5 driven commercial demand for North Slope natural gas, state residents and
6 businesses will have access, directly or indirectly, to that portion of the gas that
7 will meet the reasonably foreseeable in-state demands for it, including
8 substitution of the North Slope natural gas for depleting gas reserves in
9 Southcentral Alaska in order to maintain a vital domestic and industrial energy
10 source, and ensuring that the pipeline or pipelines for the transportation of
11 North Slope natural gas will be designed and located to be responsive to these
12 requirements;

13 (B) making the maximum contribution to the development of
14 job opportunities in this state by

15 (i) providing direct short-term construction and long-
16 term operation- and maintenance-related employment on the pipeline or
17 pipelines, to the end that the resources be developed with qualified
18 contractors and firms in this state for work to be performed, including
19 the fabrication and installation of required facilities, and that state
20 residents be employed, consistent with law; for purposes of this sub-
21 subparagraph, a person is considered a resident if the person is
22 physically present in the state with the intent to remain in the state
23 indefinitely and has a home in the state, and a contractor or firm is
24 considered as qualified if the contractor or firm qualifies as an Alaska
25 bidder under AS 36.30.170(b); and

26 (ii) providing necessary support services; and

27 (C) adding significant long-term property value to the tax base
28 of the state and local governments, thereby providing the means to support
29 public education, public health, transportation, and other essential state and
30 local government projects and services;

31 (2) to ensure that the design, location, and construction of a pipeline or

1 pipelines for delivery of North Slope natural gas to North American markets through
2 connection to the North American natural gas pipeline network enhance opportunities
3 for implementing gas deliveries using alternative technologies and the construction of
4 other pipelines to deliver North Slope natural gas to foreign and domestic markets; and

5 (3) to ensure construction of the pipeline or pipelines consistent with
6 careful protection of the state's natural environment, with minimum environmental
7 degradation, to the greatest extent possible, and with protection of fish, wildlife, and
8 biotic resources for the use of persons who depend upon them by using available
9 transportation infrastructure to initiate and complete project construction and
10 maintenance and by avoiding duplication of facilities.

11 (b) Consistent with the legislative policy and goals set out in (a) of this
12 section, the commissioner may not grant a lease across state land that is in or adjacent
13 to the Beaufort Sea for pipeline right-of-way purposes to authorize construction and
14 operation of a natural gas pipeline following a "northern" or "over-the-top" route
15 running east from the North Slope to Canada's Mackenzie River Valley, then south to
16 link to existing pipeline networks to transport North Slope natural gas to North
17 American markets.

18 (c) The limitation on leasing set out in (b) of this section does not apply on
19 and after the date on which a natural gas pipeline following a "southern" route that
20 parallels the Trans Alaska Pipeline System and the Alaska Highway to transport North
21 Slope natural gas to North American markets or Alaska tidewater for delivery to
22 foreign and domestic markets has been completed and has begun operation.

23 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).