

SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 17(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 5/5/01

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE

A RESOLUTION

Expressing the legislature's support for sale of a portion of Alaska's North Slope natural gas for electrical generation to power data centers within the North Slope Borough.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the State of Alaska has vast proven reserves of natural gas located on the North Slope within the North Slope Borough; and

WHEREAS the need for electricity in the United States is increasing due in part to the demands of the Internet; and

WHEREAS Netricity, L.L.C., an Alaska limited liability company, has proposed to purchase natural gas from the State in order to use that natural gas to generate electricity in the North Slope Borough to power nearby data centers that would service the demands of the Internet; and

WHEREAS the establishment of data centers in the North Slope Borough would create jobs for construction of modules in Alaska; and

WHEREAS the operation of a power plant and data centers in the North Slope Borough would bring economic and social benefit to the State; and

WHEREAS the establishment of data centers within the North Slope Borough would

1 provide substantial added value to Alaska's natural gas resources; and

2 **WHEREAS** AS 38.05.183 mandates that any sale of the state's oil and gas royalty
3 "shall be by competitive bid" unless the commissioner of natural resources

4 (1) determines, in writing with specific findings and conclusions, that the best
5 interest of the state does not require competitive bidding or that no competition exists; and

6 (2) gives notice to the Alaska Royalty Oil and Gas Development Advisory
7 Board; and

8 **WHEREAS** AS 38.05.183 mandates that, if the commissioner determines to sell
9 royalty oil or gas noncompetitively, the commissioner shall consider the criteria in
10 AS 38.05.183(e) and AS 38.06.070; and

11 **WHEREAS** 11 AAC 03.010 mandates that, before the sale of royalty gas is
12 completed, whether by competitive bid or not, the commissioner shall make a public finding
13 that the sale is in the best interests of the state; and

14 **WHEREAS** AS 38.06.050 requires that, before any long-term, substantial sale of the
15 state's oil or gas may be made, the sale must be reviewed by the Alaska Royalty Oil and Gas
16 Development Advisory Board, and the board must issue a written recommendation to the
17 legislature about the sale; and

18 **WHEREAS** AS 38.06.055 requires that, before any long-term, substantial sale of the
19 state's oil or gas may be made, the sale must be approved by the legislature;

20 **BE IT RESOLVED** that the Alaska State Legislature supports the sale of a portion of
21 the state's royalty natural gas from Alaska's North Slope, at a competitive, reasonable price, to
22 allow for electrical generation within the North Slope Borough to power data centers located
23 proximately to an electrical generation facility in that borough; and be it

24 **FURTHER RESOLVED** that the Alaska State Legislature requests that the
25 commissioner of natural resources determine in a written finding whether the state's royalty
26 share of North Slope natural gas must be competitively bid at this time, and, if it must,
27 conduct a competitive sale; and be it

28 **FURTHER RESOLVED** that the Alaska State Legislature requests that, if the
29 commissioner of natural resources determines that the state's royalty share of North Slope
30 natural gas need not be competitively bid, the commissioner

31 (1) enter into negotiations with Netricity, L.L.C., or another qualified

1 purchaser, for the sale of the state's royalty share of North Slope natural gas consistent with
2 the procedures and policies set out in AS 38.05.183, AS 38.06, and 11 AAC 03; and
3 (2) by the first day of the Second Regular Session of the Twenty-Second
4 Alaska State Legislature, present the legislature with either a contract for the sale of the North
5 Slope royalty gas for approval or a report explaining why the state should not sell its royalty
6 gas.