



Senate Bill 62
Gas Leases; Renewable Energy Grant Fund
Sectional Analysis, Version A, 2/2/2021

Section 1 – Amends AS 38.05 to add a new section, AS 38.05.176 to specify that a statute restricting the surface use of an oil and gas or gas-only lease area does not also restrict drilling of the subsurface of that leased area from an adjacent leased area not subject to restrictions on surface use, unless specifically provided.

Section 2 – Amends AS 38.03.184(b) to acknowledge the exemption (created by Section 3 of this bill) to the statute prohibiting the Department of Natural Resources or any other state agency from issuing leases for oil exploration or development on state owned land and waters in and around Kachemak Bay and extending to the three-mile offshore limit of state ownership.

Section 3 – Amends AS 38.04.184 by adding a new subsection (h) specifically authorizing the director of the Division of Oil and Gas to offer gas-only leases in an area adjacent to Kachemak Bay – specifically, within Township 5 South, Range 15 West, Seward Meridian, Alaska. Such leases would carry no right to use the surface of the land and would allow only natural gas exploration or production drilling from adjacent leased lands.

Section 4 – Amends AS 42.45.045(b) to allow the legislature to appropriate to the Renewable Energy Grant Fund the state's rentals, royalties, royalty sale proceeds and net profit shares generated pursuant to oil and gas or gas-only leases issued pursuant to AS 38.05.180(f) and (g), as well as such revenue generated by gas-only leases issued pursuant to AS 38.05.184(h) (authorized by Section 3 of this bill). Such appropriations would occur after the required deposit of any such revenue to the Alaska Permanent Fund required under art. IX, sec. 15 of the Alaska Constitution.

Section 5 - Amends AS 45.45.045(c) requiring investments funds to be managed by the Department of Revenue, which shall be the fiduciary of the fund under AS 37.10.071.

Section 6 – Provides an immediate effective date.