

HOUSE BILL NO. 453

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/26/96

Referred: House Special Committee on Oil and Gas, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to best interest findings for oil and gas lease sales for the
2 area onshore and north of the Umiat baseline."

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

4 * **Section 1. FINDINGS AND PURPOSES.** (a) The legislature finds that

5 (1) to enhance the state's competitive position in the international oil and gas
6 marketplace, the state can become more innovative and flexible in the administration of its oil
7 and gas leasing program;

8 (2) the area north of the Umiat baseline in this state is an area of moderate to
9 high oil and gas potential and has an existing production and transportation infrastructure;

10 (3) it is in the best interest of the state to timely develop the oil and gas
11 resources in the area onshore and north of the Umiat baseline while the existing transportation
12 infrastructure, including the Trans Alaska Pipeline System, is operational;

13 (4) the area of the state north of the Umiat baseline has a history of exploration
14 and development that indicates that the current limited acreage leasing program does not

1 accommodate the oil and gas industry's leasing strategy because it may unintentionally divide
2 oil and gas exploration prospects;

3 (5) most of the state land north of the Umiat baseline has been subject to best
4 interest findings, and a large portion of it has been or is currently under oil and gas lease; and

5 (6) oil and gas lease sales and best interest findings are not subject to an
6 acreage limitation, and a best interest finding covering the area of the state onshore and north
7 of the Umiat baseline will encourage a comprehensive assessment of the state's oil and gas
8 resources in this area and provide for maximum flexibility and efficiency in their development.

9 (b) The purposes of this Act are to

10 (1) provide for the leasing of certain state land that has been subject to a best
11 interest finding within the five years preceding the proposed sale without requiring new best
12 interest findings;

13 (2) provide that land that has been subject to a best interest finding may be
14 included in the next scheduled oil and gas lease sale as the state receives title to that land;

15 (3) facilitate annual oil and gas lease sales in the area covered by this Act;

16 (4) facilitate bids on areas in this state that encompass entire oil and gas
17 prospects.

18 * **Sec. 2.** AS 38.05.035(e)(6) is amended to read:

19 (6) before a public hearing, if held, or in any case not less than 21 days
20 before the sale, lease, or other disposal of available land, property, resources, or
21 interests in them other than a sale, lease, or other disposal of available land or an
22 interest in land for oil and gas under (5) of this subsection, the director shall make
23 available to the public a written finding that, in accordance with (1) of this subsection,
24 sets out the material facts and applicable statutes and regulations and any other
25 information required by statute or regulation to be considered upon which the
26 determination that the sale, lease, or other disposal will best serve the interests of the
27 state was based; however, a written finding is not required before the approval of

28 (A) a contract for a negotiated sale authorized under
29 AS 38.05.115;

30 (B) a lease of land for a shore fishery site under AS 38.05.082;

31 (C) a permit or other authorization revocable by the

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commissioner;

(D) a mineral claim located under AS 38.05.195;

(E) a mineral lease issued under AS 38.05.205;

(F) a production license issued under AS 38.05.207;

(G) an exempt oil and gas sale under AS 38.05.180(d) of acreage offered in a sale that was held within the previous five years if the sale was subject to a written best interest finding, unless the commissioner determines that new information has become available that justifies a revision of the best interest finding; [OR]

(H) a lease sale under AS 38.05.180(w) of acreage offered in a sale that was held within the previous five years if the sale was subject to a best interest finding, unless the commissioner determines that new information has become available that justifies a revision of the best interest finding; **or**

(I) a lease sale under AS 38.05.180(b) of acreage onshore and north of the Umiat baseline if the acreage was subject to a best interest finding within the five years preceding the proposed sale, unless the commissioner determines that new information has become available that justifies a revision of the best interest finding;