

SENATE BILL NO. 318

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/28/96

Referred: RES, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing, approving, and ratifying the amendment of Northstar Unit
2 oil and gas leases between the State of Alaska and BP Exploration (Alaska)
3 Inc.; and providing for an effective date."

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

5 * **Section 1.** The legislature finds that

6 (1) the production of oil and gas from state land is a matter of statewide
7 interest and effect because it is an important source of revenue to the state and job
8 opportunities for the people of the state;

9 (2) BP Exploration (Alaska) Inc. holds state oil and gas leases in the Northstar
10 Unit that include net profit share provisions;

11 (3) unless the net profit share provisions of the Northstar Unit leases are
12 amended, production of oil and gas from the unit is highly unlikely to begin before the year
13 2002, if at all;

14 (4) because of the development account provisions of the net profit share

1 leases, the later that these leases are developed, the less "net profits" the state receives;

2 (5) if the net profit share provisions of the Northstar Unit leases are amended,
3 full production of oil and gas from the unit may begin as early as the year 1999;

4 (6) amending the net profit share provisions of the Northstar Unit leases to
5 provide for a supplemental royalty will maximize the economic benefits of oil and gas
6 production to the people of the state by encouraging timely production from the unit;

7 (7) the development of the unit and the associated construction of unit facilities
8 within the state will provide additional revenue to the state and increased job opportunities;

9 (8) BP Exploration (Alaska) Inc. has committed to hire Alaska residents and
10 contractors and to fabricate modules for the unit in Alaska;

11 (9) the timely development of the unit may result in increased state revenue
12 in future lease sales; and

13 (10) the timely development of the unit may result in technological
14 breakthroughs and other cost savings that may make other development opportunities in
15 Alaska economically feasible.

16 * **Sec. 2.** (a) The State of Alaska and BP Exploration (Alaska) Inc. are parties to the
17 following leases in the Northstar Unit:

18 (1) ADL 312798, effective February 1, 1980;

19 (2) ADL 312799, effective February 1, 1980;

20 (3) ADL 312808, effective February 1, 1980;

21 (4) ADL 312809, effective February 1, 1980; and

22 (5) ADL 355001, effective August 1, 1983.

23 (b) The commissioner of the Department of Natural Resources may amend the
24 Northstar Unit leases described in (a) of this section to the extent set out in the "First
25 Amendment to the Northstar Unit Leases Between the State of Alaska and BP Exploration
26 (Alaska) Inc.", dated March 22, 1996.

27 (c) Notwithstanding any other provision of law, the "First Amendment to the Northstar
28 Unit Leases Between the State of Alaska and BP Exploration (Alaska) Inc.", dated
29 March 22, 1996, is approved and ratified.

30 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).