

SENATE BILL NO. 164

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATORS TORGERSON, Halford, Pearce, Leman, Donley, Kelly, Phillips, Taylor, Green, Wilken, Ward, Austerman, Cowdery, Therriault, Davis, Ellis, Elton, Hoffman, Lincoln, Olson

REPRESENTATIVES Croft, Whitaker

Introduced: 3/23/01

Referred: Resources

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 providing direct short-term construction and
15 long-term operation- and maintenance-related employment on the pipeline or
16 pipelines and by providing necessary support services; and

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

21 (2) to ensure that the design, location, and construction of a pipeline or
22 pipelines for delivery of North Slope natural gas to North American markets through
23 connection to the North American natural gas pipeline network enhance opportunities
24 for implementing gas deliveries using alternative technologies and the construction of
25 other pipelines to deliver North Slope natural gas to foreign and domestic markets; and

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

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

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

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