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AMENDMENT # 1

OFFERED IN THE HOUSE
TO: CSSSHB 364 (O&G)

BY REPRESENTATIVES KERTTULA & CROFT

1 Page 1, Lines 1-5; delete all language.

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3 Insert:

4

5 **"An Act establishing a moratorium on the issuance of state shallow natural gas**
6 **leases in the vicinity of Kachemak Bay and within the Matanuska Susitna Borough,**
7 **and directing the commissioner of natural resources to reacquire shallow natural**
8 **gas leases on the Kenai Peninsula and the Matanuska Susitna Borough within the**
9 **moratorium area; and providing for an effective date."**

10

11 Page 1, Line 7-Page 3, Line 30; delete all language.

12

13 Insert:

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15 * **Sec. 2.** AS 38.05.177(a) is amended to read:

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(a) The provisions of this section

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(1) apply to gas, whether methane associated with and derived from

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coal deposits or otherwise, from a field if a part of the field is within 3,000 feet of the
19 surface; and

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(2) do not apply to authorize lease of

21

(A) land

22

(i) that is subject to an oil and gas exploration

23

license or lease issued under AS 38.05.131 - 38.05.134; or

24

(ii) that is leased under AS 38.05.180;

25

(B) the land (i) that is proposed to be subject to an oil and

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gas exploration license or lease issued under AS 38.05.131 - 38.05.134; or (ii)

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that is described in and part of a proposed oil and gas leasing program prepared

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under AS 38.05.180(b); however, the commissioner may waive the limitations

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of this subparagraph;

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(C) the land that is held under a coal lease entered into

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under AS 38.05.150, unless the applicant for a shallow natural gas lease is also

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the lessee under AS 38.05.150 of that land; [OR]

33

(D) the valid existing selections of the Alaska Mental Health

34

Trust Authority made for the purpose of reconstituting the mental health trust

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established under the Alaska Mental Health Enabling Act, P.L. 84-830, 70 Stat.

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709 (1956), that become subject to management under AS 38.05.801, or of land

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that has been designated by law for or is subject to designation for conveyance

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to the Alaska Mental Health Trust Authority; however, after consultation with

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the Alaska Mental Health Trust Authority, the commissioner may waive the

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limitations of this subparagraph;

1 (E) land and water within the Kenai Peninsula Borough
2 east of Cook Inlet and south of the north boundary of Township 5 South,
3 Seward Meridian; or
4 (F) land within the Matanuska Susitna Borough.
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7 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 **REACQUISITION OF CERTAIN SHALLOW NATURAL GAS LEASES.** (a)

10 The commissioner of natural resources shall enter into negotiations to reacquire, by
11 purchase in the name of the state, the title to or accountable interests in shallow natural
12 gas leases entered into under AS 38.05.177 before the effective date of this Act within the
13 boundaries described in (d) of this section.

14 (b) In lieu of cash payment for a negotiated repurchase of a leasehold interest
15 described in (a) of this section, the commissioner of natural resources may authorize a
16 credit of the purchase price plus interest at the rate prescribed in AS 09.30.070 to be
17 granted to the seller, to be applied against future lease bonus or rental payments, permit
18 fees, royalties, or oil and gas taxes that may become owing on new production from other
19 leases or property held by the seller for oil and gas development, including shallow
20 natural gas development. The commissioner may also negotiate to reimburse, in like
21 manner by credit provision a reasonable amount to compensate the lessee for expenses
22 and other costs incurred by the lessee.

23 (c) If the commissioner of natural resources is unable to negotiate a satisfactory
24 price for repurchase of a leasehold interest described in (a) of this section, the
25 commissioner may acquire a leasehold interest described in (a) of this section through
26 exercise of the power of eminent domain.

27 (d) The provisions of this section apply to shallow natural gas leases issued
28 under AS 38.05.177 before the effective date of this Act on the land and water described
29 in AS 38.05.177(a)(2)(E) and (F), added by sec. 2 of this Act.
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32 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
33 to read:

34 **APPLICATION OF SECTION 2 TO LAND CURRENTLY LEASED IN THE**
35 **VICINITY OF KACHEMAK BAY AND WITHIN THE MATANUSKA SUSITNA**
36 **BOROUGH FOR SHALLOW NATURAL GAS EXPLORATION AND**
37 **DEVELOPMENT.** The provisions of AS 38.05.177(a)(2)(E) and (F), added by sec. 2 of
38 this Act, apply to prohibit the issuance or reissuance of a lease under AS 38.05.177
39 entered into before the effective date of this Act if the lease terminates because of the
40 failure to extend the lease under AS 38.05.177(d) or if the lease terminates by the
41 operation of AS 38.05.177(h).
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44 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).