

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

April 21, 2004

4:20 p.m.

TAPE(S) 04-42

MEMBERS PRESENT

Senator Scott Ogan, Chair
Senator Thomas Wagoner, Vice Chair
Senator Fred Dyson
Senator Ralph Seekins
Senator Ben Stevens
Senator Kim Elton
Senator Georgianna Lincoln

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 312

"An Act relating to natural gas exploration and development and to nonconventional gas, and amending the section under which shallow natural gas leases may be issued; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 312

SHORT TITLE: CONVENTIONAL & NONCONVENTIONAL GAS LEASES

SPONSOR(s): RESOURCES BY REQUEST

02/09/04	(S)	READ THE FIRST TIME - REFERRALS
02/09/04	(S)	RES, FIN
02/23/04	(S)	RES AT 3:30 PM BUTROVICH 205
02/23/04	(S)	Heard & Held
02/23/04	(S)	MINUTE(RES)
03/05/04	(S)	RES AT 3:30 PM BUTROVICH 205
03/05/04	(S)	<Above Bill Hearing Postponed>
03/22/04	(S)	RES AT 3:30 PM BUTROVICH 205
03/22/04	(S)	Heard & Held
03/22/04	(S)	MINUTE(RES)

03/26/04 (S) RES AT 3:30 PM BUTROVICH 205
03/26/04 (S) Heard & Held
03/26/04 (S) MINUTE(RES)
04/21/04 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

Ms. Linda Hay
Staff to Senator Scott Ogan
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on SB 312 for sponsor.

ACTION NARRATIVE

TAPE 04-42, SIDE A

^#SB312

SB 312-CONVENTIONAL & NONCONVENTIONAL GAS LEASES

CHAIR SCOTT OGAN called the Senate Resources Standing Committee meeting to order at 4:20 p.m. Present were Senators Thomas Wagoner, Ben Stevens, Ralph Seekins, Georgianna Lincoln and Chair Scott Ogan. Senator Fred Dyson arrived at 4:26 and Senator Kim Elton arrived at 4:27. The first order of business to come before the committee was SB 312. He noted a draft of enforcement standards for coalbed methane (CBM) development and state-owned resources in the Mat-Su Borough in the committee packets. First, he wanted to compare the Mat-Su property owner's bill of rights with Department of Natural Resources (DNR) leasing regulations. Issues that were left out could be identified and addressed in next week's meeting.

He explained that SB 312 puts the shallow gas leasing program into more of a traditional oil and gas leasing program. This is problematic for certain developers in the more rural areas where energy is needed for things such as mines. He is considering bifurcating the program, based not on boroughs, but on geological basins and population. He believes that areas of higher populations have more surface use conflicts and needed more scrutiny than other areas that don't have a large population, but nevertheless have a greater need for energy.

CHAIR OGAN thought one of the ways to resolve surface/subsurface conflicts is to provide a tax break incentive for producers that would be applicable to expenditures beyond their normal operations and SB 312 includes such an incentive.

He asked the committee to review a legal opinion from Jack Chenoweth, Legislative Legal Services, about the constitutionality of giving surface owners veto power over subsurface access through their properties. The opinion stated that it is not only unconstitutional, but would probably be considered a revision, which requires a constitutional convention.

SENATOR SEEKINS said that he hadn't received any negative comments on the shallow gas leasing act from people in the Denali Borough. They were satisfied with the way it was.

CHAIR OGAN supported the idea that development in heavily populated areas would have a higher level of scrutiny.

SENATOR DYSON asked why SB 312 doesn't address the similar issue in the Homer area.

CHAIR OGAN replied that these regulations will be statewide.

MS. LINDA HAY, staff to Senator Ogan, said her understanding is that SB 312 was developed for the Mat-Su Borough, but Homer would have a series of workshops on this issue and then they would get together to work something out.

CHAIR OGAN noted there would be further work on this issue and adjourned the meeting at 4:32 p.m.

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