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IN THE HOUSE

BY REPRESENTATIVE RYAN & PAULER

HOUSE BILL NO. 716

IN THE LEGISLATURE OF THE TERRITORY OF ALASKA

TWENTY-SECOND SESSION

A BILL

For an Act entitled: "An Act pertaining to the leasing of
Alaska's tidelands and shorelands; and
declaring an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE TERRITORY OF ALASKA:

Section 1. DEFINITIONS.

When used in this Act the term—

(a) "Tidelands" means all lands permanently or periodically covered by tidal waters up to but not above the line of mean high tide and seaward to a line three geographical miles distant from the coast line of Alaska.

(b) "Shorelands" means all lands, submerged or otherwise, within the boundaries of Alaska which are covered by non-tidal waters.

(c) "Person" means any person, firm or private or public corporation.

Sec. 2. AUTHORITY TO LEASE.

The power to lease all tidelands and all shorelands belonging to Alaska shall be vested in the Commissioner of Public Lands and the Commissioner of Mines, who shall have authority to make leases thereon for a period of ten years or less to such persons and upon such terms and conditions conformably to this Act, with the approval of the Attorney General, as they may prescribe. The Commissioner of Public Lands and the Commissioner of Mines shall also prescribe such rules and regulations as may

1 be necessary to carry out the provisions of this Act.

2 Sec. 3. METHOD OF LEASING; AWARD TO HIGHEST BIDDER.

3 The Commissioner of Public Lands and the Commissioner of
4 Mines are authorized to grant to the highest responsible quali-
5 fied bidder by competitive bidding, under regulations promul-
6 gated in advance, oil, gas and any other mineral leases. The
7 bidding shall be by sealed bids on the basis of the highest
8 cash bonuses, with a royalty fixed by the Commissioners at not
9 less than five percentum (5%) the first ten years of new pro-
10 duction, and twelve and one-half percentum (12½%) each year
11 thereafter, in an amount or value of the production saved,
12 removed or sold.

13 Sec. 4. TERMS AND PROVISIONS OF LEASES.

14 Any one lease issued by the Commissioner of Public Lands
15 and the Commissioner of Mines pursuant to this Act shall (1)
16 cover a contiguous area not exceeding 1,280 acres, as the said
17 Commissioners may determine; (2) be for a period of five years
18 and as long thereafter as such minerals may be produced from
19 the area in paying quantities; (3) require the payment of a
20 royalty of not less than five percentum (5%) the first ten years
21 and twelve and one-half percentum (12½%) each year thereafter,
22 in the amount or value of the production saved, removed or sold
23 from the leased property; (4) charge an annual rent, payable in
24 advance, of fifty cents the first two years of the lease and
25 one dollar thereafter for each acre or fraction of an acre, the
26 rental paid for any one lease year to be credited on the royalty
27 for that year; and (5) contain such other terms and provisions
28 as the Commissioner of Public Lands and the Commissioner of
29 Mines may prescribe at the time of offering the area for lease.

1 Every lease shall provide that the rental shall be payable to
2 the Commissioner of Public Lands and the Commissioner of Mines,
3 and for cancellation by the said Commissioners upon sixty (60)
4 days' written notice for any breach of the conditions thereof.
5 Every lessee shall furnish a bond, with surety satisfactory to
6 the said Commissioners, in such amount as they may prescribe,
7 but not less than five hundred dollars, conditioned for the
8 faithful performance of the terms of the lease and the payment
9 of the rent when due. If the Commissioners at any time deem
10 any bond insufficient, they may require the lessee to file a new
11 and sufficient bond within thirty (30) days after receiving
12 notice to so do.

13 Sec. 5. MAXIMUM HOLDINGS.

14 No one person, association or corporation may hold acreage
15 under this Act in an amount exceeding 12,800 acres, unless the
16 leased land is committed to an approved unit plan.

17 Sec. 6. PUBLICATION OF NOTICES OF SALE AND TERMS OF
18 BIDDING.

19 Notice of sale of leases and the terms of bidding authorized
20 by this Act shall be published in a newspaper of general circula-
21 tion in the Territory on three separate dates, at least thirty
22 (30) days before the date of sale, in accordance with rules and
23 regulations promulgated by the said Commissioners.

24 Sec. 7. ASSIGNMENT OF LEASES PROHIBITED WITHOUT CONSENT.

25 The lessee may not assign any lease awarded under this Act
26 without the written consent of the Commissioner of Public Lands
27 and the Commissioner of Mines. The contract of assignment, along
28 with the qualifications of the assignee must accompany the
29 request for consent. If the said Commissioners permit the

1 assignment, the assignee shall execute a bond and be subject to
2 the original lease and all rules and regulations promulgated
3 under this Act.

4 Sec. 8. CANCELLATION OF LEASE.

5 Whenever a lessee fails to comply with any of the provisions
6 of this Act, or of the lease, or of the regulations issued under
7 this Act and in force and effect on the date of the issuance of
8 the lease, such lease may be cancelled by the said Commissioners,
9 subject to the right of judicial review in a court of competent
10 jurisdiction in Alaska.

11 Sec. 9. RIGHTS AND POWERS OF THE UNITED STATES.

12 (a) Nothing contained in this Act shall affect the use,
13 development, improvement or control by or under the constitu-
14 tional authority of the United States of any lands and water
15 reserved to it; and the jurisdiction and control of the United
16 States is confirmed.

17 (b) In time of war or when necessary for national defense,
18 and the Congress or the President shall so declare, the United
19 States shall have the right of first refusal to purchase at the
20 prevailing market price, all or any portion of any lands or
21 water not reserved to it in accordance with due process of law
22 and paying just compensation therefor.

23 Sec. 10. DISPOSITION OF REVENUES.

24 All rentals, royalties, and other sums paid to the Commis-
25 sioner of Public Lands or the Commissioner of Mines under any
26 lease or otherwise, shall be deposited in the General Fund of
27 the Territorial Treasury.

28 Sec. 11. EFFECTIVE DATE.

29 This Act shall become effective at such time as the Congress

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of the United States grants and conveys the tidelands and shore-lands, in fee simple, to Alaska.