

1 IN THE SENATE

BY THE RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 77

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIRST LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act to amend the Alaska Land Act,
7 Ch. 184, SLA 1957; and setting an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 Section 1. Subsections (d), (e), (f), (j), (k) and (q) of
11 Sec. 2 of Article I, Ch. 184, SLA 1957, are hereby amended to
12 read as follows:

13 (d) "Commissioner" ~~means the Commissioner of the Department of Natural Resources~~ MEMBERS OF
14 THE ALASKA LAND BOARD.

16 (e) "Director" means the Director of the Division
17 of Lands of the Department of Natural Resources ALASKA
18 DEPARTMENT OF LANDS.

19 (f) "Department" means the Department of Natural
20 Resources ALASKA DEPARTMENT OF LANDS.

21 (j) "Mineral Lands" means lands prospectively
22 valuable for mineral deposits. "MINERAL" MEANS THOSE MIN-
23 ERALS, OTHER THAN OIL OR GAS, SUBJECT TO THE PROVISIONS OF
24 THE MINERAL LEASING ACT OF 1920, AS AMENDED (30 U.S.C. 181;
25 SECTION 47-3-2, ACLA 1949), NAMELY COAL, PHOSPHATE, SODIUM,
26 POTASSIUM, OIL SHALE AND SULPHUR.

27 (k) "Acquired Lands" means lands belonging to
28 Alaska which have been obtained by escheat, purchase, or any
29 means other than by land grant selection. "OIL AND GAS."

1 "OIL" MEANS CRUDE PETROLEUM OIL AND OTHER HYDROCARBONS RE-
2 GARDLESS OF GRAVITY WHICH ARE PRODUCED AT THE WELLHEAD IN
3 LIQUID FORM AND THE LIQUID HYDROCARBONS RECOVERED FROM GAS,
4 OTHER THAN CASINGHEAD GAS. "GAS" MEANS ALL NATURAL GAS AND
5 ALL HYDROCARBONS PRODUCED AT THE WELLHEAD NOT DEFINED HEREIN
6 AS OIL.

7 (q) "Timber Lands" and "Material Lands" means all
8 Alaska lands chiefly valuable for materials, including, but
9 not limited to, sand, stone, gravel, pumice, common clay, or
10 timber and other forest products.

11 Sec. 2. Sec. 1 of Article II, Ch. 184, SLA 1957, is hereby
12 amended to read as follows:

13 Section 1. DIVISION ~~DEPARTMENT~~ OF LANDS. The
14 Division of Lands created and established under the Depart-
15 ment of Natural Resources ~~THERE IS HEREBY CREATED A DEPART-~~
16 MENT OF LANDS OF ALASKA. ~~THE DEPARTMENT~~ shall be under the
17 control and supervision of the Commissioner ~~BOARD~~. Admin-
18 istrative powers and other delegated duties, as prescribed
19 by law or regulation, shall be vested in the Director.

20 Sec. 3. Sec. 2 of Article II, Ch. 184, SLA 1957, is hereby
21 repealed.

22 Sec. 4. Sec. 3 of Article II, Ch. 184, SLA 1957, is hereby
23 amended to read as follows:

24 Sec. 3. APPOINTMENT OF DIRECTOR. The Commissioner
25 ~~BOARD~~ shall appoint a Director who shall be the executive
26 officer ~~AND SECRETARY~~ of the Division of Lands ~~BOARD~~.

27 Sec. 5. Sec. 4 of Article II, Ch. 184, SLA 1957, is hereby
28 amended to read as follows:

29 Sec. 4. DIRECTOR SERVES AT PLEASURE OF COMMISSIONER

1 TERM OF OFFICE OF THE DIRECTOR. The Director shall serve
2 at the pleasure of the Commissioner BE APPOINTED FOR A
3 TERM OF FOUR YEARS AND MAY BE REMOVED AT THE PLEASURE OF
4 THE BOARD FOR CAUSE.

5 Sec. 6. Sec. 5 of Article II, Ch. 184, SLA 1957, is hereby
6 amended to read as follows:

7 Sec. 5. AUTHORITY AND DUTIES OF THE COMMISSIONER
8 BOARD.

9 (1) The Land Division DEPARTMENT shall be
10 administered under the supervision of the Commissioner
11 BOARD.

12 (2) THE BOARD SHALL, ON SUCH DAYS AND AT SUCH
13 TIME AS THEY MAY AGREE, HOLD A REGULAR MEETING DURING THE
14 MONTHS OF JANUARY, APRIL, JULY AND OCTOBER OF EACH YEAR FOR
15 THE CONDUCT OF ITS OFFICIAL BUSINESS. SPECIAL MEETINGS MAY
16 BE CALLED BY THE CHAIRMAN.

17 (2) (3) The Commissioner BOARD upon
18 recommendation of the Director or otherwise, may establish
19 reasonable procedures and make and promulgate reasonable
20 rules and regulations necessary to carry on the provisions
21 of this Act and may, whenever necessary, issue directives
22 or orders to the Director to carry out specific functions
23 and duties. All rules and regulations promulgated by the
24 Commissioner BOARD shall be filed with the Department of
25 Finance and the Attorney General or as may be otherwise
26 provided by law, before such rules or regulations shall
27 become effective.

28 (3) (4) THE BOARD MAY SELECT AND EMPLOY OR
29 OBTAIN AT REASONABLE COMPENSATION CADASTRAL, APPRAISAL, OR

1 OTHER PROFESSIONAL PERSONNEL IT DEEMS ARE NECESSARY FOR THE
2 PROPER OPERATIONS OF THE DEPARTMENT.7 The Commissioner
3 BOARD may enter into such contractual agreements as he IT
4 deems necessary to carry out the purposes of this Act,
5 including agreements with Federal and State TERRITORIAL
6 agencies.

7 [(5) THE BOARD SHALL BE THE CERTIFYING AGENT
8 OF ALASKA TO SELECT, ACCEPT AND SECURE BY ANY NECESSARY
9 ACTION IN THE NAME OF ALASKA BY DEED, SALE, GIFT, DEVISE,
10 JUDGMENT, OPERATION OF LAW, OR ANY OTHER MEANS ANY LANDS,
11 OF WHATEVER NATURE OR INTEREST, AVAILABLE TO ALASKA, AND
12 SHALL BE THE CERTIFYING AGENTS OF ALASKA, TO SELECT, ACCEPT
13 OR SECURE BY ANY NECESSARY ACTION IN THE NAME OF ALASKA
14 ANY LANDS, OR ANY TITLE OR INTEREST THERETO, AVAILABLE,
15 GRANTED, OR SUBJECT TO BEING TRANSFERRED TO ALASKA FOR ANY
16 PURPOSE.7

17 [(6) THE BOARD SHALL HAVE JURISDICTION OVER ALL
18 ALASKA LANDS, EXCEPT THOSE LANDS WHICH ARE ACQUIRED BY THE
19 ALASKA WORLD WAR II VETERANS BOARD AND THE AGRICULTURAL
20 LOAN BOARD THROUGH FORECLOSURE OR DEFAULT. TO THIS END THE
21 BOARD SHALL POSSESS ALL OF THE POWERS AND PERFORM ALL OF THE
22 DUTIES NECESSARY TO PROTECT ALASKA'S RIGHTS AND INTERESTS
23 THEREIN.7

24 [(7) THE BOARD IS HEREBY CHARGED WITH THE SELEC-
25 TION, ADMINISTRATION AND DISPOSAL OF MENTAL HEALTH LANDS
26 FOR THE SUPPORT OF THE MENTAL HEALTH PROGRAM.7

27 [(8) A MAJORITY OF THE BOARD SHALL APPROVE ALL
28 CONTRACTS RESPECTING THE SALE, LEASE, OR OTHER DISPOSAL
29 OF AVAILABLE LANDS, RESOURCES, PROPERTY OR ANY INTERESTS

1 THEREIN, AND IN ADDITION TO THE CONDITIONS AND LIMITATIONS
2 IMPOSED BY LAW, IT MAY IMPOSE ANY ADDITIONAL CONDITIONS OR
3 LIMITATIONS IN SUCH CONTRACTS AS IT DETERMINES WILL BEST
4 SERVE THE INTERESTS OF ALASKA. NO CONTRACT RESPECTING THE
5 SALE, LEASE, OR OTHER DISPOSAL OF AVAILABLE LANDS SHALL BE
6 LEGALLY BINDING ON ALASKA UNTIL A MAJORITY OF THE BOARD HAS
7 FORMALLY RECORDED ITS APPROVAL IN THE MINUTES OF A BOARD
8 MEETING. THIS SUBSECTION SHALL NOT APPLY TO THE VARIOUS
9 EXCEPTIONS SET FORTH IN THIS ACT.]

10 [(9) THE BOARD MAY DELEGATE ANY OF THE DUTIES,
11 FUNCTIONS AND POWERS TO ONE OR MORE OF THE MEMBERS OR TO THE
12 DIRECTOR TO BE EXERCISED ON BEHALF OF THE BOARD DURING THE
13 TIME IT IS NOT MEETING.]

14 (4) [(10)] The Commissioner [BOARD] shall have
15 the authority to review any order or action of the Director
16 [, OTHER THAN THE EXECUTION OF SALE, LEASE OR DISPOSAL
17 CONTRACTS EXECUTED UNDER THE EXPRESS OR DELEGATED AUTHORITY
18 OF THE BOARD].

19 (5) [(11)] The Commissioner [BOARD] may exercise
20 all those powers and do all those acts necessary to carry
21 out the provisions and objectives of this Act.

22 Sec. 7. Sec. 6 of Article II, Ch. 184, SLA 1957, is hereby
23 amended to read as follows:

24 Sec. 6. POWERS AND DUTIES OF THE DIRECTOR. The
25 Director shall: (1) have general charge and supervision
26 of the Division [DEPARTMENT] and may exercise the powers
27 specifically delegated to him. He may employ and fix the
28 compensation of such assistants and employees as are
29 necessary for the operations of the Division [DEPARTMENT].

1 He shall also be the certifying officer of the Division
2 DEPARTMENT, with the consent of the Commissioner. and
3 may approve all lawful vouchers for disbursement of monies
4 appropriated to the Division DEPARTMENT.

5 (2) Manage, inspect and control all Alaska lands
6 and improvements thereon belonging to Alaska and under the
7 jurisdiction of the Division DEPARTMENT.

8 (3) Execute all laws, rules, regulations and
9 orders as are properly promulgated by the Commissioner
10 BOARD AND IMPOSED UPON HIM.

11 (5) Prescribe fees or service charges, with the
12 consent of the Commissioner. for any public service rendered.

13 (6) Under the conditions and limitations imposed
14 by law and the Commissioner BOARD, issue any deed, lease or
15 other conveyance disposing of available lands, resources,
16 property or any interests therein.

17 (7) Have jurisdiction over all Alaska lands,
18 except those lands which are acquired by the Alaska World
19 War II Veterans Board and the Agricultural Loan Board
20 through foreclosure or default. To this end the Director
21 shall possess all of the powers and, with the approval of
22 the Commissioner, perform all of the duties necessary to
23 protect Alaska's rights and interest therein, including
24 the taking of TAKE all necessary action, legal or other-
25 wise, to protect and enforce Alaska's contractual or other
26 property rights.

27 (8) Administer the Alaska Land Registration Acts,
28 Ch. 134, SLA 1953, and Ch. 135, SLA 1955, as amended by
29 Ch. 17, SLA 1957, and as may be amended hereafter. and

1 do all acts necessary thereunder that will insure collection
2 of all registration fees and penalties that may arise.

3 (9) Maintain such records as the Commissioner
4 BOARD may deem necessary, administer oaths, and do all
5 things incidental to the authority imposed.

6 (10) Account for all fees, licenses, taxes or
7 other monies received in the administration of the Act from
8 any source including the sale or leasing of any land,
9 identify their source, and promptly transmit them to the
10 proper fiscal department TREASURER after crediting them
11 to the proper fund.

12 (11) May select and employ or obtain at reason-
13 able compensation cadastral, appraisal, or other professional
14 personnel he deems necessary for the proper operations of the
15 Division.

16 (12) Shall be the certifying agent of Alaska to
17 select, accept and secure by any necessary action in the
18 name of Alaska, by deed, sale, gift, devise, judgment,
19 operation of law, or any other means any lands, of whatever
20 nature or interest, available to Alaska, and shall be the
21 certifying agent of Alaska, to select, accept or secure
22 by any necessary action in the name of Alaska any lands, or
23 any title or interest thereto, available, granted, or
24 subject to being transferred to Alaska for any purpose.

25 (13) Is charged with the selection, administration
26 and disposal of mental health lands for the support of the
27 mental health program.

28 (14) When he finds that the interests of Alaska
29 will be best served, he may, with the consent of the

1 Commissioner, approve all contracts respecting the sale,
2 lease, or other disposal of available lands, resources,
3 property or any interest therein, and in addition to the
4 conditions and limitations imposed by law, he may impose
5 any additional conditions or limitations in such contracts
6 as he, with the consent of the Commissioner, determines
7 will best serve the interests of Alaska. No contract
8 respecting the sale, lease, or other disposal of available
9 lands or any interest therein, shall be legally binding on
10 Alaska until the Commissioner has formally recorded his
11 consent to any contract, provided, however, if the appraised
12 value is not greater than \$10,000.00 in the case of the
13 sale of any land or an interest therein, or \$1,000.00 in
14 the case of the rental of any land or interest therein,
15 the Director may approve and issue such contracts without
16 the consent or approval of the Commissioner being necessary.
17 Nor shall this subsection apply to other exceptions set
18 forth in this Act.

19 Sec. 8. Sec. 7 of Article II of Ch. 184, SLA 1957, is
20 hereby amended to read as follows:

21 Sec. 7. DIRECTOR SHALL BE BONDED. Prior to entering
22 upon the performance of his duties, the Director shall
23 execute a corporate surety bond to Alaska in the sum of
24 \$150,000.00 ~~/\$10,000.00/~~ conditioned among other things
25 upon the faithful performance of his duties under this Act
26 and upon the prompt and faithful accounting of all monies
27 collected by him or his deputies, assistants, employees or
28 agents. The said bond, together with any additional con-
29 ditions or limitations as may be deemed necessary, shall be

1 approved by the Attorney General and filed in the office of
2 the Governor [DEPARTMENT OF FINANCE]. The premium upon said
3 bond shall be payable from such monies as may be appropriated
4 for operation of the Division [DEPARTMENT].

5 Sec. 9. Sec. 1 of Article III of Ch. 184, SLA 1957, is
6 hereby amended to read as follows:

7 Section 1. CLASSIFICATION. The Director shall make
8 a preliminary classification for surface use of all lands
9 in areas where he deems it necessary and proper for future
10 development. Such classification, together with a land use
11 plan, shall be transmitted to the Commissioner [BOARD] for
12 his [ITS] approval, modification or rejection. Nothing
13 herein shall prevent reclassification of any lands where
14 the public interest warrants such action, nor preclude
15 multiple purpose use of all lands whenever the different
16 uses are compatible.

17 Sec. 10. Sec. 2 of Article III of Ch. 184, SLA 1957, is
18 hereby amended to read as follows:

19 Sec. 2. REVIEW. No land within or adjacent to an
20 incorporated municipality or other organized community may
21 be sold or leased, or a renewal lease issued, until the
22 proposed use of the land has been studied and reviewed
23 jointly by the Director [BOARD] and local authorized
24 planning agencies [AGENCY].

25 Sec. 11. Sec. 4 of Article III of Ch. 184, SLA 1957, is
26 hereby amended to read as follows:

27 Sec. 4. PUBLIC USE: PREFERENCE TO OCCUPANTS:
28 RECOGNIZING VALUE OF IMPROVEMENTS IN COMPUTING PURCHASE
29 PRICE.

1 (1) The lease, sale, or other disposal of any
2 Alaska lands or resources may be made to any Alaska or
3 Federal agency, political subdivision or non-profit organi-
4 zation for less than the appraised value, as may be deter-
5 mined by the Director and approved by the Commissioner,
6 BOARD to be fair and proper and in the best interests
7 of the public, with due consideration being given to the
8 nature (a) of the public services or function rendered by
9 the said agency, subdivision or non-profit organization
10 making application therefor, and (b) of the terms of the
11 grant under which the land was acquired by Alaska.

12 (2) (a) In the disposition in any manner of
13 any tidelands acquired pursuant to Public Law 85-508,
14 85th Congress, Second Session, or any other Federal Act
15 STATUTE heretofore HEREAFTER enacted, which are occupied
16 by or developed for a municipal corporation or any other
17 political subdivision, organized under the laws of Alaska,
18 or are occupied by or developed for any residential, in-
19 dustrial and commercial or other beneficial purposes, on the
20 effective date of this Act, or as may be otherwise required
21 by such Federal statutes, the Director, with the approval
22 of the Commissioner BOARD, notwithstanding any other
23 provisions of this Act, shall afford a preference right in
24 accordance with such Federal statutes or this Act to the
25 lawful occupant thereof or such occupant's successor in
26 interest.

27 In the event the said land is occupied by a person
28 other than the owner of the improvements thereon, the owner
29 of the improvements shall, for the purpose of this sub-

1 section, be considered the occupant of said lands.

2 For the purpose of this subsection, the following
3 definitions shall apply:

4 1. "Tidelands" shall mean those lands
5 periodically or continuously covered by tidal waters
6 lying seaward of surveyed towns between the elevation
7 of mean high tide and the pierhead line.

8 2. "Pierhead Line" shall mean a pierhead
9 line established now or in the future, by the Corps
10 of Engineers of the Department of the Army as the
11 outer limit to which man-made facilities may be per-
12 mitted to extend over and in navigable waters within
13 or adjacent to a surveyed townsite.

14 (b) The preference rights to purchase granted
15 in this subsection, (2) (b), shall apply only to the lawful
16 occupant of tideland who, as of February 1, 1957, held a
17 valid permit from the United States of America, through an
18 authorized agency thereof either for the use of such tide-
19 land or certifying that the occupant's use did not interfere
20 with navigation or who, by themselves or together with their
21 predecessors in interest, have occupied such tideland for a
22 continuous period of five years prior to February 1, 1957.
23 Such preference rights shall be transferable. Such pre-
24 ference rights shall be forfeited and lost unless application
25 in writing is made for acquisition of said land within one
26 year from the date of determination by regulation or ordi-
27 nance as being the first date upon which applications will
28 be accepted by the Director [BOARD], municipal corporation,
29 or other political subdivision. The Director [BOARD]

1 and the governing body of any municipal corporation or other
2 political subdivision having control of such tidelands shall
3 honor such preference rights herein granted with reasonable
4 diligence.

5 It shall be mandatory for the Director ~~BOARD~~
6 to convey all tideland situated within or adjacent to a
7 municipal corporation or other political subdivisions. The
8 governing bodies shall thereafter convey such lands to the
9 lawful occupant or such occupant's successor in interest,
10 who shall be afforded the preference right of purchase
11 granted herein; provided, however, and unless required
12 otherwise by Federal law, the purchase price of any such
13 tideland tract conveyed by the governing body of any muni-
14 cipal corporation or other political subdivision shall not
15 exceed the actual cost of surveying, transferring, and con-
16 veying the lands to the lawful occupants or such occupant's
17 successors in interest. Any governing body may request
18 assistance from the Director ~~BOARD~~ to complete the con-
19 veyance of any such lands, and the Director ~~BOARD~~, in
20 his ~~ITS~~ discretion, may provide such assistance.

21 The Director ~~BOARD~~ shall convey ~~SUCH~~ tidelands
22 not within or adjacent to a municipal corporation or any poli-
23 tical subdivision, to the lawful occupant or such occupant's
24 successor in interest, as defined herein, who shall be af-
25 farded the preference right of purchase granted herein; pro-
26 vided, however, and unless required otherwise by Federal law,
27 the purchase price of any such tideland tract conveyed by the
28 Director ~~BOARD~~ shall not exceed the actual cost of sur-
29 veying, transferring and conveying the lands to the lawful

1 occupant or such occupant's successor in interest.

2 (c) Any occupant or the occupant's successor in
3 interest granted a preference right by Federal statute or
4 this section, not qualified to exercise any such right under
5 subsection (2) (b) herein, shall be given a preferred right
6 to purchase or lease tidelands occupied by such occupant or
7 the occupant's successor in interest; provided, however,
8 the Director, with the approval of the Commissioner BOARD,
9 the municipal corporation or any political subdivision
10 selling or leasing such lands may impose additional SUCH
11 terms or conditions AS IT DEEMS DESIRABLE; but in case
12 of sale, the purchase price shall equal the appraised fair
13 market value, less any value accruing from the improvements,
14 or the development by the grantee, or his predecessor in
15 interest, or reflecting his equities.

16 (d) Where no preference right has been granted
17 to purchase or lease tidelands, the Director, with the
18 approval of the Commissioner BOARD, the municipal corpor--
19 ation or any political subdivision may IN ITS DISCRETION
20 sell or lease any such lands, and may impose additional
21 SUCH terms or conditions AS IT DEEMS DESIRABLE, but in
22 case of sale, the purchase price of the land shall equal
23 the appraised fair market value thereof.

24 Sec. 12. Sec. 5 of Article III of Ch. 184, SLA 1957, is
25 hereby amended to read as follows:

26 Sec. 5. HOMESTEAD ENTRY. The Director, with the
27 approval of the Commissioner BOARD, may authorize home-
28 stead entry on unappropriated agricultural lands, if they
29 are not school lands, mental health lands or lands conveyed

1 to Alaska by the Federal Government for the specific purpose
2 of producing revenue.

3 Sec. 13. Sec. 6 of Article III of Ch. 184, SLA 1957, is
4 hereby amended to read as follows:

5 Sec. 6. PERMITS. The Director, without the prior
6 approval of the Commissioner ~~BOARD~~, may issue permits,
7 rights-of-way or easements on Alaska lands for secondary
8 roads, trails, ditches, pipelines, telephone and trans-
9 mission lines and other similar improvements. The
10 Commissioner, upon recommendation of the Director, BOARD
11 shall establish a reasonable rate or fee schedule to be
12 charged for all such use.

13 Sec. 14. Sec. 1 of Article IV of Ch. 184, SLA 1957, is
14 hereby amended to read as follows:

15 Section 1. GENERAL. All lands, to which Alaska may
16 hold fee title or to which Alaska may become entitled,
17 excepting tidelands, submerged lands, shorelands, timber
18 or grazing lands, may be sold in the manner provided here-
19 after.

20 (1) The Director, with the approval of the
21 Commissioner, BOARD shall determine those lands which
22 shall be sold, the limitations and conditions which shall
23 attach to the lands sold, and the terms that shall accompany
24 the sale.

25 (2) The date of sale and notice thereof shall
26 be made by the Director.

27 (3) The sale shall take place at the time and
28 location specified in the notice of sale and within the
29 recording precinct where the designated property is located.

1 Sec. 15. Sec. 2 of Article IV of Ch. 184, SLA 1957, is
2 hereby amended to read as follows:

3 Sec. 2. SALE PROCEDURES. The sale shall be made at
4 public auction to the highest qualified bidder as shall be
5 determined by the Director; provided, however, an aggrieved
6 bidder may appeal to the Commissioner ~~BOARD~~ within five
7 days after such sale for a review of the Director's deter-
8 mination. The sale shall be conducted by the Director or
9 his representative, and at the time of sale the successful
10 bidder shall deposit, in cash, or by certified check, an
11 amount equal to one-tenth of the purchase price, whereupon
12 the Director or his representative shall immediately issue
13 a receipt containing a description of the land or property
14 purchased, the price bid and the terms of sale, which receipt
15 shall be acknowledged in writing by the bidder. A contract
16 of sale on a form approved by the Attorney General shall be
17 signed by the purchaser and following the approval of the
18 Commissioner ~~A MAJORITY OF THE BOARD~~, the contract shall
19 also be signed by the Director on behalf of Alaska. Provided,
20 however, and prior to the signing of the formal conveyance
21 by the Director, the Commissioner ~~BOARD~~ may reject any
22 and all bids when the best interests of Alaska justify such
23 action. Lands that have been offered at public sale but
24 were not sold may be made available at private sale for not
25 less than the appraised value of such lands.

26 Sec. 16. Sec. 3 of Article IV of Ch. 184, SLA 1957, is
27 hereby amended to read as follows:

28 Sec. 3. CONTRACT PROVISIONS. The contract of sale
29 shall require the remainder of the purchase price to be paid

1 in annual installments of not less than ten per cent of the
2 purchase price, with interest at the rate of not less than
3 five per cent per annum. The Director, with the consent
4 of the Commissioner, [BOARD] may also impose such conditions,
5 limitations and terms as it deems necessary and proper to
6 protect the interest of the State [TERRITORY]. Violations
7 of any provisions of this Act or the terms of the contract
8 of sale shall subject the purchaser to appropriate legal
9 action, including, but not limited to, a foreclosure action
10 in accordance with applicable Alaska law.

11 Sec. 17. Subsections (a) and (b) of Sec. 1 of Article V,
12 Ch. 184, SLA 1957, are amended to read as follows:

13 (1) [a] The Director, with the approval of
14 the Commissioner, [BOARD] shall determine those lands which
15 shall be leased and the limitations and conditions that
16 shall attach to the lands and the terms that shall accompany
17 the lease; provided, however, if the total appraised value
18 of the transaction is \$250.00 per annum or less the Director
19 may negotiate a lease without advertisement for a period not
20 to exceed five years, and, on such limitations, conditions
21 and terms as he deems are in the best interests of Alaska.

22 (2) [b] Leases may be issued for a period up
23 to fifty-five years, if it appears to be in the best interests
24 of Alaska and if approved by the Commissioner [A MAJORITY
25 OF THE BOARD], except that grazing leases shall not be
26 issued for any period in excess of twenty years. Grazing
27 leases may be subject to review as to classified use every
28 five years and may be declared null and void if the
29 Commissioner [BOARD] determines that the land or any

1 interest therein should be sold, leased or otherwise dis-
2 posed of for any reclassified use, or it is determined that
3 the lease is not being used for the purpose issued.

4 Sec. 18. Sec. 2 of Article V of Ch. 184, SLA 1957, is
5 hereby amended to read as follows:

6 Sec. 2. LEASING PROCEDURES. The leasing shall be made
7 at public auction to the highest qualified bidder as shall
8 be determined by the Director; provided, however, an aggrie-
9 ved bidder may appeal to the Commissioner BOARD within
10 five days for a review of the Director's determination.
11 The leasing shall be conducted by the Director, or his
12 representative, and the successful bidder shall deposit
13 the first year's rental, or such portion thereof as the
14 Commissioner BOARD may require, in cash or by certified
15 check, in accordance with his bid, whereupon the Director
16 or his representative shall immediately issue a receipt
17 containing a description of the land or interest therein
18 leased, the price bid and terms of the lease, which receipt
19 shall be acknowledged in writing by the bidder. A lease,
20 on a form approved by the Attorney General, shall be signed
21 by the lessee and upon approval by the Commissioner
22 MAJORITY OF THE BOARD APPROVING THE LEASE , shall also be
23 signed by the Director. Provided, however, and prior to
24 the signing of the formal lease by the Director, the
25 Commissioner BOARD may reject any and all bids for leases
26 when the best interests of Alaska justifies such action,

27 Sec. 19. Sec. 3 of Article V of Ch. 184, SLA 1957, is
28 hereby amended to read as follows:

29 Sec. 3. LEASING PROVISIONS. The lease shall require

1 advance payment of the annual rent or such portion thereof
2 as the Director, with the approval of the Commissioner,
3 BOARD may require, as determined by the accepted bid.
4 Such conditions, limitations and terms may also be imposed
5 by the Director, with the approval of the Commissioner,
6 BOARD as he IT shall deem necessary and proper to pro-
7 tect the interests of Alaska. Violations of any provision
8 of this Act or the terms of the lease shall subject the
9 purchaser to appropriate legal action, including, but not
10 limited to, a forfeiture of the lease. Due notice of all
11 action by the Commissioner BOARD or Director affecting
12 the rights of the lessee shall be given the lessee.

13 Sec. 20. Sec. 4 of Article V of Ch. 184, SLA 1957, is
14 hereby amended to read as follows:

15 Sec. 4. REMOVAL OR REVERSION OF IMPROVEMENTS UPON
16 TERMINATION OF LEASES. Improvements owned by a lessee on
17 Alaska lands shall, within 60 days after the termination
18 of the lease, be removed by him; provided, such removal
19 will not cause injury or damage to the lands; and further
20 provided, that the Director BOARD may extend the time
21 for removing such improvements in cases where hardship is
22 proven. The retiring lessee or permittee may, with the
23 consent of the Director BOARD, sell his improvements to
24 the succeeding lessee or permittee.

25 If any improvements and/or chattels having an appraised
26 value in excess of \$10,000.00 as determined by the Director
27 are not removed within the time allowed, such improvements
28 and/or chattels shall upon due notice to the lessee, be sold
29 at public sale under the direction of the Director BOARD.

1 The proceeds of sale shall inure to the lessee who placed
2 such improvements and/or chattels on the lands after paying
3 to Alaska all rents due and owing and expenses incurred in
4 making such sale. In case there are no other bidders at
5 any such sales, the Director /BOARD/ is authorized to bid,
6 in the name of Alaska, on such improvements and/or chattels.
7 The bid money shall be taken from the fund to which said
8 lands belong and the said fund shall receive all monies or
9 other value subsequently derived from the sale or leasing
10 of such improvements and/or chattels. Alaska shall acquire
11 all the rights, both legal and equitable, that any other
12 purchaser could acquire by reason of said purchase.

13 If any improvements and/or chattels having an appraised
14 value of \$10,000.00 or less, as determined by the Director,
15 are not removed within the time allowed, such improvements
16 and/or chattels shall revert to and absolute title shall
17 vest in Alaska.

18 Sec. 21. Sec. 6 of Article V of Ch. 184, SLA 1957, is
19 hereby amended to read as follows:

20 Sec. 6. RENEWAL OF LEASE. If, at the expiration of
21 any lease of any lands, the lessee desires a renewal lease
22 on the lands, properties, or interests covered thereby, he
23 shall within 30 days before the expiration of his lease
24 make application in writing for a renewal lease, certifying
25 under oath as to the character and value of all improvements
26 existing on the land, properties, or interests therein, the
27 purpose for which he desires a renewal lease and such other
28 information as the Director may require. The applicant
29 shall deposit with such application the sum equivalent to

1 50 percent of the annual rental payment still in effect
2 but not to exceed \$50.00. The Director ~~BOARD~~ may there-
3 after lease said lands in compliance with all Sections of
4 this Article with a preference being allowed the former
5 lessee if all other pertinent factors are substantially
6 equivalent.

7 Sec. 22. Sec. 1 of Article VI of Ch. 184, SLA 1957, is
8 hereby amended to read as follows:

9 Section 1. SALE OF TIMBER AND MATERIALS. The Director
10 shall provide for cruises of timber and appraisals of other
11 materials in or upon lands and transmit all such data with
12 respect to such cruises and appraisals to the Commissioner
13 ~~BOARD~~, together with his recommendations with respect to
14 (a) the timber and other materials which should be offered
15 for sale, and (b) the terms of sale of such timber or other
16 materials thereon.

17 Sec. 23. Sec. 2 of Article VI of Ch. 184, SLA 1957, is
18 hereby amended to read as follows:

19 Sec. 2. LIMITATIONS AND CONDITIONS OF SALE. The
20 Commissioner, upon recommendation of the Director, ~~BOARD~~
21 shall determine the timber and other materials which shall
22 be sold, and the limitations and conditions that shall
23 attach to the timber and materials sold, and the terms of
24 sale; said limitations, conditions and terms to include
25 the utilization, development and maintenance of the sus-
26 tained yield principle, subject to preferences among other
27 beneficial uses; provided that timber sales not exceeding
28 500 M.B.M., or material sales not exceeding the appraised
29 value of \$2,500.00, may be negotiated by the Director

1 without advertisement and on such limitations, conditions
2 and terms as he deems are in the best interests of Alaska,
3 subject to the approval of the Commissioner: provided,
4 further, that not more than one non-advertised, negotiated
5 sale of timber or material shall be made to the same pur-
6 chaser within a one-year period.

7 Sec. 24. Sec. 3 of Article VI of Ch. 184, SLA 1957, is
8 hereby amended to read as follows:

9 Sec. 3. DISPOSAL PROCEDURE. Timber and other materials
10 shall be sold at public auction to the highest, qualified
11 bidder as shall be determined by the Director; provided,
12 however, an aggrieved bidder may appeal to the Commissioner
13 [BOARD] within five days after such sale for a review of the
14 Director's determination. The sale shall be conducted by
15 the Director or his representative, and at the time of sale
16 the successful bidder shall deposit, in cash or by certified
17 check, an amount equal to one-tenth of the purchase price,
18 whereupon the Director or his representative shall immediately
19 issue a receipt containing a description of the timber or
20 materials purchased, the price bid, and the terms of sale,
21 which receipt shall be acknowledged in writing by the bidder.
22 A contract of sale, on a form approved by the Attorney
23 General, shall be signed by the purchaser, and following
24 the approval of the Commissioner [A MAJORITY OF THE BOARD],
25 the contract shall also be signed by the Director on behalf
26 of Alaska. The Director, with the approval of the Commis-
27 sioner, [BOARD] may impose such conditions, limitations and
28 terms as it shall deem necessary and proper to protect the
29 interests of Alaska. Violations of any provisions of this

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Act or the terms of the contract of sale shall subject the purchaser to appropriate legal action.

Sec. 25. Article VIII of Ch. 184, SLA 1957, is hereby repealed and re-enacted to read as follows:

Article VIII

LEASING OF MINERAL LANDS

Section 1. GENERAL. Except as otherwise provided, all valuable mineral deposits in lands belonging to Alaska shall be open to exploration, development, and the extraction of minerals. All lands, together with any tide, submerged or shore lands, to which Alaska holds title or to which Alaska may become entitled, may be obtained by permit or lease for the purpose of exploration, development, and the extraction of minerals. Any lands may be withheld from lease application on a first-come, first-served basis, and offered only on a competitive bid basis when determined by the Commissioner to be in the best interests of Alaska. In unproven areas the Commissioner may offer additional incentive and other terms in granting permits for exploration and development whenever it appears to be in the best interests of Alaska to do so.

Section 2. LIMITATIONS. No person, association, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease on Alaska lands exceeding an aggregate of 10,240 acres; provided, that a person, association, or corporation may apply for coal leases or permits for acreage in addition to said 10,240 acres, which application or applications shall be in multiples of 40 acres, not exceeding a total

1 N of 5,120 additional acres on Alaska land, and shall contain
2 E a statement that the granting of a lease for such additional
3 W lands is necessary for the person, association, or corpor-
4 ation to carry on business economically and is in the public
5 interest. On the filing of said application, the coal
6 M deposits in such lands covered thereby shall be temporarily
7 A set aside and withdrawn from all other forms of disposal
8 T provided under this Article. The Commissioner shall, after
9 T posting notice of the pending application in the local Land
10 E Office, conduct public hearings on such application, or
11 R applications, for additional acreage. After such public
12 hearings, to such extent as he finds to be in the public
13 interest and necessary for the applicant in order to carry
14 on business economically, the Commissioner may, under such
15 regulations as he may prescribe, permit such person, associ-
16 ation, or corporation to take or hold coal leases or permits
17 for an additional aggregate acreage of not more than 5,120
18 acres. No person, association, or corporation shall take or
19 hold at one time phosphate leases on Alaska lands exceeding
20 N in the aggregate 10,240 acres. No person, association, or
21 E corporation, except as herein provided, shall take or hold
22 W sodium leases or permits during the life of such lease on
23 Alaska lands, exceeding in the aggregate acreage 5,120 acres;
24 M provided, that the Commissioner may, in his discretion where
25 A it is necessary in order to secure the economic mining of
26 T sodium compounds permit a person, association, or corporation
27 T to take or hold sodium leases or permits for up to 15,360
28 E acres. No person, association, or corporation, except as
29 R herein provided, shall take or hold at any one time oil or

1 N gas leases exceeding in the aggregate 500,000 acres granted
2 E hereunder, such acreage to include leases held both as
3 W lessee and under option or operating agreement from others.
4 Where more than a single person, association, or corporation
5 holds an interest in any oil or gas lease, each of such
6 M persons, associations, or corporations shall be charged
7 A only with that percentage of the total acreage which corres-
8 T ponds to its percentage share of the total beneficial
9 T interest in such lease. The Commissioner, for the purpose
10 E of encouraging the greatest ultimate recovery of coal, oil,
11 R gas, oil shale, phosphate, sodium, potassium, and sulphur,
12 and in the interest of conservation of natural resources,
13 is authorized, after public hearing, to waive, suspend, or
14 reduce the rental, or minimum royalty, or reduce the royalty
15 on an entire leasehold, or on any tract or portion thereof
16 segregated for royalty purposes, whenever in his judgment
17 it is necessary to do so in order to promote development,
18 or whenever in his judgment the leases cannot be success-
19 fully operated under the terms provided therein. In the
20 N event the Commissioner, in the interest of conservation, shall
21 E direct or shall assent to the suspension of operations and
22 W production under any lease granted, any payment of acreage
23 rental or of minimum royalty prescribed by such lease like-
24 M wise may be suspended during such period of suspension of
25 A operations and production; and the term of such lease shall
26 T be extended by adding any such suspension period thereto.
27 T Sec. 3. LEASING PROCEDURE. Deposits of coal, phos-
28 E phates, oil shale, sodium, sulphur, potassium, oil, gas, and
29 R lands containing such deposits owned by Alaska shall be

1 N subject to disposition under rules and regulations,
2 E recommended by the Director and promulgated by the Commis-
3 W sioner, and the following provisions:

4 (1) Coal. The Commissioner is authorized to,
5 and upon the petition of any qualified applicant shall,
6 M divide any of the coal lands or the deposits of coal owned
7 A by Alaska into leasing tracts of forty acres each, or
8 T multiples thereof, and in such form as will permit the
9 T economical mining of the coal in such tract, but in no case
10 E exceeding 2,560 acres in any one leasing tract. Thereafter
11 R the Commissioner shall, in his discretion, upon the request
12 of any qualified applicant or on his own motion, from time
13 to time, offer such lands or deposits of coal for leasing
14 and shall award leases thereon by competitive bidding or
15 by such method as he may by general regulation adopt, to
16 any qualified applicant. Where prospecting or exploration
17 work is necessary to determine the existence or workability
18 of coal deposits in any unclaimed, undeveloped area, the
19 Commissioner may issue to qualified applicants prospecting
20 N permits for a term of two years, not exceeding 2,560 acres;
21 E and if within said period of two years thereafter the per-
22 W mittee shows to the Commissioner that the land contains
23 coal in commercial quantities, the permittee shall be
24 M entitled to a lease for all or part of the land in his
25 A permit. Any coal prospecting permit issued hereunder may
26 T be extended by the Commissioner for a period of two years,
27 T if he shall find that the permittee has been unable, with
28 E the exercise of reasonable diligence, to determine the
29 R existence or workability of coal deposits in the area

1 N covered by the permit and desires to prosecute further
2 E prospecting or exploration, or for other reasons in the
3 W opinion of the Commissioner warranting such extension. For
4 the privilege of mining or extracting the coal in the lands
5 covered by the lease, the lessee shall pay to Alaska such
6 M royalties as may be specified in the lease, which shall be
7 A fixed in advance of offering the same, and which shall not
8 T be less than 5 cents per ton of 2,000 pounds, and an annual
9 T rental, payable at the date of the lease and annually there-
10 E after, on the lands or coal deposits covered by such lease,
11 R at such rate as may be fixed by the Commissioner prior to
12 offering the same which shall not be less than 25 cents per
13 acre for the first year thereafter, not less than 50 cents
14 per acre for the second, third, fourth, and fifth years,
15 respectively, and not less than \$1 per acre for each and
16 every year thereafter during the continuance of the lease,
17 except that such rental for any year shall be credited
18 against the royalties as they accrue for that year. Leases
19 shall be for indeterminate periods upon condition of dili-
20 N gent development and continued operation of the mine or
21 E mines, except when such operation shall be interrupted by
22 W strikes, the elements, or casualties not attributed to the
23 lessee.

24 M (2) Phosphates. The Commissioner is authorized
25 A to lease to qualified applicants any lands belonging to
26 T Alaska containing deposits of phosphates through advertise-
27 T ment, competitive bidding, or such other methods as the
28 E Commissioner may by general regulation adopt, including
29 R associated and related minerals, when in his judgment the

1 N public interest will be best served thereby. The land shall
2 E be leased in units reasonably compact in form of not to
3 W exceed 2,560 acres. All leases shall be conditioned upon
4 the payment to Alaska of such royalties as may be specified
5 in the lease, which shall be fixed by the Commissioner in
6 M advance of offering the same, at not less than 5 per centum
7 A of the gross value, at the point of shipment to market, of
8 T the output of phosphates or phosphate rock, and associated
9 T or related minerals. Each lease shall provide for the pay-
10 E ment of a rental payable at the date of the lease and
11 R annually thereafter, which shall be not less than 25 cents
12 per acre for the first year, 50 cents per acre for the
13 second and third years, respectively, and \$1 per acre for
14 each year thereafter, during the continuance of the lease.
15 The rental paid for any year shall be credited against the
16 royalties for that year. Leases shall be for a term of
17 twenty years and so long thereafter as the lessee complies
18 with the terms and conditions of the lease.

19 N (3) Oil Shale. The Commissioner is authorized
20 E to lease to any qualified person or corporation any deposits
21 W of oil shale belonging to Alaska and the surface of so much
22 of the lands containing such deposits, or land adjacent
23 thereto, as may be required for the extraction and reduction
24 M of the leased minerals. No lease hereunder shall exceed
25 A 5,120 acres of land. Leases may be for indeterminate periods
26 T upon such conditions as may be imposed by the Commissioner.
27 T For the privilege of mining, extracting, and disposing of
28 E the oil or other minerals covered by a lease hereunder, the
29 R lessee shall pay to Alaska such royalties as shall be

1 N specified in the lease, and an annual rental at the rate of
2 E 50 cents per acre, for the lands included in the lease, the
3 W rental paid for any one year to be credited against the
4 royalties accruing for that year. For the purpose of en-
5 couraging the production of petroleum products from shales,
6 M the Commissioner may, in his discretion, waive the payment
7 A of any royalty and rental during the first five years of
8 T any lease.

9 T (4) Sodium. The Commissioner is authorized to
10 E grant to any qualified applicant a prospecting permit which
11 R shall give the exclusive right to prospect for chlorides,
12 sulphates, carbonates, borates, silicates, or nitrates of
13 sodium, in lands belonging to Alaska for a period of not to
14 exceed two years; provided, that the area to be included in
15 such a permit shall not exceed 2,560 acres of land in reason-
16 ably compact form. Upon showing to the satisfaction of the
17 Commissioner that valuable deposits of sodium minerals have
18 been discovered by the permittee within the area covered by
19 N his permit, and that such land is chiefly valuable therefor,
20 E the permittee shall be entitled to a lease for any or all of
21 W the land embraced in the prospecting permit at a royalty of
22 not less than 2 per centum of the quantity or gross value of
23 the output of sodium compounds and other related products
24 M at the point of shipment to market. Lands known to contain
25 A valuable deposits of sodium compounds and not covered by
26 T permits or leases shall be subject to lease by the Commis-
27 T sioner through advertisement, competitive bidding, or such
28 E other methods as he may by general regulation adopt in such
29 R areas as he shall fix, not exceeding 2,560 acres. All such

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1 N leases shall be conditioned upon the same royalty payment
2 E as mentioned above and the payment in advance of a rental
3 W of 25 cents per acre for the first calendar year or fraction
4 thereof, 50 cents per acre for the second, third, fourth,
5 and fifth calendar years, respectively; and \$1 per acre per
6 M annum thereafter during the continuance of the lease, such
7 A rental for any one year to be credited against royalties
8 T accruing for that year. Leases shall be for a period of
9 T twenty years with preferential right in the lessee to renew
10 E for successive periods of ten years upon such terms and
11 R conditions as may be prescribed by the Commissioner.

12 (5) Sulphur. The Commissioner is authorized and
13 directed, under such rules and regulations as he may pre-
14 scribe, to grant to any qualified applicant a prospecting
15 permit which shall give the exclusive right to prospect for
16 sulphur in lands belonging to Alaska for a period not to
17 exceed two years; provided, that the area to be included in
18 such a permit shall not exceed 2,560 acres of land in reason-
19 N ably compact form. Upon showing to the satisfaction of the
20 E Commissioner that valuable deposits of sulphur have been dis-
21 W covered by the permittee within the area covered by his
22 permit, and that the land is chiefly valuable therefor, the
23 permittee shall be entitled to a lease for any or all of
24 M the land embraced in the prospecting permit, at a royalty of
25 A 5 per centum of the quantity or gross value of the output
26 T of sulphur at the point of shipment to market. Lands known
27 T to contain valuable deposits of sulphur and not covered by
28 E permits or leases, shall be held subject to lease by the
29 R Commissioner through advertisement, competitive bidding, or

1 N such other methods as he may by general regulation adopt,
2 E and in such areas as he shall fix, not to exceed 2,560
3 W acres; all leases to be conditioned upon the payment by the
4 lessee of such royalty as may be fixed in the lease and the
5 payment in advance of a rental of 50 cents per acre per
6 M annum, the rental for any one year to be credited
7 A against the royalties accruing for that year.

8 T (6) Potassium. The Commissioner is hereby
9 T authorized, under such rules and regulations as he may pre-
10 E scribe, to grant to any qualified applicant a prospecting
11 R permit which shall give the exclusive right to prospect for
12 chlorides, sulphates, carbonates, borates, silicates, or
13 nitrates of potassium in lands belonging to Alaska for a
14 period not to exceed two years: provided, that the area to
15 be included in such a permit shall not exceed 2,560 acres of
16 land in reasonably compact form. Upon showing to the satis-
17 faction of the Commissioner that valuable deposits of
18 potassium compounds have been discovered by the permittee
19 N within the area covered by his permit, and that such land is
20 E chiefly valuable therefor, the permittee shall be entitled
21 W to a lease for any or all of the land embraced in the pros-
22 pecting permit, at a royalty of not less than 2 per centum
23 of the quantity or gross value of the output of potassium
24 M compounds and other related products, except sodium, at the
25 A point of shipment to market. Lands known to contain valu-
26 T able deposits of potassium compounds and not covered by
27 T permits or leases shall be held subject to lease by the
28 E Commissioner through advertisement, competitive bidding, or
29 R such other methods as he may by general regulation adopt,

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1 N in such areas as he shall fix, not to exceed 2,560 acres;
2 E all leases to be conditioned upon payment by the lessee of
3 W a royalty of not less than 2 per centum of the quantity or
4 gross value of the output of potassium compounds and other
5 related products, except sodium, at the point of shipment
6 M to market, and the payment in advance of a rental of 25
7 A cents per acre for the first calendar year or fraction
8 T thereof; 50 cents per acre for the second, third, fourth,
9 T and fifth years, respectively; and \$1 per acre per annum
10 E thereafter during the continuance of the lease, such rental
11 R for any one year being credited against royalties accruing
12 for that year. Leases shall be for a term of twenty years
13 and so long thereafter as the lessee complies with the terms
14 and conditions of the lease.

15 (7) Oil and Gas. All lands subject to disposition
16 under this Section which are known or believed to contain
17 oil or gas deposits may be leased by the Commissioner, and,
18 unless otherwise determined following public hearings, shall
19 N be leased to the highest responsible qualified bidder by
20 E competitive bidding under general regulations, in units of
21 W not exceeding 640 acres (except that all tide and submerged
22 lands shall be leased only on a competitive bid basis in
23 units of not exceeding 5,760 acres), which shall be as
24 M nearly compact in form as possible, upon the payment by the
25 A lessee of such bonus as may be accepted by the Commissioner
26 T and of such royalty as may be fixed in the lease which shall
27 T be not less than 12-1/2 per centum in amount or value of the
28 E production removed or sold from the lease; provided, that
29 R any holder of a lease who shall drill and make the first

1 N discovery of oil or gas in commercial quantities in any
2 E geologic structure shall pay a royalty on all production
3 W under the lease of 5 per centum for ten years following the
4 date of such discovery and thereafter the royalty rate shall
5 be not less than 12-1/2 per centum. When the lands to be
6 M leased are not known or believed to contain oil or gas
7 A deposits, the first qualified person making application
8 T shall be entitled to a lease of such lands without com-
9 T petitive bidding. Such leases shall be conditioned upon the
10 E payment by the lessee of a royalty of 12-1/2 per centum in
11 R amount or value of the production removed or sold from the
12 lease; provided, that any holder of a lease who shall drill
13 and make the first discovery of oil or gas in commercial
14 quantities in any geologic structure shall pay a royalty on
15 all production under the lease of 5 per centum for ten years
16 following the date of such discovery and thereafter the
17 royalty rate shall be 12-1/2 per centum. Leases issued
18 under this subsection shall be for a primary term of five
19 N years and shall continue so long thereafter as oil or gas is
20 E produced in paying quantities.
21 W

22 Any oil or gas lease issued under this subsection
23 which is subject to termination by reason of cessation of
24 M production shall not terminate if, within sixty days after
25 A production ceases, reworking or drilling operations are
26 T commenced on the land under lease and are thereafter con-
27 T ducted with reasonable diligence during such period of non-
28 E production. No lease issued under the provisions of this
29 R subsection shall expire because operations or production is
suspended under any order, or with the consent, of the

1 N Commissioner. No lease issued under the provisions of
2 E this subsection covering lands on which there is a well
3 W capable of producing oil or gas in paying quantities shall
4 expire because the lessee fails to produce the same, unless
5 the lessee is allowed a reasonable time, within which to
6 M place such well on a producing status; provided, that after
7 A such status is established production shall continue on the
8 T leased premises unless and until suspension of production
9 T is allowed by the Commissioner.

10 E Upon the expiration of the initial five-year term
11 R of any noncompetitive lease maintained in accordance with
12 applicable requirements and regulations, the record title
13 holder thereof shall be entitled to a single extension of
14 the lease, unless then otherwise provided by law, for such
15 lands covered but which are not on the expiration date of
16 the lease withdrawn from leasing under this Section. A
17 noncompetitive lease, as to lands not known or believed to
18 contain oil or gas deposits, shall be extended for a period
19 N of five years and so long thereafter as oil or gas is pro-
20 E duced in paying quantities. A noncompetitive lease, as to
21 W lands known or believed to contain oil or gas deposits, shall
22 be extended for a period of two years and so long thereafter
23 as oil or gas is produced in paying quantities. Any non-
24 M competitive lease extended under this paragraph shall be
25 A subject to the rules and regulations in force at the expir-
26 T ation of the initial five-year term of the lease. No
27 T extension shall be granted, however, unless within a period
28 E of ninety days prior to such expiration date an application
29 R therefor is filed by the record title holder or an assignee

1 N whose assignment has been filed for approval, or an operator
2 E whose operating agreement has been filed for approval.

3 W The Commissioner may, in his discretion, provide
4 for extension beyond the ten-year period of leases which,
5 although not then productive, are at that time included in
6 M a plan or program of secondary recovery operation to bring
7 A about or restore production.

8 T All noncompetitive oil or gas leases issued under
9 T this subsection shall be conditioned upon the payment by the
10 E lessee in advance of an annual rental of 50 cents per acre
11 R or fraction thereof. All competitive oil and gas leases
12 issued under this subsection shall be conditioned upon the
13 payment of an annual rental, prior to discovery on the leased
14 lands, of \$1 per acre or fraction thereof. A minimum royalty
15 of \$1 per acre in lieu of rental shall be payable at the ex-
16 piration of each lease year beginning on or after a discovery
17 of oil or gas in paying quantities on the lands leased.

18 N For the purpose of more properly conserving the
19 E natural resources of any oil or gas pool, field, or like
20 W area, or any part thereof (whether or not any part of said
21 oil or gas pool, field, or like area is then subject to any
22 cooperative or unit plan of development or operation),
23 lessees thereof and their representatives may unite with
24 M each other, or jointly or separately with others, in col-
25 A lectively adopting or operating under a cooperative or unit
26 T plan of development or operation of such pool, field, or
27 T like area, or any part thereof, whenever determined and
28 E certified by the Commissioner to be necessary or advisable
29 R in the public interest. The Commissioner is thereunto

1 N authorized, in his discretion, with the consent of the
2 E holders of leases involved, to establish, alter, change, or
3 W revoke drilling, producing, rental, minimum royalty, and
4 royalty requirements of such leases and to make such regu-
5 lations with reference to such leases, with like consent
6 M on the part of the lessees, in connection with the insti-
7 A tution and operation of any such cooperative or unit plan
8 T as he may determine necessary or proper to secure the proper
9 T protection of the public interest. The Commissioner may
10 E provide that oil and gas leases issued under this subsection
11 R shall contain a provision requiring the lessee to operate
12 under such a reasonable cooperative or unit plan, and he may
13 prescribe such a plan under which such a lessee shall oper-
14 ate, which shall adequately protect all parties in interest,
15 including Alaska.

16 Any plan authorized by the preceding paragraph,
17 which includes lands owned by Alaska, may, in the discretion
18 of the Commissioner, contain a provision whereby authority
19 N is vested in the Commissioner, or any such person, committee,
20 E or State agency as may be designated in the plan, to alter
21 W or modify from time to time the rate of prospecting and
22 development and the quantity and rate of production under
23 such plan. All leases operated under any such plan approved
24 M or prescribed by the Commissioner shall be excepted in
25 A determining holdings or control under the provisions of
26 T Section 2 of this Article.

27 T Producing acreage on a known geologic structure
28 E of a producing oil or gas field shall be excluded from
29 R chargeability as against the acreage limitation provisions

1 N of Section 2 of this Article.

2 E When separate tracts cannot be individually de-
3 W veloped and operated in conformity with an established well-
4 spacing or development program, any lease, or a portion
5 thereof, may be pooled with other lands, whether or not
6 M owned by Alaska under a communitization or drilling agree-
7 A ment providing for an apportionment of production or royal-
8 T ties among the separate tracts of land comprising the drilling
9 T or spacing unit when determined by the Commissioner to be in
10 E the public interest, and operations or production pursuant
11 R to such an agreement shall be determined to be operations
12 or production as to each such lease committed thereto.

13 The Commissioner is hereby authorized, on such
14 conditions as he may prescribe, to approve drilling, or
15 development contracts made by one or more lessees of oil or
16 gas leases, with one or more persons, associations, or
17 corporations, whenever, in his discretion, the conservation
18 of natural products or the public convenience or necessity
19 N may require it or the interests of Alaska may be best served
20 E thereby. All leases operated under such approved drilling,
21 W or development contracts, and interests thereunder, shall
22 be excepted in determining holdings or control under the
23 provisions of Section 2 of this Article.

24 M The Commissioner, to avoid waste or to promote
25 A conservation of natural resources, may authorize the sub-
26 T surface storage of oil or gas whether or not produced from
27 T Alaska lands, in lands leased or subject to lease under this
28 E subsection. Such authorization may provide for the payment
29 R of a storage fee or rental on such stored oil or gas, or,

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1 in lieu of such fee or rental, for a royalty other than
2 that prescribed in the lease when such stored oil or gas is
3 produced in conjunction with oil or gas not previously pro-
4 duced. Any lease on which storage is so authorized shall
5 be extended at least for the period of storage and so long
6 thereafter as oil or gas not previously produced is produced
7 in paying quantities.

8 Sec. 26. Article IX of Ch. 184, SLA 1957, is hereby
9 repealed.

10 Sec. 27. Sec. 1 of Article X, Ch. 184, SLA 1957, is hereby
11 amended to read as follows:

12 Section 1. DISCOVERY AND APPROPRIATION RIGHTS. Except
13 as herein provided, discovery [D] and appropriation shall
14 be the basis for establishing a right to those minerals
15 reserved to Alaska which are subject to location under the
16 Federal Mining Laws. Appropriation of such minerals will be
17 in conformance with Sections 47-3-9 through 47-3-60 and
18 Sections 47-3-81 through 47-3-92, [47-3-1 THROUGH AND
19 INCLUDING SECTION 7] ACLA 1949, as amended. In the case of
20 acquired lands known to contain such minerals, or lands
21 which have been sold, granted, deeded, or patented reserving
22 such minerals to Alaska, the right to mine and remove such
23 minerals may be acquired only by lease on such terms and
24 conditions as may be recommended by the Director and approved
25 by the Commissioner.

26 Sec. 28. Sec. 1 of Article XI of Ch. 184, SLA 1957, is
27 hereby repealed and re-enacted to read as follows:

28 Section 1. MULTIPLE USE. Disposal and use of Alaska
29 lands as provided for in this Act shall at all times be in

1 conformity with the provisions of the Constitution of the
2 State of Alaska and the principles of multiple purpose use
3 consistent with the public interest.

4 Sec. 29. Sec. 1 of Article XII of Ch. 184, SLA 1957, is
5 hereby amended to read as follows:

6 Section 1. SELECTION PRACTICE. The selection of all
7 grant, lieu and indemnity lands shall conform to the pro-
8 visions of this Act and to the policy, orders, rules and
9 regulations adopted by the Commissioner ~~BOARD~~. Preference
10 of selection by the Commissioner ~~BOARD~~ shall be given to
11 the land which will provide the maximum benefits to the
12 people of Alaska.

13 Sec. 30. Sec. 1 of Article XIII of Ch. 184, SLA 1957, is
14 hereby amended to read as follows:

15 Section 1. PARK AND RECREATION AREAS. The Commis-
16 sioner ~~BOARD~~ shall establish a policy and prescribe rules
17 and regulations whereby parks and recreation areas, including
18 public scenic overlooks and cultural sites, shall be developed
19 and managed in a manner that will best serve the interests
20 of the people of Alaska. The Commissioner ~~BOARD~~ may
21 classify certain public lands as parks, scenic overlooks,
22 cultural sites and recreation areas; provided, that the
23 general intent of this Act is maintained.

24 Sec. 31. Sec. 2 of Article XIV of Ch. 184, SLA 1957, is
25 hereby amended to read as follows:

26 Sec. 2. CONTINUING RULES, REGULATIONS, AGREEMENTS, ETC.
27 All rules, regulations, procedures, funds, contracts and
28 agreements which have been established or entered into by
29 the Department of Lands prior to the effective date of this

1 Act under the authority of Chapter 126, SLA 1953, as amended,
2 are hereby continued, and subject to any further amendments
3 by the Commissioner BOARD except where inconsistent with
4 the provisions of this Act.

5 Until such time as the Commissioner is appointed
6 under the reorganization of the State executive branch of
7 government the acting Director, or his successor, now serving
8 as Director of the Department of Lands shall continue to
9 perform the duties herein delegated to the Director.

10 Sec. 32. Sec. 3 of Article XIV of Ch. 184, SLA 1957, is
11 hereby repealed and re-enacted to read as follows:

12 N Sec. 3. EXCEPTIONS.

13 E (a) The Commissioner shall have no jurisdiction
14 W over University lands except when such jurisdiction has been
15 conferred on the Commissioner by the Board of Regents of
16 M the University of Alaska.

17 A (b) Any power, duty or authority now or in the
18 T future granted to either the Alaska Highway and Public Works
19 T Department, or its successor, or to the Alaska Department of
20 E Aviation, or its successor, to acquire, use, lease or exchange
21 R real property, or any interest therein, shall not be repealed,
22 diminished, changed or abrogated by these provisions.

23 (c) The foregoing agencies shall give written
24 N notification of the fact of said acquisition, lease or
25 E exchange to the Division of Lands within three months after
26 W the date that the foregoing agencies make said acquisition,
27 M lease or exchange.

28 A (d) Any real property acquired by, and under the
29 T management of, the foregoing agencies, which is no longer
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needed for its intended use, will be returned to the jurisdiction of the Division of Lands.

Sec. 33. Sec. 4 of Article XIV of Ch. 184, SLA 1957, is hereby repealed.

Sec. 34. EFFECTIVE DATE. This Act shall take effect immediately upon its passage and approval or upon its becoming law without such approval.