

1 IN THE SENATE BY COMMITTEE ON RESOURCES
2 COMMITTEE SUBSTITUTE FOR 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 relating to Alaska lands and
7 resources; establishing a Division of Lands
8 within the Department of Natural Resources,
9 the office of Land Director, and prescribing
10 duties and powers; providing for the
11 selection, acquisition, management, and
12 disposal of Alaska lands and resources; re-
13 pealing Ch. 189, SLA 1955 and Ch. 184, SLA
14 1957; and providing an effective date."

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

16 PREAMBLE

17 It is the policy of Alaska to encourage the settlement of its
18 land and the development of its resources by making them available
19 for maximum use consistent with the public interest.

20 ARTICLE I

21 TITLE AND DEFINITIONS

22 Section 1. SHORT TITLE: This Act shall be known as the
23 "Alaska Land Act".

24 Sec. 2. DEFINITIONS: For the purpose of this Act, the term
25 defined shall have the meaning provided herein unless the context
26 clearly requires otherwise:

27 (a) "Alaska" means the State of Alaska.

28 (b) "Alaska Lands" or "Lands" means all lands, includ-
29 ing shore, tide and submerged lands, or resources belonging to or

1 hereafter in any manner acquired by Alaska.

2 (c) "Agricultural Lands" and "Grazing Lands" means all
3 lands chiefly valuable for agriculture, cultivation or grazing
4 purposes.

5 (d) "Commissioner" means the Commissioner of the
6 Department of Natural Resources.

7 (e) "Director" means the Director of the Division of
8 Lands of the Department of Natural Resources.

9 (f) "Department" means the Department of Natural
10 Resources.

11 (g) "Industrial and Commercial Lands" means all Alaska
12 lands chiefly valuable for industrial trade, manufacturing or
13 business use.

14 (h) "Lieu and Indemnity Lands" means lands which Alaska
15 is entitled to or has selected under the provisions of 38 Stat.
16 1214, as amended (48 U.S.C. 353) or under any other similar
17 statute to compensate for lands in lieu of surveyed rectangulars,
18 which have been lost to Alaska by reason of deficient sections,
19 prior rights, claims, withdrawals, reservations and other appro-
20 priations.

21 (i) "Mental Health Lands" means lands granted under the
22 provisions of Title III, Section 2 (2) of Public Law 830, 84th
23 Congress, 2nd Session as heretofore or hereafter amended.

24 (j) "Mineral Lands" means lands prospectively valuable
25 for mineral deposits.

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

29 (l) "Park and Recreation Lands" means lands chiefly

1 valuable for public park and recreation use.

2 (m) "School Lands" means all Sections 16 and 36 of
3 surveyed rectangulars reserved to Alaska under the provisions of
4 38 Stat. 1214, as amended (48 U.S.C. 353), and any other lands
5 which may be hereafter designated solely for school revenues.

6 (n) "Shore Lands" means all lands belonging to Alaska
7 which are covered by nontidal waters that are navigable under the
8 laws of the United States up to ordinary high water mark as here-
9 tofore or hereafter modified by accretion, erosion, or reliction.

10 (o) "Submerged Lands" means those lands covered by
11 tidal waters between the line of mean low water and seaward to a
12 distance of three geographical miles.

13 (p) "Tide Lands" means those lands which are period-
14 ically covered by tidal waters between the elevation of mean high
15 and mean low tides.

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

20 (r) "University Lands" means all Sections 33 reserved
21 to the University under 38 Stat. 1214, as amended (48 U.S.C. 353)
22 and all lands granted for the benefit of the University.

23 ARTICLE II

24 ORGANIZATION, AUTHORITY AND DUTY

25 Section 1. DIVISION OF LANDS. The Division of Lands created
26 and established under the Department of Natural Resources shall be
27 under the control and supervision of the Commissioner. Administra-
28 tive powers and other delegated duties, as prescribed by law or
29 regulation, shall be vested in the Director.

1 Sec. 2. APPOINTMENT OF DIRECTOR. The Commissioner shall
2 appoint a Director who shall be the executive officer of the
3 Division of Lands.

4 Sec. 3. DIRECTOR SERVES AT PLEASURE OF COMMISSIONER. The
5 Director shall serve at the pleasure of the Commissioner.

6 Sec. 4. AUTHORITY AND DUTIES OF THE COMMISSIONER.

7 (1) The Land Division shall be administered under the
8 supervision of the Commissioner.

9 (2) The Commissioner, upon recommendation of the
10 Director or otherwise, may establish reasonable procedures and
11 make and promulgate reasonable rules and regulations necessary to
12 carry on the provisions of this Act and may, whenever necessary,
13 issue directives or orders to the Director to carry out specific
14 functions and duties. All rules and regulations promulgated by
15 the Commissioner shall be filed with the Department of Finance and
16 the Attorney General or as may be otherwise provided by law, before
17 such rules or regulations shall become effective.

18 (3) The Commissioner may enter into such contractual
19 agreements as he deems necessary to carry out the purposes of this
20 Act, including agreements with Federal and State agencies.

21 (4) The Commissioner shall have the authority to review
22 any order or action of the Director.

23 (5) The Commissioner may exercise all those powers and
24 do all those acts necessary to carry out the provisions and
25 objectives of this Act.

26 Sec. 5. POWERS AND DUTIES OF THE DIRECTOR. The Director
27 shall:

28 (1) Have general charge and supervision of the Division
29 and may exercise the powers specifically delegated to him. He may

CS for SB #77

1 employ and fix the compensation of such assistants and employees
2 as are necessary for the operations of the Division. He shall
3 also be the certifying officer of the Division, with the consent
4 of the Commissioner, and may approve all lawful vouchers for dis-
5 bursement of monies appropriated to the Division.

6 (2) Manage, inspect and control all Alaska lands and
7 improvements thereon belonging to Alaska and under the jurisdic-
8 tion of the Division.

9 (3) Execute all laws, rules, regulations and orders as
10 are properly promulgated by the Commissioner.

11 (4) Prescribe application procedures and practices
12 relative to the sale, lease or other disposing of available lands,
13 resources, property, or interest therein.

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

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

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

28 (8) Administer the Alaska Land Registration Acts, Ch.
29 134, SLA 1953, and Ch. 135, SLA 1955, as amended by Ch. 17, SLA
CS for SB #77

1 1957, and as may be amended hereafter, and do all acts necessary
2 thereunder that will insure collection of all registration fees
3 and penalties that may arise.

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

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

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

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

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

26 (14) When he finds that the interests of Alaska will be
27 best served, he may, with the consent of the Commissioner, approve
28 all contracts respecting the sale, lease, or other disposal of
29 available lands, resources, property or any interest therein, and

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

15 (15) The Director may delegate any of the administrative
16 duties, functions or powers imposed upon him to any responsible
17 employee within the Division.

18 Sec. 6. DIRECTOR SHALL BE BONDED. Prior to entering upon
19 the performance of his duties, the Director shall execute a
20 corporate surety bond to Alaska in the sum of \$150,000.00
21 conditioned among other things upon the faithful performance of
22 his duties under this Act and upon the prompt and faithful account-
23 ing of all monies collected by him or his deputies, assistants,
24 employees or agents. The said bond, together with any additional
25 conditions or limitations as may be deemed necessary, shall be
26 approved by the Attorney General and filed in the office of the
27 Governor. The premium upon said bond shall be payable from such
28 monies as may be appropriated for operation of the Division.

29 ARTICLE III

GENERAL

1
2 Section 1. CLASSIFICATION. The Director shall make a pre-
3 liminary classification for surface use of all lands in areas where
4 he deems it necessary and proper for future development. Such
5 classification, together with a land use plan, shall be transmitted
6 to the Commissioner for his approval, modification or rejection.
7 Nothing herein shall prevent reclassification of any lands where
8 the public interest warrants such action, nor preclude multiple
9 purpose use of all lands whenever the different uses are compatible.

10 Sec. 2. REVIEW. No land within or adjacent to an incorporat-
11 ed municipality or other organized community may be sold or leased,
12 or a renewal lease issued, until the proposed use of the land has
13 been studied and reviewed jointly by the Director and local
14 authorized planning agencies.

15 Sec. 3. NOTICE AND APPRAISAL. No lands shall be sold or
16 leased, or a renewal lease issued, without public notice as
17 provided hereafter, unless the same, except in the case of an oil
18 or gas or mineral lease, has been appraised within ninety days
19 prior to the date fixed for the sale or leasing, provided that
20 when lands have been offered at public sale but were not sold
21 and are available at private sale, no reappraisal is required
22 unless the Director deems that a change in value of the lands
23 may have occurred. No such lands shall be sold or leased for less
24 than the approved, appraised market value, except as provided in
25 Section 4 of this Article.

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

28 (1) The lease, sale, or other disposal of any Alaska
29 lands or resources may be made to any Alaska or Federal agency,

1 political subdivision or nonprofit organization for less than the
2 appraised value, as may be determined by the Director and approved
3 by the Commissioner, to be fair and proper and in the best interests
4 of the public, with due consideration being given to the nature:

5 (a) of the public services or function rendered by
6 the said agency, subdivision or nonprofit organization making
7 application therefor, and

8 (b) of the terms of the grant under which the land
9 was acquired by Alaska.

10 (2) (a) In the disposition in any manner of any tide-
11 land acquired pursuant to Public Law 85-303, 71 Stat. 623, which
12 was occupied or developed for municipal, business, residential,
13 or other beneficial purposes on September 7, 1957, the Director,
14 with the approval of the Commissioner, notwithstanding any other
15 provisions of this Act, shall afford a preference right in accord-
16 ance with such Federal statute, or this Act, to the occupant
17 thereof or such occupant's successor in interest.

18 In the event the said land is occupied by a person other
19 than the owner of the improvements thereon, the owner of the im-
20 provements shall, for the purpose of this subsection, be consider-
21 ed the occupant of said land.

22 For the purpose of this subsection, the following definitions
23 shall apply:

24 1. "Tideland" shall mean that land lying
25 seaward of surveyed townsites between the line of mean
26 high tide and the pierhead line.

27 2. "Pierhead Line" shall mean a pierhead line
28 established now or in the future, by the Corps of
29 Engineers of the Department of the Army: Provided, That

1 the pierhead line shall be a line parallel to the exist-
2 ing line of mean low tide at such distance offshore
3 from the line of mean low tide that said pierhead line
4 shall encompass, to the landward, all stationary, man-
5 made structures (but shall not encompass any part of
6 breakwaters, bridges, or piers used for vessel dockage
7 which part extends beyond such a parallel line marking
8 the seaward extremity of other manmade structures)
9 which were in existence as of February 1, 1957, to the
10 seaward of the particular townsite for which the pier-
11 head line is being established, and shall encompass
12 no more: And provided further, That the determination
13 of the location of a pierhead line by the Corps of
14 Engineers shall be conclusive.

15 (b) The preference rights to purchase granted in
16 this subsection (2) shall apply only to the occupants who,
17 as of September 7, 1957, occupied such tideland. Such
18 preference rights shall be transferable. Such preference
19 rights shall be forfeited and lost unless application in
20 writing is made for acquisition of said land within one
21 year from the date of determination by regulation or ordinance
22 as being the first date upon which applications will be
23 accepted by the Director, municipal corporation, or
24 independent school district. The Director, governing body
25 of any municipal corporation, or independent school district
26 having control of such tidelands shall honor such preference
27 rights herein granted with reasonable diligence.

28 It shall be mandatory for the Director to convey all
29 tideland situated within or adjacent to a municipal corpora-

1 tion or independent school district to such corporation or
2 district. The governing bodies shall thereafter convey such
3 lands to the occupant or such occupant's successor in
4 interest, who shall be afforded the preference right of
5 purchase granted herein; provided, however, the purchase
6 price of any such tideland tract conveyed by the governing
7 body of any municipal corporation or independent school dis-
8 trict shall not exceed the actual cost of surveying, trans-
9 ferring, and conveying the lands to the occupant or such
10 occupant's successor in interest. Any governing body may
11 request assistance from the Director to complete the convey-
12 ance of any such lands, and the Director, in his discretion,
13 may provide such assistance.

14 (c) Where no preference right has been granted to
15 purchase or lease tidelands, the Director, with the approval
16 of the Commissioner, the municipal corporation or independent
17 school district may sell or lease any such lands, and may
18 impose additional terms or conditions, but in case of sale,
19 the purchase price of the land shall equal the appraised fair
20 market value thereof.

21 Sec. 5. HOMESTEAD ENTRY. The Director, with the approval of
22 the Commissioner, may authorize homestead entry on unappropriated
23 agricultural lands, if they are not school lands, mental health
24 lands or lands conveyed to Alaska by the Federal Government for
25 the specific purpose of producing revenue.

26 Sec. 6. PERMITS. The Director, without the prior approval
27 of the Commissioner, may issue permits, rights-of-way or easements
28 on Alaska lands for secondary roads, trails, ditches, pipelines,
29 telephone and transmission lines and other similar improvements,

1 or for the limited personal use of timber or materials. The
2 Commissioner, upon recommendation of the Director, shall establish
3 a reasonable rate or fee schedule to be charged for all such use.

4 Sec. 7. DEPOSITS. The Director may require any applicant
5 seeking the sale, lease or other disposal of lands, other than
6 under an oil and gas or mineral lease, to deposit an amount cover-
7 ing the estimated cost of an appraisal, survey and necessary
8 advertising. All deposited funds not expended shall be refunded
9 to the applicant. In the event lands are sold or leased to other
10 than the applicant making the deposit, the party awarded the lands
11 shall pay the total actual cost of appraising and surveying the
12 said lands, together with the total actual cost of advertising,
13 and the deposit shall be returned to the original applicant.

14 Sec. 8. ASSIGNMENT. All contracts of purchase or lease of
15 lands or interests therein shall, on the affirmative approval of
16 the Director, be assignable in whole or in part in writing by
17 the contract holder or lessee, and the assignee shall be subject to
18 and governed by the provisions of laws and regulations applicable
19 to such contract or lease.

20 Sec. 9. NOTICES. All public notice of any sale, lease or
21 disposal of lands or any interest therein, when required, shall
22 be substantially as follows:

23 Notice shall be published once a week for three consecutive
24 weeks next preceding the time of sale stated in the notice, in at
25 least one newspaper of general circulation published in the
26 vicinity in which the land, property or interest therein is to be
27 sold, leased or otherwise disposed of. Notice shall set forth a
28 description of the land, and interest therein to be sold, leased
29 or otherwise disposed of and the time, place, and general terms

1 of the sale, lease or disposal.

2 Sec. 10. WASTE OR INJURY TO LAND--PENALTY. If any person
3 shall commit waste, or trespass or other injury upon Alaska land,
4 the person so offending shall, in addition to being civilly
5 liable for any damages caused, upon conviction thereof be fined
6 in any sum not exceeding \$1,000.00.

7 ARTICLE IV

8 SALE OF LANDS

9 Section 1. GENERAL. All lands, to which Alaska may hold
10 fee title or to which Alaska may become entitled, excepting tide-
11 lands, submerged lands, shorelands, timber or grazing lands, may
12 be sold in the manner provided hereafter.

13 (1) The Director, with the approval of the Commissioner,
14 shall determine those lands which shall be sold, the limitations
15 and conditions which shall attach to the lands sold, and the
16 terms that shall accompany the sale.

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

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

22 Sec. 2. SALE PROCEDURES. The sale shall be made at public
23 auction to the highest qualified bidder as shall be determined by
24 the Director; provided, however, an aggrieved bidder may appeal
25 to the Commissioner within five days after such sale for a review
26 of the Director's determination. The sale shall be conducted by
27 the Director or his representative, and at the time of sale the
28 successful bidder shall deposit, in cash, or by certified check,
29 an amount equal to one-tenth of the purchase price, whereupon

1 the Director or his representative shall immediately issue a
2 receipt containing a description of the land or property purchased
3 the price bid and the terms of sale, which receipt shall be
4 acknowledged in writing by the bidder. A contract of sale on a
5 form approved by the Attorney General shall be signed by the
6 purchaser and following the approval of the Commissioner, the
7 contract shall also be signed by the Director on behalf of Alaska.
8 Provided, however, and prior to the signing of the formal convey-
9 ance by the Director, the Commissioner may reject any and all bids
10 when the best interests of Alaska justify such action. Lands that
11 have been offered at public sale but were not sold may be made
12 available at private sale for not less than the appraised value
13 of such lands.

14 Sec. 3. CONTRACT PROVISIONS. The contract of sale shall
15 require the remainder of the purchase price to be paid in annual
16 installments of not less than ten per cent of the purchase price,
17 with interest at the rate of not less than five per cent per annum.
18 The Director, with the consent of the Commissioner, may also im-
19 pose such conditions, limitations and terms as he deems necessary
20 and proper to protect the interest of the State. Violations
21 of any provisions of this Act or the terms of the contract of sale
22 shall subject the purchaser to appropriate legal action, including,
23 but not limited to, a foreclosure action in accordance with
24 applicable Alaska law.

25 ARTICLE V

26 LEASING OF LANDS OTHER THAN

27 FOR THE EXTRACTION OF NATURAL RESOURCES

28 Section 1. GENERAL. All lands, including any tide, submerged
29 or shore lands, to which Alaska holds title or to which Alaska may
CS for SB #77

1 become entitled, may be leased, except for the extraction of
2 natural resources, in the manner provided in this Article.

3 (1) The Director, with the approval of the Commissioner,
4 shall determine those lands which shall be leased and the limita-
5 tions and conditions that shall attach to the lands and the terms
6 that shall accompany the lease; provided, however, if the total
7 appraised value of the transaction is \$250.00 per annum or less
8 the Director may negotiate a lease without advertisement for a
9 period not to exceed five years, and, on such limitations,
10 conditions and terms as he deems are in the best interests of
11 Alaska.

12 (2) Leases may be issued for a period up to fifty-five
13 years, if it appears to be in the best interests of Alaska and if
14 approved by the Commissioner, except that grazing leases shall not
15 be issued for any period in excess of twenty years. Grazing
16 leases may be subject to review as to classified use every five
17 years and may be declared null and void if the Commissioner
18 determines that the land or any interest therein should be sold,
19 leased or otherwise disposed of for any reclassified use, or it
20 is determined that the lease is not being used for the purpose
21 issued.

22 Sec. 2. LEASING PROCEDURES. The leasing shall be made at
23 public auction to the highest qualified bidder as shall be
24 determined by the Director; provided, however, an aggrieved bidder
25 may appeal to the Commissioner within five days for a review of
26 the Director's determination. The leasing shall be conducted by
27 the Director, or his representative, and the successful bidder
28 shall deposit the first year's rental, or such portion thereof as
29 the Commissioner may require, in cash or by certified check, in

1 accordance with his bid, whereupon the Director or his representa-
2 tive shall immediately issue a receipt containing a description
3 of the land or interest therein leased, the price bid and terms of
4 the lease, which receipt shall be acknowledged in writing by the
5 bidder. A lease, on a form approved by the Attorney General, shall
6 be signed by the lessee and upon approval by the Commissioner, shall
7 also be signed by the Director. Provided, however, and prior to
8 the signing of the formal lease by the Director, the Commissioner
9 may reject any and all bids for leases when the best interests of
10 Alaska justifies such action.

11 Sec. 3. LEASING PROVISIONS. The lease shall require advance
12 payment of the annual rent or such portion thereof as the Director,
13 with the approval of the Commissioner, may require, as determined
14 by the accepted bid. Such conditions, limitations and terms may
15 also be imposed by the Director, with the approval of the
16 Commissioner, as he shall deem necessary and proper to protect the
17 interests of Alaska. Violations of any provision of this Act or
18 the terms of the lease shall subject the purchaser to appropriate
19 legal action, including, but not limited to, a forfeiture of the
20 lease. Due notice of all action by the Commissioner or Director
21 affecting the rights of the lease shall be given the lessee.

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

1 If any improvements and/or chattels having an appraised value
2 in excess of \$10,000.00 as determined by the Director are not re-
3 moved within the time allowed, such improvements and/or chattels
4 shall upon due notice to the lessee, be sold at public sale under
5 the direction of the Director. The proceeds of sale shall inure
6 to the lessee who placed such improvements and/or chattels on the
7 lands after paying to Alaska all rents due and owing and expenses
8 incurred in making such sale. In case there are no other bidders
9 at any such sales, the Director is authorized to bid, in the
10 name of Alaska, on such improvements and/or chattels. The bid
11 money shall be taken from the fund to which said lands belong and
12 the said fund shall receive all monies or other value subsequently
13 derived from the sale or leasing of such improvements and/or
14 chattels. Alaska shall acquire all the rights, both legal and
15 equitable, that any other purchaser could acquire by reason of
16 said purchase.

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

21 Sec. 5. SUBLEASES. Any lessee may sublease or assign the
22 lands or portion thereof upon which he has a lease; provided, that
23 before any lessee shall be permitted to sublet or assign any of
24 such lands or portion thereof, he shall make application to the
25 Director for a permit and the Director may issue such permit if he
26 finds it in the best interests of Alaska.

27 Sec. 6. RENEWAL OF LEASE. If, at the expiration of any lease
28 of any lands, the lessee desires a renewal lease on the lands,
29 properties, or interests covered thereby, he shall within 30 days

1 before the expiration of his lease make application in writing
2 for a renewal lease, certifying under oath as to the character
3 and value of all improvements existing on the land, properties,
4 or interests therein, the purpose for which he desires a renewal
5 lease and such other information as the Director may require.
6 The applicant shall deposit with such application the sum
7 equivalent to 50 percent of the annual rental payment still in
8 effect but not to exceed \$50.00. The Director may thereafter
9 lease said lands in compliance with all Sections of this Article
10 with a preference being allowed the former lessee if all other
11 pertinent factors are substantially equivalent.

12 Sec. 7. PERIODICAL RENTAL ADJUSTMENTS. All leases shall
13 stipulate that the annual rental payment shall be subject to
14 adjustment at five-year intervals and any charges or adjustments
15 shall be based primarily on a reappraised annual rental value.

16 ARTICLE VI

17 DISPOSAL OF TIMBER AND MATERIALS

18 Section 1. SALE OF TIMBER AND MATERIALS. The Director
19 shall provide for cruises of timber and appraisals of other
20 materials in or upon lands and transmit all such data with respect
21 to such cruises and appraisals to the Commissioner, together with
22 his recommendations with respect to (a) the timber and other
23 materials which should be offered for sale, and (b) the terms of
24 sale of such timber or other materials thereon.

25 Sec. 2. LIMITATIONS AND CONDITIONS OF SALE. The Commissioner,
26 upon recommendation of the Director, shall determine the timber
27 and other materials which shall be sold, and the limitations and
28 conditions that shall attach to the timber and materials sold, and
29 the terms of sale; said limitations, conditions and terms to in-

1 clude the utilization, development and maintenance of the
2 sustained yield principle, subject to preferences among other
3 beneficial uses; provided that timber sales not exceeding 500
4 M.B.M., or material sales not exceeding the appraised value of
5 \$2,500.00, may be negotiated by the Director without advertisement
6 and on such limitations, conditions and terms as he deems are in
7 the best interests of Alaska, subject to the approval of the
8 Commissioner; provided, further, that not more than one non-
9 advertised, negotiated sale of timber or material shall be made
10 to the same purchaser within a one-year period.

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

1 shall subject the purchaser to appropriate legal action.

2 ARTICLE VII

3 RESERVATION OF RIGHTS TO ALASKA

4 Section 1. RESERVATION. Each and every contract for the
5 sale, lease or grant of, and each deed to Alaska land, properties
6 or interest therein, made pursuant to Section 4 of Article II
7 or Articles IV, V or VI herein, shall be subject to the following
8 reservations: "The party of the first part, Alaska, hereby
9 expressly saves, excepts and reserves out of the grant hereby
10 made, unto itself, its lessees, successors, and assigns forever,
11 all oils, gases, coal, ores, minerals, fissionable materials, and
12 fossils of every name, kind or description, and which may be in or
13 upon said lands above described, or any part thereof, and the
14 right to explore the same for such oils, gases, coal, ores,
15 minerals, fissionable materials and fossils, and it also hereby
16 expressly saves and reserves out of the grant hereby made, unto
17 itself, its lessees, successors, and assigns forever, the right
18 to enter by itself, its or their agents, attorneys, and servants
19 upon said lands, or any part or parts thereof, at any and all
20 times, for the purpose of opening, developing and working mines
21 thereon, and taking out and removing therefrom all such oils,
22 gases, coal, ores, minerals, fissionable materials and fossils,
23 and to that end it further expressly reserves out of the grant
24 hereby made, unto itself, its lessees, successors, and assigns
25 forever, the right by its or their agents, servants and attorneys
26 at any and all times to erect, construct, maintain, and use all
27 such buildings, machinery, roads, pipelines, powerlines, and
28 railroads, sink such shafts, remove such soil, and to remain on
29 said lands or any part thereof for the foregoing purposes and to

1 which Alaska holds title or to which Alaska may become entitled,
2 may be obtained by permit or lease for the purpose of exploration,
3 development, and the extraction of minerals. As hereinafter pro-
4 vided, lands may be withheld from lease application on a first-
5 come, first-served basis, and offered only on a competitive bid
6 basis when determined by the Commissioner to be in the best
7 interests of Alaska. In unproven areas the Commissioner may offer
8 additional incentive and other terms in granting permits for ex-
9 ploration and development whenever it appears to be in the best
10 interests of Alaska to do so.

11 Sec. 2. LIMITATIONS. No person, association, or corporation,
12 except as herein provided, shall take or hold coal leases or
13 permits during the life of such lease on Alaska lands exceeding
14 an aggregate of 10,240 acres; provided, that a person, association,
15 or corporation may apply for coal leases or permits for acreage in
16 addition to said 10,240 acres, which application or applications
17 shall be in multiples of 40 acres, not exceeding a total of 5,120
18 additional acres on Alaska land, and shall contain a statement
19 that the granting of a lease for such additional lands is
20 necessary for the person, association, or corporation to carry on
21 business economically and is in the public interest. On the filing
22 of said application, the coal deposits in such lands covered
23 thereby shall be temporarily set aside and withdrawn from all
24 other forms of disposal provided under this Article. The
25 Commissioner shall, after posting notice of the pending applica-
26 tion in the local Land Office, conduct public hearings on such
27 application, or applications, for additional acreage. After such
28 public hearings, to such extent as he finds to be in the public
29 interest and necessary for the applicant in order to carry on

1 business economically, the Commissioner may, under such regulations
2 as he may prescribe, permit such person, association, or corpora-
3 tion to take or hold coal leases or permits for an additional
4 aggregate acreage of not more than 5,120 acres. No person,
5 association, or corporation shall take or hold at one time
6 phosphate leases on Alaska lands exceeding in the aggregate 10,240
7 acres. No person, association, or corporation, except as herein
8 provided, shall take or hold sodium leases or permits during the
9 life of such lease on Alaska lands, exceeding in the aggregate
10 acreage 5,120 acres; provided, that the Commissioner may, in his
11 discretion where it is necessary in order to secure the economic
12 mining of sodium compounds permit a person, association, or cor-
13 poration to take or hold sodium leases or permits for up to
14 15,360 acres. No person, association, or corporation, except as
15 herein provided, shall take or hold at any one time oil or gas
16 leases exceeding in the aggregate 500,000 acres granted hereunder
17 on tide and submerged lands, and 500,000 acres on all lands other
18 than tide and submerged lands; such acreage to include leases
19 held both as lessee and under option or operating agreement from
20 others. Where more than a single person, association, or cor-
21 poration holds an interest in any oil or gas lease, each of such
22 persons, associations, or corporations shall be charged only with
23 that percentage of the total acreage which corresponds to its
24 percentage share of the total beneficial interest in such lease.
25 The Commissioner, for the purpose of encouraging the greatest
26 ultimate recovery of coal, oil, gas, oil shale, phosphate, sodium,
27 potassium, and sulphur, and in the interest of conservation of
28 natural resources, is authorized, after public hearing, to waive,
29 suspend, or reduce the rental, or minimum royalty, or reduce the

1 royalty on an entire leasehold, or on any tract or portion thereof
2 segregated for royalty purposes, whenever in his judgment it is
3 necessary to do so in order to promote development, or whenever in
4 his judgment the leases cannot be successfully operated under the
5 terms provided therein. In the event the Commissioner, in the
6 interest of conservation, shall direct or shall assent to the sus-
7 pension of operations and production under any lease granted, any
8 payment of acreage rental or of minimum royalty prescribed by such
9 lease likewise may be suspended during such period of suspension
10 of operations and production; and the term of such lease shall be
11 extended by adding any such suspension period thereto.

12 Sec. 3. LEASING PROCEDURE. Deposits of coal, phosphates,
13 oil shale, sodium, sulphur, potassium, oil, gas, and lands con-
14 taining such deposits owned by Alaska shall be subject to disposi-
15 tion under rules and regulations, recommended by the Director and
16 promulgated by the Commissioner, and the following provisions:

17 (1) Coal. The Commissioner is authorized to, and upon
18 the petition of any qualified applicant shall, divide any of the
19 coal lands or the deposits of coal owned by Alaska into leasing
20 tracts of forty acres each, or multiples thereof, and in such form
21 as will permit the economical mining of the coal in such tract,
22 but in no case exceeding 2,560 acres in any one leasing tract.
23 Thereafter the Commissioner shall, in his discretion, upon the
24 request of any qualified applicant or on his own motion, from time
25 to time, offer such lands or deposits of coal for leasing and shall
26 award leases thereon by competitive bidding or by such method as
27 he may by general regulation adopt, to any qualified applicant.

28 Where prospecting or exploration work is necessary to determine the
29 existence or workability of coal deposits in any unclaimed,

1 undeveloped area, the Commissioner may issue to qualified applicants
2 prospecting permits for a term of two years, not exceeding 2,560
3 acres; and if within said period of two years thereafter the
4 permittee shows to the Commissioner that the land contains coal
5 in commercial quantities, the permittee shall be entitled to a
6 lease for all or part of the land in his permit. Any coal pros-
7 pecting permit issued hereunder may be extended by the Commissioner
8 for a period of two years, if he shall find that the permittee has
9 been unable, with the exercise of reasonable diligence, to determine
10 the existence or workability of coal deposits in the area covered
11 by the permit and desires to prosecute further prospecting or
12 exploration, or for other reasons in the opinion of the Commission-
13 er warranting such extension. For the privilege of mining or ex-
14 tracting the coal in the lands covered by the lease, the lessee
15 shall pay to Alaska such royalties as may be specified in the
16 lease, which shall be fixed in advance of offering the same, and
17 which shall not be less than 5 cents per ton of 2,000 pounds, and
18 an annual rental, payable at the date of the lease and annually
19 thereafter, on the lands or coal deposits covered by such lease,
20 at such rate as may be fixed by the Commissioner prior to offering
21 the same which shall not be less than 25 cents per acre for the
22 first year thereafter, not less than 50 cents per acre for the
23 second, third, fourth, and fifth years, respectively, and not less
24 than \$1 per acre for each and every year thereafter during the
25 continuance of the lease, except that such rental for any year
26 shall be credited against the royalties as they accrue for that
27 year. Leases shall be for indeterminate periods upon condition of
28 diligent development and continued operation of the mine or mines,
29 except when such operation shall be interrupted by strikes, the

1 elements, or casualties not attributed to the lessee.

2 (2) Phosphates. The Commissioner is authorized to
3 lease to qualified applicants any lands belonging to Alaska con-
4 taining deposits of phosphates through advertisement, competitive
5 bidding, or such other methods as he may by general regulation
6 adopt, including associated and related minerals, when in his
7 judgment the public interest will be best served thereby. The
8 land shall be leased in units reasonably compact in form of not
9 to exceed 2,560 acres. All leases shall be conditioned upon the
10 payment to Alaska of such royalties as may be specified in the
11 lease, which shall be fixed by the Commissioner in advance of
12 offering the same, at not less than 5 per centum of the gross
13 value, at the point of shipment to market, of the output of
14 phosphates or phosphate rock, and associated or related minerals.
15 Each lease shall provide for the payment of a rental payable at
16 the date of the lease and annually thereafter, which shall be not
17 less than 25 cents per acre for the first year, 50 cents per acre
18 for the second and third years, respectively, and \$1 per acre for
19 each year thereafter, during the continuance of the lease. The
20 rental paid for any year shall be credited against the royalties
21 for that year. Leases shall be for a term of twenty years and so
22 long thereafter as the lessee complies with the terms and condi-
23 tions of the lease.

24 (3) Oil Shale. The Commissioner is authorized to lease
25 to any qualified person or corporation any deposits of oil shale
26 belonging to Alaska and the surface of so much of the lands con-
27 taining such deposits, or land adjacent thereto, as may be re-
28 quired for the extraction and reduction of the leased minerals.
29 No lease hereunder shall exceed 5,120 acres of land, nor shall the
CS for SB #77

1 terms of the lease permit the extraction of minerals from other
2 than the oil shale so leased. Leases may be for indeterminate
3 periods upon such conditions as may be imposed by the Commissioner.
4 For the privilege of mining, extracting, and disposing of the oil
5 or other minerals covered by a lease hereunder, the lessee shall
6 pay to Alaska such royalties as shall be specified in the lease,
7 and an annual rental at the rate of 50 cents per acre, for the
8 lands included in the lease, the rental paid for any one year to
9 be credited against the royalties accruing for that year. For
10 the purpose of encouraging the production of petroleum products
11 from shales, the Commissioner may, in his discretion, waive the
12 payment of any royalty and rental during the first five years of
13 any lease.

14 (4) Sodium. The Commissioner is authorized to grant
15 to any qualified applicant a prospecting permit which shall give
16 the exclusive right to prospect for chlorides, sulphates, carbonates,
17 borates, silicates, or nitrates of sodium, in lands belonging to
18 Alaska for a period of not to exceed two years; provided, that
19 the area to be included in such a permit shall not exceed 2,560
20 acres of land in reasonably compact form. Upon showing to the
21 satisfaction of the Commissioner that valuable deposits of sodium
22 minerals have been discovered by the permittee within the area
23 covered by his permit, and that such land is chiefly valuable
24 therefor, the permittee shall be entitled to a lease for any or
25 all of the land embraced in the prospecting permit at a royalty
26 of not less than 2 per centum of the quantity or gross value of
27 the output of sodium compounds and other related products at the
28 point of shipment to market. Lands known to contain valuable
29 deposits of sodium compounds and not covered by permits or leases

1 shall be subject to lease by the Commissioner through advertise-
2 ment, competitive bidding, or such other methods as he may by
3 general regulation adopt in such areas as he shall fix, not ex-
4 ceeding 2,560 acres. All such leases shall be conditioned upon
5 the same royalty payment as mentioned above and the payment in
6 advance of a rental of 25 cents per acre for the first calendar
7 year or fraction thereof, 50 cents per acre for the second, third,
8 fourth, and fifth calendar years, respectively; and \$1 per acre
9 per annum thereafter during the continuance of the lease, such
10 rental for any one year to be credited against royalties accruing
11 for that year. Leases shall be for a period of twenty years with
12 preferential right in the lessee to renew for successive periods
13 of ten years upon such terms and conditions as may be prescribed
14 by the Commissioner.

15 (5) Sulphur. The Commissioner is authorized and
16 directed, under such rules and regulations as he may prescribe,
17 to grant to any qualified applicant a prospecting permit which
18 shall give the exclusive right to prospect for sulphur in lands
19 belonging to Alaska for a period not to exceed two years; provided,
20 that the area to be included in such a permit shall not exceed
21 2,560 acres of land in reasonably compact form. Upon showing to
22 the satisfaction of the Commissioner that valuable deposits of
23 sulphur have been discovered by the permittee within the area
24 covered by his permit, and that the land is chiefly valuable
25 therefor, the permittee shall be entitled to a lease for any or
26 all of the land embraced in the prospecting permit, at a royalty
27 of 5 per centum of the quantity or gross value of the output of
28 sulphur at the point of shipment to market. Lands known to con-
29 tain valuable deposits of sulphur and not covered by permits or
CS for SB #77

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

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

1 conditioned upon payment by the lessee of a royalty of not less
2 than 2 per centum of the quantity or gross value of the output of
3 potassium compounds and other related products, except sodium,
4 at the point of shipment to market, and the payment in advance of
5 a rental of 25 cents per acre for the first calendar year or
6 fraction thereof; 50 cents per acre for the second, third, fourth,
7 and fifth years, respectively; and \$1 per acre per annum there-
8 after during the continuance of the lease, such rental for any one
9 year being credited against royalties accruing for that year.

10 Leases shall be for a term of twenty years and so long thereafter
11 as the lessee complies with the terms and conditions of the lease.

12 (7) Oil and Gas. All tide and submerged lands shall
13 be leased by competitive bidding, and whenever oil or gas is
14 discovered in any well on Alaska land in commercial quantities,
15 the Commissioner shall determine the extent of the area of any
16 lands in addition to tide and submerged lands in the same general
17 area of the discovery well, which by reason of such discovery the
18 Commissioner reasonably believes to be capable of producing oil
19 or gas, and such additional lands shall be leased by competitive
20 bidding. Such competitive lands shall be leased to the highest
21 responsible qualified bidder by competitive bidding under general
22 regulations, in units of not exceeding 640 acres (except that
23 tide and submerged lands shall be leased in units of not exceeding
24 5,760 acres), which shall be as nearly compact in form as possible,
25 upon the payment by the lessee of such bonus as may be accepted by
26 the Commissioner and of such royalty as may be fixed in the lease
27 which shall be not less than 12-1/2 per centum in amount or value
28 of the production removed or sold from the lease; provided, that
29 any holder of a lease who shall drill and make the first discovery

1 of oil or gas in commercial quantities in any geologic structure
2 shall pay a royalty on all production under the lease of 5 per
3 centum for ten years following the date of such discovery and
4 thereafter the royalty rate shall be not less than 12-1/2 per
5 centum. All lands other than those above provided to be leased by
6 competitive bidding shall be leased without competitive bidding to
7 the first qualified person making application therefor. Noncom-
8 petitive leases shall be issued in units of not exceeding 2,560
9 acres in any one lease. Such noncompetitive leases shall be
10 conditioned upon the payment by the lessee of a royalty of 12-1/2
11 per centum in amount or value of the production removed or sold
12 from the lease; provided, that any holder of a lease who shall
13 drill and make the first discovery of oil or gas in commercial
14 quantities in any geologic structure shall pay a royalty on all
15 production under the lease of 5 per centum for ten years following
16 the date of such discovery and thereafter the royalty rate shall
17 be 12-1/2 per centum. Leases issued under this subsection shall
18 be for a primary term of five years and shall continue so long
19 thereafter as oil or gas is produced in paying quantities.

20 Any oil or gas lease issued under this subsection which is
21 subject to termination by reason of cessation of production
22 shall not terminate if, within sixty days after production ceases,
23 reworking or drilling operations are commenced on the land under
24 lease and are thereafter conducted with reasonable diligence dur-
25 ing such period of nonproduction. No lease issued under the
26 provisions of this subsection shall expire because operations or
27 production is suspended under any order, or with the consent,
28 of the Commissioner. No lease issued under the provisions of this
29 subsection covering lands on which there is a well capable of

1 producing oil or gas in paying quantities shall expire because
2 the lessee fails to produce the same, unless the lessee is
3 allowed a reasonable time, within which to place such well on a
4 producing status; provided, that after such status is established
5 production shall continue on the leased premises unless and until
6 suspension of production is allowed by the Commissioner.

7 Upon the expiration of the initial five-year term of any
8 noncompetitive lease maintained in accordance with applicable re-
9 quirements and regulations, the record title holder thereof
10 shall be entitled to a single extension of the lease, unless then
11 otherwise provided by law, for such lands covered but which are
12 not on the expiration date of the lease determined by the
13 Commissioner to be competitive lands as above provided. A non-
14 competitive lease, as to lands not determined by the Commissioner
15 to be competitive lands, shall be extended for a period of five
16 years and so long thereafter as oil or gas is produced in paying
17 quantities. A noncompetitive lease, as to lands determined by
18 the Commissioner to be competitive lands, shall be extended for a
19 period of two years and so long thereafter as oil or gas is
20 produced in paying quantities. Any noncompetitive lease extended
21 under this paragraph shall be subject to the rules and regulations
22 in force at the expiration of the initial five-year term of the
23 lease. No extension shall be granted, however, unless within a
24 period of ninety days prior to such expiration date an application
25 therefor is filed by the record title holder or an assignee whose
26 assignment has been filed for approval, or an operator whose
27 operating agreement has been filed for approval.

28 The Commissioner may, in his discretion, provide for extension
29 beyond the ten-year period of leases which, although not then

1 productive, are at that time included in an approved unit plan
2 or program of secondary recovery operation to bring about or
3 restore production.

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

14 Should Alaska select or otherwise acquire any Federal land
15 which, at the effective date of the selection or acquisition,
16 is subject to a valid existing offer for a noncompetitive United
17 States oil and gas lease under the Federal Act of Feb. 25, 1920
18 (41 Stat. 437 as amended), the offeror for the Federal lease, if
19 a qualified applicant hereunder, shall be deemed to be the first
20 qualified applicant for an Alaska noncompetitive oil and gas
21 lease under the provisions of this Section 3 (7) of this Article
22 VIII, and shall be entitled to an Alaska noncompetitive oil and
23 gas lease upon compliance with the provisions of the regulation
24 covering such applications within 60 days after receipt of written
25 notice from the Commissioner of such selection or acquisition.
26 The priority herein provided for shall not be effective if the
27 land covered by such Federal offer to lease is classified by the
28 Commissioner as competitive lands as herein provided within 90
29 days after the selection of such land is finally approved by the

1 Secretary of the Interior or such land is otherwise acquired.

2 For the purpose of more properly conserving the natural
3 resources of any oil or gas pool, field, or like area, or any
4 part thereof (whether or not any part of said oil or gas pool,
5 field, or like area is then subject to any cooperative or unit
6 plan of development or operation), lessees thereof and their
7 representatives may unite with each other, or jointly or
8 separately with others, in collectively adopting or operating
9 under a cooperative or unit plan of development or operation of
10 such pool, field, or like area, or any part thereof, whenever
11 determined and certified by the Commissioner to be necessary or
12 advisable in the public interest. The Commissioner is thereunto
13 authorized, in his discretion, with the consent of the holders
14 of leases involved, to establish, alter, change, or revoke drill-
15 ing, producing, rental, minimum royalty, and royalty requirements
16 of such leases and to make such regulations with reference to
17 such leases, with like consent on the part of the lessees, in
18 connection with the institution and operation of any such
19 cooperative or unit plan as he may determine necessary or proper
20 to secure the proper protection of the public interest. The
21 Commissioner may provide that oil and gas leases issued under
22 this subsection shall contain a provision requiring the lessee
23 to operate under such a reasonable cooperative or unit plan, and
24 he may prescribe such a plan under which such a lessee shall
25 operate, which shall adequately protect all parties in interest,
26 including Alaska.

27 Any plan authorized by the preceding paragraph, which
28 includes lands owned by Alaska, may, in the discretion of the
29 Commissioner, contain a provision whereby authority is vested in
CS for SB #77

1 the Commissioner, or any such person, committee, or State agency
2 as may be designated in the plan, to alter or modify from time to
3 time the rate of prospecting and development and the quantity and
4 rate of production under such plan. All leases operated under
5 any such plan approved or prescribed by the Commissioner shall be
6 excepted in determining holdings or control under the provisions
7 of Section 2 of this Article. The provisions of this Subsection
8 3 (7) of this Article VIII concerning cooperative or unit plans
9 are in addition to, and shall in no way repeal, diminish, change
10 or abrogate the provisions of Chapter 40, SLA 1955.

11 Producing acreage on a known geologic structure of a
12 producing oil or gas field shall be excluded from chargeability
13 as against the acreage limitation provisions of Section 2 of this
14 Article.

15 When separate tracts cannot be individually developed and
16 operated in conformity with an established well-spacing or
17 development program, any lease, or a portion thereof, may be
18 pooled with other lands, whether or not owned by Alaska under a
19 communitization or drilling agreement providing for an
20 apportionment of production or royalties among the separate
21 tracts of land comprising the drilling or spacing unit when
22 determined by the Commissioner to be in the public interest, and
23 operations or production pursuant to such an agreement shall be
24 determined to be operations or production as to each such lease
25 committed thereto.

26 The Commissioner is hereby authorized, on such conditions as
27 he may prescribe, to approve drilling, or development contracts
28 made by one or more lessees of oil or gas leases, with one or
29 more persons, associations, or corporations, whenever, in his

1 discretion, the conservation of natural products or the public
2 convenience or necessity may require it or the interests of
3 Alaska may be best served thereby. All leases operated under
4 such approved drilling, or development contracts, and interests
5 thereunder, shall be excepted in determining holdings or control
6 under the provisions of Section 2 of this Article.

7 The Commissioner, to avoid waste or to promote conservation
8 of natural resources, may authorize the subsurface storage of
9 oil or gas whether or not produced from Alaska lands, in lands
10 leased or subject to lease under this subsection. Such authoriza-
11 tion may provide for the payment of a storage fee or rental on
12 such stored oil or gas, or, in lieu of such fee or rental, for
13 a royalty other than that prescribed in the lease when such
14 stored oil or gas is produced in conjunction with oil or gas not
15 previously produced. Any lease on which storage is so authorized
16 shall be extended at least for the period of storage and so long
17 thereafter as oil or gas not previously produced is produced in
18 paying quantities.

19 ARTICLE IX

20 MINING RIGHTS

21 Section 1. DISCOVERY AND APPROPRIATION RIGHTS. Except as
22 herein provided, all minerals which are subject to location under
23 the mining laws of the United States, and the mineral lands in
24 which they are contained, shall be subject to discovery,
25 appropriation and location under the provisions of Sections
26 47-3-9 through 47-3-60 and Sections 47-3-81 through 47-3-92, ACLA
27 1949, as amended. In the case of acquired lands known to contain
28 such minerals, or lands which have been sold, granted, deeded, or
29 patented reserving such minerals to Alaska, the right to mine and

1 remove such minerals may be acquired only by lease on such terms
2 and conditions as may be recommended by the Director and approved
3 by the Commissioner.

4 ARTICLE X

5 MULTIPLE MINERAL DEVELOPMENT OF THE SAME TRACTS

6 Section 1. MULTIPLE USE. Disposal and use of Alaska lands
7 as provided for in this Act shall at all times be in conformity
8 with the provisions of the Constitution of the State of Alaska
9 and the principles of multiple purpose use consistent with the
10 public interest.

11 ARTICLE XI

12 LAND SELECTION

13 Section 1. SELECTION PRACTICE. The selection of all grant,
14 lieu and indemnity lands shall conform to the provisions of this
15 Act and to the policy, orders, rules and regulations adopted by
16 the Commissioner. Preference of selection by the Commissioner
17 shall be given to the land which will provide the maximum benefits
18 to the people of Alaska.

19 ARTICLE XII

20 PARKS AND RECREATION AREAS

21 Section 1. PARK AND RECREATION AREAS. The Commissioner
22 shall establish a policy and prescribe rules and regulations
23 whereby parks and recreation areas, including public scenic over-
24 looks and cultural sites, shall be developed and managed in a
25 manner that will best serve the interests of the people of
26 Alaska. The Commissioner may classify certain public lands as
27 parks, scenic overlooks, cultural sites and recreation areas;
28 provided, that the general intent of this Act is maintained.

29 ARTICLE XIII

MISCELLANEOUS

1
2 Section 1. TRANSFER, APPROPRIATIONS, RECORDS, ETC. All
3 appropriations, records, reports, papers, documents, equipment,
4 forms, supplies, memoranda and other public property of whatever
5 kind held by the Department of Public Lands, created under Chapter
6 126, SLA 1953, as amended by Chapter 183, SLA 1955, shall be
7 turned over to the Director when and as requested.

8 Sec. 2. CONTINUING RULES, REGULATIONS, AGREEMENTS, ETC.
9 All rules, regulations, procedures, funds, contracts and agree-
10 ments which have been established or entered into by the Depart-
11 ment of Lands prior to the effective date of this Act under the
12 authority of Chapter 126, SLA 1953, as amended, are hereby con-
13 tinued, and subject to any further amendments by the Commissioner
14 except where inconsistent with the provisions of this Act.

15 Until such time as the Commissioner is appointed under the
16 reorganization of the State executive branch of government the
17 acting Director, or his successor, now serving as Director of the
18 Department of Lands, shall continue to perform the duties herein
19 delegated to the Director.

20 Sec. 3. EXCEPTIONS.

21 (a) The Commissioner shall have no jurisdiction over
22 University lands except when such jurisdiction has been conferred
23 on the Commissioner by the Board of Regents of the University of
24 Alaska.

25 (b) Any power, duty or authority now or in the future
26 granted to either the Alaska Highway and Public Works Department,
27 or its successor, or to the Alaska Department of Aviation, or
28 its successor, to acquire, use, lease or exchange real property,
29 or any interest therein, shall not be repealed, diminished,

1 changed or abrogated by these provisions.

2 (c) The foregoing agencies shall give written notifica-
3 tion of the fact of said acquisition, lease or exchange to the
4 Division of Lands within three months after the date that the
5 foregoing agencies make said acquisition, lease or exchange.

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

10 Sec. 4. REPEALER. Chapter 189, SLA 1955, and Chapter 184,
11 SLA 1957, are hereby repealed.

12 Sec. 5. SEVERABILITY CLAUSE. If any provision of this Act,
13 or application thereof to any person or circumstance is held
14 invalid, the remainder of the Act and such application to other
15 persons or circumstances shall not be affected thereby.

16 Sec. 6. EFFECTIVE DATE. This Act shall take effect
17 immediately upon its passage and approval or upon its becoming
18 law without such approval.

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