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IN THE SENATE BY HOUSE STATE AFFAIRS COMMITTEE  
SECOND COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 77  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FIRST LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to Alaska lands and resources; establishing a Division of Lands within the Department of Natural Resources, the office of Land Director, and prescribing duties and powers; providing for the selection, acquisition, management, and disposal of Alaska lands and resources; repealing Ch. 189, SLA 1955 and Ch. 184, SLA 1957; and providing an effective date."

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

PREAMBLE

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

ARTICLE I

TITLE AND DEFINITIONS

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

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

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

(b) "Alaska Lands" or "Lands" means all lands, including 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 or grazing purposes.

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

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

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

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

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

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

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

25 (k) "Acquired Lands" means lands belonging to Alaska  
26 which have been obtained by escheat, purchase, or any means other  
27 than by general land grants including tide, submerged and shore  
28 lands.

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 tidal  
11 waters between the line of mean low water and seaward to a distance  
12 of three geographical miles or further as may hereafter be properly  
13 claimed by the State.

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

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

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

24 ARTICLE II

25 ORGANIZATION, AUTHORITY AND DUTY

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

1 regulation, shall be vested in the Director.

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

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

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

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

10 (2) The Commissioner, upon recommendation of the  
11 Director or otherwise, may establish reasonable procedures and  
12 make and promulgate reasonable rules and regulations necessary to  
13 carry on the provisions of this Act and may, whenever necessary,  
14 issue directives or orders to the Director to carry out specific  
15 functions and duties. All rules and regulations promulgated by  
16 the Commissioner shall be adopted pursuant to the Administrative  
17 Procedures Act.

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

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  
5 disbursement 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 disposition 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 or the departments or  
23 agencies succeeding to their respective functions through fore-  
24 closure or default. To this end the Director shall possess all  
25 of the powers and, with the approval of the Commissioner, perform  
26 all of the duties necessary to protect Alaska's rights and interest  
27 therein, including the taking of all necessary action, legal or  
28 otherwise, to protect and enforce Alaska's contractual or other  
29 property rights.

1 (8) Administer the Alaska Land Registration Acts, Ch.  
2 134, SLA 1953, and Ch. 135, SLA 1955, as amended by Ch. 17, SLA  
3 1957, and as may be amended hereafter, and do all acts necessary  
4 thereunder that will insure collection of all registration fees  
5 and penalties that may arise.

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

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

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

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

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

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

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

16 (15) The Director may delegate any of the administra-  
17 tive duties, functions or powers imposed upon him to any respon-  
18 sible employee within the Division.

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

ARTICLE III

GENERAL

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3 Section 1. CLASSIFICATION. The Director shall make a pre-  
4 liminary classification for surface use of all lands in areas  
5 where he deems it necessary and proper for future development.  
6 Such classification, together with a land use plan, shall be trans-  
7 mitted to the Commissioner for his approval, modification or  
8 rejection. Nothing herein shall prevent reclassification of any  
9 lands where the public interest warrants such action, nor preclude  
10 multiple purpose use of all lands whenever the different uses are  
11 compatible. No Alaska land, water, or land and water area shall,  
12 except by act of the State Legislature, be (1) withdrawn from  
13 settlement, location, sale or entry; (2) reserved for special use;  
14 or (3) restricted from operation of the mining and mineral leasing  
15 provisions of this Act, if the area involved in such withdrawal,  
16 reservation, or restriction exceeds in the aggregate 640 acres.

17 Sec. 2. REVIEW. Except for land disposed of under the  
18 provisions of Sections 4, 5 and 6 of this Article, no land within  
19 or adjacent to an incorporated municipality or other organized  
20 community may be sold or leased, or a renewal lease issued, until  
21 the proposed use of the land has been studied and reviewed  
22 jointly by the Director and local authorized planning agencies.

23 Sec. 3. NOTICE AND APPRAISAL. No lands shall be sold or  
24 leased, or a renewal lease issued, without public notice as  
25 provided hereafter, unless the same, except in the case of an oil  
26 or gas or mineral lease, has been appraised within ninety days  
27 prior to the date fixed for the sale or leasing, provided that  
28 when lands have been offered at public sale but were not sold  
29 and are available at private sale, no reappraisal is required

1 unless the Director deems that a change in value of the lands  
2 may have occurred. No such lands shall be sold or leased for less  
3 than the approved, appraised market value, except as provided in  
4 Sections 4 and 5 of this Article.

5 Sec. 4. PUBLIC USE. The lease, sale, or other disposal of  
6 any Alaska lands or resources may be made to any Alaska or  
7 Federal agency or political subdivision for less than the appraised  
8 value, as may be determined by the Director and approved by the  
9 Commissioner, to be fair and proper and in the best interests  
10 of the public, with due consideration being given to the nature  
11 of the public services or function rendered by the said agency  
12 or subdivision making application therefor, and of the terms of  
13 the grant under which the land was acquired by Alaska.

14 Sec. 5. OCCUPIED TIDE LANDS AND SUBMERGED LANDS.

15 (1) It is the policy of the State to allow preference  
16 rights as hereinafter defined for the acquisition of tide lands  
17 and submerged lands occupied or developed for municipal, business,  
18 residential or other beneficial purposes on and prior to the date  
19 of admission of Alaska into the Union, provided, nothing herein  
20 shall be construed as vesting any right in any person to acquire  
21 such lands until a conveyance from this State is delivered to  
22 the grantee.

23 (2) For the purposes of this section the following  
24 terms shall have the meanings stated herein except as otherwise  
25 required by the context in which used:

26 a. "Occupant" means any person, as defined herein,  
27 or his successor in interest, who actually occupied for any  
28 business, residential or other beneficial purpose, tide lands,  
29 or tide lands and submerged lands contiguous thereto, within

1 the State, on and prior to January 3, 1959, with substantial  
2 permanent improvements. The holder of a permit or clearance  
3 in respect to interference of navigation, or of a special  
4 use permit from a government agency will not qualify as an  
5 "occupant" unless such entry on the land had, through exercise  
6 of reasonable diligence, resulted in actual occupancy and  
7 substantial permanent improvements as hereinabove mentioned.  
8 No person shall be considered an occupant by reason of having  
9 (1) placed a fish trap in position for operation or upon  
10 the tide or submerged land for storage, (2) placed a set net  
11 or piling therefor, or any other device or facility for taking  
12 fish, (3) placed pilings or dolphins for log storage or other  
13 moorage, (4) placed floats or vessels upon the tide or  
14 submerged land, (5) placed telephone, power or other trans-  
15 mission facilities, roads, trails or other improvements not  
16 requiring exclusive use or possession of tide or submerged  
17 lands, or (6) claimed the land by virtue of some form of  
18 constructive occupancy. Where land is occupied by a person  
19 other than the owner of the improvements thereon, the owner  
20 of the improvements shall, for the purposes of this section  
21 be considered the occupant of such lands.

22 b. "Person" means any person, firm, corporation,  
23 cooperative association, partnership or other entity legally  
24 capable of owning land or an interest therein.

25 c. "Preference right", subject to the classifica-  
26 tions thereof established in this section, means and includes  
27 the right of an occupant to acquire, by lease, purchase,  
28 or otherwise, at the election of the occupant, except as  
29 otherwise limited or prescribed in this Act, any tract or

1 tracts of tide land, or tide land and submerged land contiguous  
2 thereto, occupied or developed by such occupant on and prior  
3 to January 3, 1959.

4 d. "Occupied or developed" means the actual use,  
5 occupancy and control of tide land or submerged land by the  
6 establishment thereon of substantial permanent improvements  
7 other than those uses, facilities and improvements not  
8 qualifying a person to be an occupant.

9 e. "Class I preference right" means the right of  
10 any occupant to acquire tide lands and submerged lands for  
11 a consideration not in excess of the costs of surveying,  
12 transferring and conveying the title thereto.

13 f. "Class II preference right" means the right  
14 to acquire tide or submerged lands as defined in Public Law  
15 85-303 (71 Stat. 623) for a consideration not in excess of  
16 the costs of surveying, transferring and conveying the title  
17 thereto.

18 g. "Class III preference right" means the right  
19 of any occupant to acquire tide lands and submerged lands  
20 for a consideration not in excess of the cost of appraisal,  
21 administration and transfer plus the appraised fair market  
22 value thereof, exclusive of any value accruing from improve-  
23 ments or development, such as fill material, buildings or  
24 structures thereon, by such occupant or his predecessor in  
25 interest or reflecting equities of the occupant.

26 (3) a. Any municipal corporation incorporated on or  
27 before January 3, 1959, may apply, in the manner prescribed  
28 by the Director, within three years from the date of deter-  
29 mination by regulation as being the first date upon which

1 applications will be accepted by the Director, for a convey-  
2 ance to such corporation of all lands seaward of such muni-  
3 cipal corporation which are between the mean high tide line  
4 in, or forming the boundary of, such corporation, and a  
5 line to be shown on a plat made a part of such application  
6 which shall be the pierhead line established under the Act  
7 of September 7, 1957, or the harbor line established under  
8 the Act of March 3, 1899, or if no such pierhead line or  
9 harbor line has been established, then a line subject to  
10 approval by the Director, with the concurrence of the Com-  
11 missioner, which shall be seaward of all tide lands and sub-  
12 merged lands occupied or suitable for occupation and develop-  
13 ment without unreasonable interference with navigation. It  
14 shall be mandatory for the Director to convey such tide and  
15 submerged lands to such municipal corporations.

16 b. Each municipal corporation granted such convey-  
17 ance shall prepare an official subdivision plat of the area  
18 conveyed showing all structures and improvements thereon and  
19 the boundaries of each tract occupied or developed, together  
20 with the name of the owner or claimant thereof. Such sub-  
21 divisional plat shall include within the boundaries of each  
22 tract occupied or developed such surrounding tide and sub-  
23 merged lands as shall be reasonably necessary in the opinion  
24 of the governing body of such municipal corporation for the  
25 use and enjoyment of the structures and improvements thereon  
26 by the owner or claimant, but shall not include any tide  
27 or submerged lands which if granted to such occupant would  
28 unjustly deprive any occupant of adjoining lands from his  
29 reasonable use and enjoyment thereof.

1 c. Any occupant of land included in such convey-  
2 ance to a municipal corporation, who occupied or developed  
3 the same on and prior to September 7, 1957, shall have a  
4 Class I preference right to such lands from such municipal  
5 corporation upon the execution of a waiver to the State and  
6 such municipal corporation of all rights such occupant may  
7 have acquired pursuant to Public Law 85-303 (71 Stat. 623).

8 d. Any occupant of land included in such convey-  
9 ance to a municipal corporation, who has a Class II preference  
10 right by reason of such conveyance to a municipal corporation  
11 and is unwilling to waive such right shall have a preference  
12 right to such lands which it shall be mandatory for such  
13 municipal corporation to expeditiously honor upon application  
14 from the occupant after the Secretary of the Army has submitted  
15 to the Secretary of the Interior and the Governor of the  
16 State maps showing the pierhead line established by the Corps  
17 of Engineers with respect to the tract so granted.

18 e. Any occupant of land included in such convey-  
19 ance to a municipal corporation, who occupied or developed  
20 the same after September 7, 1957 and before January 3, 1959  
21 and who continued to occupy the same on January 3, 1959,  
22 shall have a class III preference right to such lands from  
23 such municipal corporation.

24 f. The preference rights hereinabove granted any  
25 occupant shall be lost unless the occupant makes application  
26 to exercise such preference right within two years from the  
27 date the municipal corporation determines by ordinance that  
28 it will accept applications for the exercise of such prefer-  
29 ence rights respectively.

1 g. In making any conveyance to an occupant, the  
2 municipal corporation shall include as a part of the tract  
3 conveyed and in addition to the occupied or developed lands,  
4 such additional tide and submerged lands as shall be reason-  
5 ably necessary in the opinion of the governing body of such  
6 municipal corporation for such occupant's use and enjoyment  
7 of the occupied or developed land, but such conveyance shall  
8 not include any area which would unjustly deprive any  
9 occupant of adjoining lands from reasonable use and enjoyment  
10 thereof or which, if developed, will interfere with naviga-  
11 tion.

12 h. Each municipal corporation receiving such  
13 conveyances shall by ordinance provide for reasonable regula-  
14 tions governing the filing and processing of applications,  
15 publication of notices and the adjudication of disputes  
16 between claimants by the governing body of the corporation.  
17 Any party aggrieved by its determination shall have a right  
18 of appeal to the Superior Court.

19 i. When no preference right has been granted to  
20 purchase or lease tidelands, the municipal corporation may  
21 sell or lease any such lands conveyed to it, and may impose  
22 any terms or conditions for such sale or lease.

23 (4) a. Any occupant, of tide or submerged land which  
24 is not seaward of any municipal corporation, who occupied or  
25 developed the same on and prior to September 7, 1957, shall  
26 have a Class I preference right to such lands from the  
27 State; provided, however, that if any such land is seaward  
28 of a surveyed townsite, such occupant shall be required to  
29 execute a waiver to the State of all rights which such

1 occupant may have acquired pursuant to Public Law 85-303  
2 (71 Stat. 623), before such preference right shall be  
3 exercised.

4 b. Any person, who has a Class II preference right  
5 in the disposition of any such land by the State not provided  
6 for under subsection (3) d, and who is unwilling to waive  
7 such right, shall have a preference right to such lands  
8 which it shall be mandatory for the Director to expeditiously  
9 honor upon application from the occupant after the Secretary  
10 of the Army has submitted to the Secretary of the Interior  
11 and the Governor of the State maps showing the pierhead line  
12 established by the Corps of Engineers with respect to the  
13 tract so granted.

14 c. Any occupant, of tide or submerged land which  
15 is not seaward of a municipal corporation, who occupied or  
16 developed the same after September 7, 1957 and before  
17 January 3, 1959, and who continued to occupy the same on  
18 January 3, 1959, shall have a Class III preference right to  
19 such lands from the State.

20 d. The preference rights hereinabove granted any  
21 occupant in this subsection (4) shall be lost unless the  
22 occupant makes application to the Director to exercise such  
23 preference right within two years from the date the Director  
24 determines by regulation that he will accept applications for  
25 the exercise of such respective preference rights.

26 e. Each occupant shall at his cost furnish a plat  
27 showing the exterior boundaries of the tide lands and sub-  
28 merged lands covered by the application, in form and with  
29 proof of accuracy as set forth in regulations of the Director,

1 and shall show thereon the location and nature of all fill  
2 material, buildings, structures and improvements, which form  
3 the basis of the application and which are situated upon  
4 the tract applied for. The applicant may include within the  
5 boundaries of the tract applied for such surrounding tide  
6 and submerged lands as shall be reasonably necessary in the  
7 opinion of the applicant for the use and enjoyment of the  
8 structures and improvements thereon by the occupant, but  
9 shall not include any tide or submerged lands which if granted  
10 to such occupant would unjustly deprive any occupant of  
11 adjoining lands from his reasonable use and enjoyment thereof.

12 f. In making any conveyance to an occupant, the  
13 Director shall include as a part of the tract conveyed, and  
14 in addition to the occupied or developed lands, such additional  
15 tide and submerged lands as shall be reasonably necessary  
16 in the opinion of the Director for such occupant's use and  
17 enjoyment of the occupied or developed land, but such convey-  
18 ance shall not include any area which would unjustly deprive  
19 any occupant of adjoining lands from reasonable use and  
20 enjoyment thereof or which, if developed, will interfere with  
21 navigation.

22 g. The Director shall by regulation provide for  
23 reasonable regulations governing the filing and processing  
24 of applications, publication of notices and the adjudication  
25 of disputes between claimants. Any party aggrieved by such  
26 adjudication shall have a right of appeal to the superior  
27 court.

28 Sec. 6. HOMESTEAD ENTRY. The Director, with the approval  
29 of the Commissioner, may authorize homestead entry on lands not

1 under grazing lease or otherwise appropriated and which are classi-  
2 fied as agricultural lands and grazing lands, if they are not  
3 school lands, mental health lands or lands conveyed to Alaska by  
4 the Federal Government for the specific purpose of producing  
5 revenue.

6       Sec. 7. PERMITS. The Director, without the prior approval  
7 of the Commissioner, may issue permits, rights-of-way or easements  
8 on Alaska lands for secondary roads, trails, ditches, pipelines,  
9 telephone and transmission lines, log storage and other similar  
10 uses or improvements, or for the limited personal use of timber  
11 or materials. The Commissioner, upon recommendation of the  
12 Director, shall establish a reasonable rate or fee schedule to be  
13 charged for all such use. In the granting, renewal, suspension  
14 or revocation of any permit, easement or lease of tide or sub-  
15 merged lands, the Director shall give preference to such use of  
16 the land as will be of greatest economic benefit to the State and  
17 the development of its resources; provided, however, first prefer-  
18 ence shall be granted to the upland owner for the use of any tract  
19 of tide land, or tide land and contiguous submerged land, which  
20 is seaward of the upland property of such upland owner and which  
21 is needed by such upland owner for any of the purposes for which  
22 such use may be granted.

23       Sec. 8. DEPOSITS. The Director may require any applicant  
24 seeking the sale, lease or other disposal of lands, other than  
25 under an oil and gas or mineral lease, to deposit an amount cover-  
26 ing the estimated cost of an appraisal, survey and necessary  
27 advertising. All deposited funds not expended shall be refunded  
28 to the applicant. In the event lands are sold or leased to other  
29 than the applicant making the deposit, the party awarded the lands

1 shall pay the total actual cost of appraising and surveying the  
2 said lands, together with the total actual cost of advertising,  
3 and the deposit shall be returned to the original applicant.

4 Sec. 9. ASSIGNMENT. All contracts of purchase or lease of  
5 lands or interests therein shall, on the affirmative approval of  
6 the Director, be assignable in whole or in part in writing by  
7 the contract holder or lessee, and the assignee shall be subject  
8 to and governed by the provisions of laws and regulations appli-  
9 cable to such contract or lease.

10 Sec. 10. NOTICES. All public notice of any sale, lease  
11 or disposal of lands or any interest therein, when required,  
12 shall be substantially as follows:

13 Notice shall be published once a week for three consecutive  
14 weeks next preceding the time of sale stated in the notice, in  
15 at least one newspaper of general circulation published in the  
16 vicinity in which the land, property or interest therein is  
17 to be sold, leased or otherwise disposed of; provided that  
18 where no newspaper of general circulation is published in the  
19 vicinity, notices shall also be posted in three public places  
20 near the land to be sold, leased or otherwise disposed of.  
21 Notice shall set forth a description of the land, and interest  
22 therein to be sold, leased or otherwise disposed of and the  
23 time, place, and general terms of the sale, lease or disposal.

24 Sec. 11. WASTE OR INJURY TO LAND: PENALTY. If any person  
25 shall commit waste, or trespass or other injury upon Alaska land,  
26 the person so offending shall, in addition to being civilly  
27 liable for any damages caused, upon conviction thereof be fined  
28 in any sum not exceeding \$1,000.00.

29 ARTICLE IV

2nd CS for SB #77  
Engrossed as amended



1 Attorney General shall be signed by the purchaser and following  
2 the approval of the Commissioner, the contract shall also be  
3 signed by the Director on behalf of Alaska. Provided, however,  
4 and prior to the signing of the formal conveyance by the Director,  
5 the Commissioner may reject any and all bids when the best  
6 interests of Alaska justify such action. Lands that have been  
7 offered at public sale but were not sold may be made available  
8 at private sale for not less than the appraised value of such  
9 lands.

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

21 ARTICLE V

22 LEASING OF LANDS OTHER THAN

23 FOR THE EXTRACTION OF NATURAL RESOURCES

24 Section 1. GENERAL. All lands, including any tide, sub-  
25 merged or shore lands, to which Alaska holds title or to which  
26 Alaska may become entitled, may be leased, except for the  
27 extraction of natural resources, in the manner provided in this  
28 Article.

29 (1) The Director, with the approval of the Commissioner,

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

9 (2) Leases may be issued for a period up to fifty-  
10 five years, if it appears to be in the best interests of Alaska  
11 and if approved by the Commissioner. Grazing leases may be  
12 declared null and void in whole or in part if the Commissioner  
13 determines that the land or a part thereof is not being used  
14 for the purpose issued.

15 Sec. 2. LEASING PROCEDURES. The leasing shall be made  
16 at public auction to the highest qualified bidder as shall  
17 be determined by the Director; provided, however, an aggrieved  
18 bidder may appeal to the Commissioner within five days for  
19 a review of the Director's determination. The leasing shall  
20 be conducted by the Director, or his representative, and the  
21 successful bidder shall deposit the first year's rental, or  
22 such portion thereof as the Commissioner may require, in cash  
23 or by certified check, in accordance with his bid, whereupon  
24 the Director or his representative shall immediately issue a  
25 receipt containing a description of the land or interest  
26 therein leased, the price bid and terms of the lease, which  
27 receipt shall be acknowledged in writing by the bidder. A  
28 lease, on a form approved by the Attorney General, shall be  
29 signed by the lessee and upon approval by the Commissioner, shall

1 also be signed by the Director. Provided, however, and prior to  
2 the signing of the formal lease by the Director, the Commissioner  
3 may reject any and all bids for leases when the best interests of  
4 Alaska justifies such action.

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

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

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

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

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

15 Sec. 5. SUBLEASES. Any lessee may sublease or assign the  
16 lands or portion thereof upon which he has a lease; provided, that  
17 before any lessee shall be permitted to sublet or assign any of  
18 such lands or portion thereof, he shall make application to the  
19 Director for a permit and the Director may issue such permit if he  
20 finds it in the best interests of Alaska.

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

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

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

#### 10 ARTICLE VI

#### 11 DISPOSAL OF TIMBER AND MATERIALS

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

19 Sec. 2. LIMITATIONS AND CONDITIONS OF SALE. The Commissioner  
20 upon recommendation of the Director, shall determine the timber  
21 and other materials which shall be sold, and the limitations and  
22 conditions that shall attach to the timber and materials sold, and  
23 the terms of sale; said limitations, conditions and terms to in-  
24 clude the utilization, development and maintenance of the  
25 sustained yield principle, subject to preference among other  
26 beneficial uses; provided that timber sales not exceeding 500  
27 M.B.M., or material sales not exceeding the appraised value of  
28 \$2,500.00, may be negotiated by the Director without advertisement  
29 and on such limitations, conditions and terms as he deems are in



1 or Articles IV, V or VI herein, shall be subject to the following  
2 reservations: "The party of the first part, Alaska, hereby  
3 expressly saves, excepts and reserves out of the grant hereby  
4 made, unto itself, its lessees, successors, and assigns forever,  
5 all oils, gases, coal, ores, minerals, fissionable materials, and  
6 fossils of every name, kind or description, and which may be in or  
7 upon said lands above described, or any part thereof, and the  
8 right to explore the same for such oils, gases, coal, ores,  
9 minerals, fissionable materials and fossils, and it also hereby  
10 expressly saves and reserves out of the grant hereby made, unto  
11 itself, its lessees, successors, and assigns forever, the right  
12 to enter by itself, its or their agents, attorneys, and servants  
13 upon said lands, or any part or parts thereof, at any and all  
14 times, for the purpose of opening, developing and working mines  
15 thereon, and taking out and removing therefrom all such oils,  
16 gases, coal, ores, minerals, fissionable materials and fossils,  
17 and to that end it further expressly reserves out of the grant  
18 hereby made, unto itself, its lessees, successors, and assigns  
19 forever, the right by its or their agents, servants and attorneys  
20 at any and all times to erect, construct, maintain, and use all  
21 such buildings, machinery, roads, pipelines, powerlines, and  
22 railroads, sink such shafts, remove such soil, and to remain on  
23 said lands or any part thereof for the foregoing purposes and to  
24 occupy as much of said lands as may be necessary or convenient for  
25 such purposes hereby expressly reserving to itself, its lessees,  
26 successors, and assigns, as aforesaid, generally all rights and  
27 powers in, to, and over said land, whether herein expressed or  
28 not, reasonably necessary or convenient to render beneficial and  
29 efficient the complete enjoyment of the property and rights hereby



1 interests of Alaska. In unproven areas the Commissioner may offer  
2 additional incentive and other terms in granting permits for ex-  
3 ploration and development whenever it appears to be in the best  
4 interests of Alaska to do so.

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

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

1 suspension of operations and production under any lease granted, any  
2 payment of acreage rental or of minimum royalty prescribed by such  
3 lease likewise may be suspended during such period of suspension  
4 of operations and production; and the term of such lease shall be  
5 extended by adding any such suspension period thereto.

6 Sec. 3. LEASING PROCEDURE. Deposits of coal, phosphates,  
7 oil shale, sodium, potassium, oil, gas, and lands con-  
8 taining such deposits owned by Alaska shall be subject to disposi-  
9 tion under rules and regulations, recommended by the Director and  
10 promulgated by the Commissioner, and the following provisions:

11 (1) Coal. The Commissioner is authorized to, and upon  
12 the petition of any qualified applicant shall, divide any of the  
13 coal lands or the deposits of coal owned by Alaska into leasing  
14 tracts of forty acres each, or multiples thereof, and in such form  
15 as will permit the economical mining of the coal in such tract,  
16 but in no case exceeding 2,560 acres in any one leasing tract.  
17 Thereafter the Commissioner shall, in his discretion, upon the  
18 request of any qualified applicant or on his own motion, from time  
19 to time, offer such lands or deposits of coal for leasing and shall  
20 award leases thereon by competitive bidding or by such method as  
21 he may by general regulation adopt, to any qualified applicant.  
22 Where prospecting or exploration work is necessary to determine the  
23 existence or workability of coal deposits in any unclaimed, un-  
24 developed areas, the Commissioner may issue to qualified applicants  
25 prospecting permits for a term of two years, not exceeding 2,560  
26 acres; and if within said period of two years thereafter the permit-  
27 tee shows to the Commissioner that the land contains coal in com-  
28 mercial quantities, the permittee shall be entitled to a lease for  
29 all or part of the land in his permit. Any coal prospecting

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

25 (2) Phosphates. The Commissioner is authorized to  
26 lease to qualified applicants any lands belonging to Alaska con-  
27 taining deposits of phosphates through advertisement, competitive  
28 bidding, or such other methods as he may by general regulation  
29 adopt, including associated and related minerals, when in his

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

18 (3) Oil Shale. The Commissioner is authorized to lease  
19 to any qualified person or corporation any deposits of oil shale  
20 belonging to Alaska and the surface of so much of the lands con-  
21 taining such deposits, or land adjacent thereto, as may be re-  
22 quired for the extraction and reduction of the leased minerals.  
23 No lease hereunder shall exceed 5,120 acres of land, nor shall the  
24 terms of the lease permit the extraction of minerals from other  
25 than the oil shale so leased. Leases may be for indeterminate  
26 periods upon such conditions as may be imposed by the Commissioner  
27 For the privilege of mining, extracting, and disposing of the oil  
28 or other minerals covered by a lease hereunder, the lessee shall  
29 pay to Alaska such royalties as shall be specified in the lease

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

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

1 year or fraction thereof, 50 cents per acre for the second, third,  
2 fourth, and fifth calendar years, respectively; and \$1 per acre  
3 per annum thereafter during the continuance of the lease, such  
4 rental for any one year to be credited against royalties accruing  
5 for that year. Leases shall be for a period of twenty years with  
6 preferential right in the lessee to renew for successive periods  
7 of ten years upon such terms and conditions as may be prescribed  
8 by the Commissioner.

9 (5) Sulphur. The Commissioner is authorized and  
10 directed, under such rules and regulations as he may prescribe,  
11 to grant to any qualified applicant a prospecting permit which  
12 shall give the exclusive right to prospect for sulphur in lands  
13 belonging to Alaska for a period not to exceed two years; provided,  
14 that the area to be included in such a permit shall not exceed  
15 2,560 acres of land in reasonably compact form. Upon showing to  
16 the satisfaction of the Commissioner that valuable deposits of  
17 sulphur have been discovered by the permittee within the area  
18 covered by his permit, and that the land is chiefly valuable  
19 therefor, the permittee shall be entitled to a lease for any or  
20 all of the land embraced in the prospecting permit, at a royalty  
21 of 5 per centum of the quantity or gross value of the output of  
22 sulphur at the point of shipment to market. Lands known to con-  
23 tain valuable deposits of sulphur and not covered by permits or  
24 leases, shall be held subject to lease by the Commissioner through  
25 advertisement, competitive bidding, or such other methods as he  
26 may by general regulation adopt, and in such areas as he shall  
27 fix, not to exceed 2,560 acres; all leases to be conditioned upon  
28 the payment by the lessee of such royalty as may be fixed in the  
29 lease and the payment in advance of a rental of 50 cents per acre

1 per annum, the rental for any one year to be credited against the  
2 royalties accruing for that year.

3 (6) Potassium. The Commissioner is hereby authorized,  
4 under such rules and regulations as he may prescribe, to grant to  
5 any qualified applicant a prospecting permit which shall give the  
6 exclusive right to prospect for chlorides, sulphates, carbonates,  
7 borates, silicates, or nitrates of potassium in lands belonging  
8 to Alaska for a period not to exceed two years; provided, that  
9 the area to be included in such a permit shall not exceed 2,560  
10 acres of land in reasonably compact form. Upon showing to the  
11 satisfaction of the Commissioner that valuable deposits of  
12 potassium compounds have been discovered by the permittee within  
13 the area covered by his permit, and that such land is chiefly  
14 valuable therefor, the permittee shall be entitled to a lease  
15 for any or all of the land embraced in the prospecting permit, at  
16 a royalty of not less than 2 per centum of the quantity or gross  
17 value of the output of potassium compounds and other related prod-  
18 ucts, except sodium, at the point of shipment to market. Lands  
19 known to contain valuable deposits of potassium compounds and not  
20 covered by permits or leases shall be held subject to lease by  
21 the Commissioner through advertisement, competitive bidding, or  
22 such other methods as he may by general regulation adopt, in such  
23 areas as he shall fix, not to exceed 2,560 acres; all leases to be  
24 conditioned upon payment by the lessee of a royalty of not less  
25 than 2 per centum of the quantity or gross value of the output of  
26 potassium compounds and other related products, except sodium,  
27 at the point of shipment to market, and the payment in advance of  
28 a rental of 25 cents per acre for the first calendar year or  
29 fraction thereof; 50 cents per acre for the second, third, fourth,

1 and fifth years, respectively; and \$1 per acre per annum there-  
2 after during the continuance of the lease, such rental for any one  
3 year being credited against royalties accruing for that year.

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

6 (7) Oil and Gas. All tide and submerged lands shall  
7 be leased by competitive bidding, and whenever oil or gas is  
8 discovered in any well on Alaska land in commercial quantities,  
9 the Commissioner shall determine the extent of the area of any  
10 lands in addition to tide and submerged lands in the same general  
11 area of the discovery well, which by reason of such discovery the  
12 Commissioner reasonably believes to be capable of producing oil  
13 or gas, and such additional lands shall be leased by competitive  
14 bidding. Such competitive lands shall be leased to the highest  
15 responsible qualified bidder by competitive bidding under general  
16 regulations, in units of not exceeding 640 acres (except that  
17 tide and submerged lands shall be leased in units of not exceeding  
18 5,760 acres), which shall be as nearly compact in form as possible,  
19 upon the payment by the lessee of such bonus as may be accepted by  
20 the Commissioner and of such royalty as may be fixed in the lease  
21 which shall be not less than 12-1/2 per centum in amount or value  
22 of the production removed or sold from the lease; provided, that  
23 any holder of a lease who shall drill and make the first discovery  
24 of oil or gas in commercial quantities in any geologic structure  
25 shall pay a royalty on all production under the lease of 5 per  
26 centum for ten years following the date of such discovery and  
27 thereafter the royalty rate shall be not less than 12-1/2 per  
28 centum. All lands other than those above provided to be leased by  
29 competitive bidding shall be leased without competitive bidding to

1 the first qualified person making application therefor. Noncom-  
2 petitive leases shall be issued in units of not exceeding 2,560  
3 acres in any one lease. Such noncompetitive leases shall be  
4 conditioned upon the payment by the lessee of a royalty of 12-1/2  
5 per centum in amount or value of the production removed or sold  
6 from the lease; provided, that any holder of a lease who shall  
7 drill and make the first discovery of oil or gas in commercial  
8 quantities in any geologic structure shall pay a royalty on all  
9 production under the lease of 5 per centum for ten years following  
10 the date of such discovery and thereafter the royalty rate shall  
11 be 12-1/2 per centum. Leases issued under this subsection shall  
12 be for a primary term of five years and shall continue so long  
13 thereafter as oil or gas is produced in paying quantities.

14 Any oil or gas lease issued under this subsection which is  
15 subject to termination by reason of cessation of production  
16 shall not terminate if, within sixty days after production ceases,  
17 reworking or drilling operations are commenced on the land under  
18 lease and are thereafter conducted with reasonable diligence  
19 during such period of nonproduction. No lease issued under the  
20 provisions of this subsection shall expire because operations or  
21 production is suspended under any order, or with the consent,  
22 of the Commissioner. No lease issued under the provisions of this  
23 subsection covering lands on which there is a well capable of  
24 producing oil or gas in paying quantities shall expire because  
25 the lessee fails to produce the same, unless the lessee is  
26 allowed a reasonable time, within which to place such well on a  
27 producing status; provided, that after such status is established  
28 production shall continue on the leased premises unless and until  
29 suspension of production is allowed by the Commissioner.

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

22           The Commissioner may, in his discretion, provide for extension  
23 beyond the ten-year period of leases which, although not then  
24 productive, are at that time included in an approved unit plan  
25 or program of secondary recovery operation to bring about or  
26 restore production.

27           All noncompetitive oil or gas leases issued under this  
28 subsection shall be conditioned upon the payment by the lessee  
29 in advance of an annual rental of 50 cents per acre or fraction

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

8       Should Alaska select or otherwise acquire any Federal land  
9 which, at the effective date of the selection or acquisition,  
10 is subject to a valid existing offer for a noncompetitive United  
11 States oil and gas lease under the Federal Act of Feb. 25, 1920  
12 (41 Stat. 437 as amended), the offeror for the Federal lease, if  
13 a qualified applicant hereunder, shall be deemed to be the first  
14 qualified applicant for an Alaska noncompetitive oil and gas  
15 lease under the provisions of this Section 3 (7) of this Article  
16 VIII, and shall be entitled to an Alaska noncompetitive oil and  
17 gas lease upon compliance with the provisions of the regulation  
18 covering such applications within 60 days after receipt of written  
19 notice from the Commissioner of such selection or acquisition.  
20 The priority herein provided for shall not be effective if the  
21 land covered by such Federal offer to lease is classified by the  
22 Commissioner as competitive lands as herein provided within 90  
23 days after the selection of such land is finally approved by the  
24 Secretary of the Interior or such land is otherwise acquired.

25       For the purpose of more properly conserving the natural  
26 resources of any oil or gas pool, field, or like area, or any  
27 part thereof (whether or not any part of said oil or gas pool,  
28 field, or like area is then subject to any cooperative or unit  
29 plan of development or operation), lessees thereof and their

1 representatives may unite with each other, or jointly or  
2 separately with others, in collectively adopting or operating  
3 under a cooperative or unit plan of development or operation of  
4 such pool, field, or like area, or any part thereof, whenever  
5 determined and certified by the Commissioner to be necessary or  
6 advisable in the public interest. The Commissioner is thereunto  
7 authorized, in his discretion, with the consent of the holders  
8 of leases involved, to establish, alter, change, or revoke drill-  
9 ing, producing, rental, minimum royalty, and royalty requirements  
10 of such leases and to make such regulations with reference to  
11 such leases, with like consent on the part of the lessees, in  
12 connection with the institution and operation of any such  
13 cooperative or unit plan as he may determine necessary or proper  
14 to secure the proper protection of the public interest. The  
15 Commissioner may provide that oil and gas leases issued under  
16 this subsection shall contain a provision requiring the lessee  
17 to operate under such a reasonable cooperative or unit plan, and  
18 he may prescribe such a plan under which such a lessee shall  
19 operate, which shall adequately protect all parties in interest,  
20 including Alaska.

21 Any plan authorized by the preceding paragraph, which  
22 includes lands owned by Alaska, may, in the discretion of the  
23 Commissioner, contain a provision whereby authority is vested in  
24 the Commissioner, or any such person, committee, or State agency  
25 as may be designated in the plan, to alter or modify from time to  
26 time the rate of prospecting and development and the quantity and  
27 rate of production under such plan. All leases operated under  
28 any such plan approved or prescribed by the Commissioner shall be  
29 excepted in determining holdings or control under the provisions

1 of Section 2 of this Article. The provisions of this Subsection  
2 3 (7) of this Article VIII concerning cooperative or unit plans  
3 are in addition to, and shall in no way repeal, diminish, change  
4 or abrogate the provisions of Chapter 40, SLA 1955.

5 Producing acreage on a known geologic structure of a  
6 producing oil or gas field shall be excluded from chargeability  
7 as against the acreage limitation provisions of Section 2 of this  
8 Article.

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

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



1 as provided for in this Act shall at all times be in conformity  
2 with the provisions of the Constitution of the State of Alaska and  
3 the principles of multiple purpose use consistent with the public  
4 interest.

5 ARTICLE XI

6 LAND SELECTION

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

13 ARTICLE XII

14 PARKS AND RECREATION AREAS

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

23 ARTICLE XIII

24 MISCELLANEOUS

25 Section 1. TRANSFER, APPROPRIATIONS, RECORDS, ETC. All  
26 appropriations, records, reports, papers, documents, equipment,  
27 forms, supplies, memoranda and other public property of whatever  
28 kind held by the Department of Public Lands, created under Chapter  
29 126, SLA 1953, as amended by Chapter 183, SLA 1955, shall be

1 turned over to the Director when and as requested.

2 Sec. 2. CONTINUING RULES, REGULATIONS, AGREEMENTS, ETC.

3 All rules, regulations, procedures, funds, contracts and agree-  
4 ments which have been established or entered into by the Depart-  
5 ment of Lands prior to the effective date of this Act under the  
6 authority of Chapter 126, SLA 1953, as amended, and Chapter 184,  
7 SLA 1957, are hereby continued, and subject to any further amend-  
8 ments by the Commissioner except where inconsistent with the  
9 provisions of this Act.

10 Until such time as the Commissioner is appointed under the  
11 reorganization of the State executive branch of government the  
12 acting Director, or his successor, now serving as Director of the  
13 Department of Lands, shall continue to perform the duties herein  
14 delegated to the Director.

15 Sec. 3. EXCEPTIONS.

16 (a) The Commissioner shall have no jurisdiction over  
17 University lands except when such jurisdiction has been conferred  
18 on the Commissioner by the Board of Regents of the University of  
19 Alaska.

20 (b) Any power, duty or authority now or in the future  
21 granted to either the Alaska Highway and Public Works Department,  
22 or its successor, or to the Alaska Department of Aviation, or  
23 its successor, to acquire, use, lease or exchange real property,  
24 or any interest therein, shall be exercised by either of said  
25 Departments in conformity with the provisions of this Act.

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

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

5 Sec. 4. REPEALER. Chapter 189, SLA 1955, and Chapter 184,  
6 SLA 1957, are hereby repealed.

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

11 Sec. 6. EFFECTIVE DATE. This Act shall take effect  
12 immediately upon its passage and approval or upon its becoming  
13 law without such approval.  
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