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1 IN THE SENATE

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2 *CS* SENATE BILL NO. 311 *am*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sale or other disposal of  
7 state royalty oil and gas; and providing for an  
8 effective date."

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

10 \* Section 1. AS 38.05.183 is amended by adding new subsections to read:

11 (e) Oil or gas taken in kind by the state as its royalty share  
12 may not be sold or otherwise disposed of until the commissioner  
13 determines that the royalty-in-kind oil or gas is surplus to the  
14 present and projected intra-state domestic and industrial needs.

15 (f) Before declaring that royalty-in-kind oil or gas is surplus  
16 under (e) of this section and, therefore available for export sale  
17 or disposal, all intra-state users must be rejected under the pro-  
18 visions of (b) of this section. In rejecting an intra-state user  
19 the commissioner shall make public, in writing, the specific findings  
20 and reasons on which his determination is based.

21 (g) If more than one intra-state user bids on the same royalty-  
22 in-kind oil or gas and the commissioner determines that the sale or  
23 disposal of the oil or gas would, overall, bring equal benefits to  
24 the state regardless of which intra-state user prevails he shall enter  
25 into negotiations with the competing intra-state users with the object  
26 of arriving at a pro rata distribution which will be acceptable to  
27 all parties. If pro rata distribution is not feasible the commissioner  
28 shall make a complete analysis of the positions of each intra-state  
29 bidder and of the benefits which will accrue to the state under each

1 position and submit this analysis and his recommendations to the  
2 legislature within 10 days of the convening of a regular session or  
3 upon completion of the analysis, if completed before adjournment of a  
4 regular session of the legislature. The legislature may, by con-  
5 current resolution, accept or reject the commissioner's recommendations.  
6 If the legislature fails to act on the commissioner's recommendations  
7 during the session in which submitted, this failure may be treated by  
8 the commissioner as acceptance of his recommendations.

9 (h) In this section "intra-state user or bidder" means a person  
10 who wholly disposes of state royalty-in-kind crude oil or gas or the  
11 products derived from this crude oil or gas to ultimate consumers in  
12 the state; or, a person who contracts with the commissioner in partial  
13 consideration for obtaining state royalty-in-kind oil or gas or their  
14 refined products that he will not export the crude oil or gas or their  
15 refined products except as the commissioner may from time to time  
16 determine to be in the best interest of the state and in compliance with  
17 this section.

18 \* Sec. 2. This Act takes effect on the day after its passage and  
19 approval or on the day it becomes law without approval.  
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