

Original Sponsor: Rules Committee by  
request of the Governor

Offered: 4/13/76  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 626

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the reacquisition of oil and gas  
7 leasehold interests in Kachemak Bay; and providing for  
8 an effective date."

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

10 \* Section 1. AS 38.05 is amended by adding a new section to read:

11 Sec. 38.05.184. LIMITATION ON OIL AND GAS LEASES IN CERTAIN AREAS,  
12 AND REACQUISITION OF LEASES. (a) No additional oil or gas leases may  
13 be issued by the Department of Natural Resources or any other state  
14 agency for the exploration for or the development or production of oil  
15 and gas on state-owned land and waters seaward of the mean higher high  
16 water line, beginning at Anchor Point; then around the perimeter of  
17 Kachemak Bay, to Point Pogibshi; then west to the three mile limit of  
18 state land and waters; then north to a point three miles west of Anchor  
19 Point; then east to the mean higher high water line of Anchor Point, the  
20 point of beginning.

21 (b) The commissioner of natural resources may enter into negotia-  
22 tions to reacquire by purchase in the name of the state, title to or  
23 accountable interests in oil or gas leases within the boundaries de-  
24 scribed in (a) of this section which were issued before the effective  
25 date of this Act.

26 (c) In lieu of cash payment for a negotiated purchase of a  
27 leasehold interest, the commissioner shall authorize a credit of the  
28 purchase price plus interest at the rate prescribed by AS 09.30.070 to  
29 be granted the seller to be applied against future lease bonus or rental

1 payments, permit fees, royalties, or oil and gas taxes which may become  
2 owing on new production from other leases or property on state land held  
3 by the seller for oil and gas development. The commissioner may also  
4 negotiate to reimburse in like manner by credit provision, the full  
5 bonus paid by the lessee to the state plus an amount not to exceed 20  
6 per cent of the bonus to compensate the lessee for expenses and other  
7 costs incurred by the lessee.

8 \* Sec. 2. Nothing in this Act is intended to diminish a valid existing  
9 exploration, operating, or production right of the leasee, including reason-  
10 able access to and from the lease site and the transportation of production  
11 from the lease to a shore-based facility or to a refinery or other market,  
12 until full reacquisition of the lease by the state through negotiations.

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).