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1 IN THE HOUSE

CS HOUSE BILL NO. 728

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 state oil and gas leases."

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

8 * Section 1. AS 38.05.180 is amended by adding new subsections to read:

9 (t) After the effective date of this Act, no oil or gas lease may
10 be issued by the state unless the lease includes terms and conditions
11 that none of the oil or gas produced from the mineral estate subject to
12 the lease shall be sold or contracted for sale to any person for ultimate
13 use outside the state unless the Alaska Pipeline Commission finds, after
14 notice and hearing, that the oil or natural gas is not required to meet
15 the existing need for fuel or raw materials by:

16 (1) any facility of the state or any municipality or other
17 subdivision of the state;

18 (2) any public or private school of the state, of elementary,
19 secondary or higher education level;

20 (3) any private or public hospital, nursing home, or other
21 similar health care facility in the state;

22 (4) any producer of food or fiber in the state;

23 (5) any other person who resides in the state and who relies
24 on oil or gas to provide in whole or in part his existing needs for fuel
25 or raw materials.

26 (u) The Alaska Pipeline Commission may, after notice and hearing,
27 grant exceptions to (t) of this section if it determines that enforce-
28 ment of that subsection would cause physical waste or would unreasonably
29 deny to the lessee an opportunity economically to produce hydrocarbons

1 from the land subject to the lease in question.

2 * Sec. 2. AS 42.06.140 is amended by adding a new paragraph to read:

3 (10) make determinations under AS 38.05.180(t) and (u) regarding
4 the out-of-state sale of oil and gas produced from leases issued which
5 are subject to AS 38.05.180(t).
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