

Original sponsor: Bradner, Anderson,
Bradley, et al

Offered: 4/22/76
Referred: Rules

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR 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 a new subsection 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 the condition that the
11 commissioner has the option of purchasing, at fair market value, all or
12 a portion of the oil or gas produced from the mineral estate subject to
13 the lease before the sale, contract for sale or other commitment of the
14 oil or gas to any person for ultimate use outside the state. An option
15 shall be exercised under this section unless the commissioner finds,
16 after reasonable notice and hearing, that

17 (1) the oil or gas is not required to meet the existing or
18 reasonably anticipated need for fuel or raw materials by

19 (A) a facility of the state or a municipality or other
20 subdivision of the state;

21 (B) a public or private school of the state, of elemen-
22 tary, secondary or higher education level;

23 (C) a private or public hospital, nursing home, or other
24 similar health care facility in the state;

25 (D) a producer of food or fiber in the state;

26 (E) any other person who resides in the state and who
27 relies on oil or gas to provide in whole or in part his existing
28 needs for fuel or raw materials;

29 (2) exercise of the option would cause physical waste or

1 would unreasonably deny to the lessee an economic opportunity to produce
2 hydrocarbons from the land subject to the lease in question; or

3 (3) transportation or marketing considerations would make
4 exercise of the option commercially impractical or infeasible.
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