

Original Sponsor: Resources Committee

Offered: 5/10/76
Referred: Finance

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 720

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) The legislature finds that Kachemak
13 Bay is an area of extraordinary abundance and diversity of marine life
14 that has provided, and will continue to provide in the future, a basis
15 for one of the state's most important commercial fisheries; that recent
16 information discloses that even minute quantities of oil released into
17 the marine environment may be harmful to the larval forms of crabs and
18 other marine life and that the existence of gyral currents within the
19 bay may increase the likelihood of oil coming into contact with these
20 valuable commercial fish and shellfish species; and that therefore oil
21 and gas development in the bay, at this time, presents an undue hazard
22 to this valuable state renewable resource.

23 (b) No additional oil or gas leases may be issued by the Department
24 of Natural Resources or any other state agency for the exploration for
25 or the development or production of oil and gas on state-owned land and
26 waters seaward of the mean higher high water line, beginning at Anchor
27 Point; then around the perimeter of Kachemak Bay, to Point Pogibshi;
28 then west to the three mile limit of state land and waters; then north
29 to a point three miles west of Anchor Point; then east to the mean

1 higher high water line of Anchor Point, the point of beginning.

2 (c) The commissioner of natural resources may enter into negotia-
3 tions to reacquire by purchase in the name of the state, title to or
4 accountable interests in oil or gas leases within the boundaries de-
5 scribed in (b) of this section which were issued before the effective
6 date of this Act.

7 (d) In lieu of cash payment for a negotiated purchase of a lease-
8 hold interest, the commissioner may authorize a credit of the purchase
9 price plus interest at the rate prescribed by AS 09.30.070 to be granted
10 the seller to be applied against future lease bonus or rental payments,
11 permit fees, royalties, or oil and gas taxes which may become owing on
12 new production from other leases or property held by the seller for oil
13 and gas development. The commissioner may also negotiate to reimburse
14 in like manner by credit provision the full bonus paid by the lessee to
15 the state plus a reasonable amount to compensate the lessee for expenses
16 and other costs incurred by the lessee.

17 (e) For a period of one year from the effective date of this
18 section, or until the adjournment of the First Session of the Tenth
19 Alaska Legislature, whichever period is longer, no drilling activities
20 to explore or develop any existing state oil and gas leases in the bay
21 are permitted. The purpose of this moratorium on exploration and de-
22 velopment is to (1) permit the Department of Fish and Game a reasonable
23 time to develop plans to insure protection for the living resources of
24 the bay from possible pollution incidental to drilling activities; and
25 (2) permit the commissioner of natural resources a reasonable period to
26 negotiate for the repurchase of the leases under (c) of this section.
27 The lease period for any existing oil and gas leases in Kachemak Bay
28 shall be extended by the commissioner of the Department of Natural
29 Resources for the period of this moratorium.

1 (f) In the event the commissioner of natural resources is unable
2 to negotiate a satisfactory price for repurchase of the leases under (c)
3 of this section, he may at the time the moratorium on exploration and
4 development expires acquire all title to or interests in said oil or gas
5 leases through the exercise of the power of eminent domain.

6 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

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