

Introduced: 3/6/78
Referred: The Special Committee
on the Sale of Royalty Oil and
Gas

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 112 am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - SECOND SESSION

5 Conditionally approving the sale of
6 royalty oil to Alaska Petrochemical Company.

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

8 WHEREAS, the State of Alaska has the right under AS 38.05.180 and its
9 oil and gas leases to take its royalty of crude oil production removed or
10 sold from said leases either in value (money) or in kind (oil); and

11 WHEREAS, the legislature has by enactment of AS 38.06 and AS 38.05.-
12 182, established a policy favoring the taking of that royalty in kind
13 (referred to as "royalty oil"); and

14 WHEREAS, under his statutory authority as set out in AS 38.05 and
15 38.06, the commissioner of natural resources has negotiated an agreement
16 entitled "AGREEMENT FOR THE SALE AND PURCHASE OF STATE ROYALTY OIL" ("Agree-
17 ment") for the sale and purchase of royalty oil with Alaska Petrochemical
18 Company; and

19 WHEREAS, under its duties and powers as set out in AS 38.06 the Alaska
20 Royalty Oil and Gas Development Advisory Board has considered and, on
21 February 22, 1978, approved the Agreement;

22 WHEREAS, the commissioner of natural resources has fulfilled the
23 statutory prerequisites necessary to selling the royalty oil which is the
24 subject of the Agreement and has obtained approvals from the Alaska Royalty
25 Oil and Gas Development Advisory Board, to the extent required under AS
26 38.05 and 38.06; and

27 WHEREAS, the Agreement contains a provision stating that it takes
28 effect on the date on which it has been approved by a concurrent resolution
29 of a majority of each house of the Tenth Alaska State Legislature; and

1 WHEREAS, under AS 38.06.055(a), no sale of royalty oil may be made by
2 the commissioner of natural resources without the prior approval of the
3 legislature by a concurrent resolution concurred in by a majority of the
4 members of each house; and

5 WHEREAS, the commissioner of natural resources submitted the Agreement
6 to the legislature for consideration and approval; and

7 WHEREAS, the legislature has reviewed and evaluated the Agreement, and
8 has conducted public hearings and otherwise received background infor-
9 mation, expert advice, and expressions of public opinion sufficient to make
10 a reasoned determination with respect to the Agreement; and

11 WHEREAS, the legislature finds that the provisions of the Agreement which
12 allow Alaska Petrochemical Company to export crude oil from the state are not
13 in the best interests of the State of Alaska and its citizens; and

14 WHEREAS, the legislature finds the Agreement to be otherwise in the
15 best interest of the State of Alaska and its citizens, and further finds that
16 the Agreement is in compliance with all applicable constitutional directives
17 and requirements of law;

18 BE IT RESOLVED by the Alaska State Legislature that the agreement
19 entitled "AGREEMENT FOR THE SALE AND PURCHASE OF STATE ROYALTY OIL," between
20 the State of Alaska, acting through its commissioner of natural resources,
21 and Alaska Petrochemical Company, is hereby approved, provided that the
22 Agreement is amended so that the total amount of crude oil deliverable under
23 the Agreement may not exceed the amount Alaska Petrochemical Company uses
24 or causes to be used within the State of Alaska as petrochemical or refining
25 feedstock.
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