

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. 113

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Approving the sale of royalty oil
6 to Tesoro-Alaskan Petroleum

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 38.05.182,
12 established a policy favoring the taking of that royalty in kind (referred
13 to as "royalty oil"); and

14 WHEREAS, the State of Alaska entered into a certain agreement entitled
15 "AGREEMENT FOR THE SALE AND PURCHASE OF STATE OF ALASKA ROYALTY OIL" ("Agree-
16 ment") for the sale of royalty oil with Alaskan Oil and Refining Company on
17 or about January 31, 1969; and

18 WHEREAS, Tesoro-Alaskan Petroleum Company is the legal successor in
19 due course to Alaskan Oil and Refining Company and the Alaskan Oil and
20 Refining Company's rights, duties, and obligations under the Agreement; and

21 WHEREAS, the State of Alaska entered into an agreement entitled "EXTEN-
22 SION OF AGREEMENT FOR THE SALE AND PURCHASE OF STATE ROYALTY OIL" ("Exten-
23 sion") with Tesoro-Alaskan Petroleum Company on or about March 8, 1977; and

24 WHEREAS, Article I of the Extension provides in pertinent part that
25 the Agreement "shall extend to and include December 31, 1978"; and

26 WHEREAS, under his statutory authority as set out in AS 38.05 and
27 38.06, the commissioner of natural resources has negotiated a second agree-
28 ment entitled "EXTENSION OF AGREEMENT FOR THE SALE AND PURCHASE OF STATE
29 ROYALTY OIL" ("Agreement II") for the sale and purchase of royalty oil with

1 Tesoro-Alaskan Petroleum Company, extending the term of the Agreement,
2 modifying various provisions of it, and adding various provisions to it;
3 and

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

7 WHEREAS, the commissioner of natural resources has fulfilled the
8 statutory prerequisites necessary to selling the royalty oil which is the
9 subject of Agreement II and has obtained approvals from the Alaska Royalty
10 Oil and Gas Development Advisory Board, to the extent required under AS
11 38.05 and 38.06; and

12 WHEREAS, Agreement II contains a provision stating that if the Tenth
13 Alaska State Legislature does not approve Agreement II by a concurrent
14 resolution concurred in by a majority of the members of each house, then it
15 shall be of no force or effect; and

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

20 WHEREAS, the commissioner of natural resources submitted Agreement II
21 to the legislature for consideration and approval; and

22 WHEREAS, the legislature has reviewed and evaluated Agreement II, and
23 has conducted public hearings or otherwise received background information,
24 expert advice, and expressions of public opinion sufficient to make a
25 reasoned determination with respect to Agreement II; and

26 WHEREAS, the legislature finds Agreement II to be in the best interests
27 of the State of Alaska and its citizens, and further finds that Agreement
28 II is in compliance with all applicable constitutional directives and
29 requirements of law;

1 BE IT RESOLVED by the Alaska State Legislature that the agreement
2 entitled "EXTENSION OF AGREEMENT FOR THE SALE AND PURCHASE OF STATE ROYALTY
3 OIL," between the State of Alaska, acting through its commissioner of
4 natural resources, and Tesoro-Alaskan Petroleum Company, is hereby approved.
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