

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/1/78
Referred: Rules

1 IN THE HOUSE

BY THE SPECIAL COMMITTEE ON THE
SALE OF ROYALTY OIL AND GAS

2 CS FOR 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 to
13 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 or
17 or about January 31, 1969; and

18 WHEREAS, Tesoro-Alaskan Petroleum Company is the legal successor in due
19 course to Alaskan Oil and Refining Company and the Alaskan Oil and Refining
20 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 the
25 Agreement "shall extend to and include December 31, 1978"; and

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

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

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

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

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

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

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

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

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

29 BE IT RESOLVED by the Alaska State Legislature that the agreement en-

1 titled "EXTENSION OF AGREEMENT FOR THE SALE AND PURCHASE OF STATE ROYALTY
2 OIL," between the State of Alaska, acting through its commissioner of natural
3 resources, and Tesoro-Alaskan Petroleum Company, is hereby approved.

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