

Introduced: 3/28/77
Referred: Resources, Judiciary
and Finance

1 IN THE SENATE

BY HUBER

2 SENATE BILL NO. 292

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to termination of the agreement
7 disposing of royalty natural gas to Tenneco, Alaska,
8 Inc.; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. FINDINGS. The legislature finds that

11 (1) the State of Alaska and Tenneco, Alaska, Inc., a subsidiary of
12 the Tennessee Gas Transmission Company, have entered into an agreement pro-
13 viding for the commitment of state royalty natural gas taken in kind;

14 (2) the consideration due the state by the company in exchange for
15 the commitment of state royalty natural gas under the agreement is, princi-
16 pally, the measure of support which the company has pledged to exercise
17 before the regulatory commissions, Congress and the general public in fur-
18 therance of approval of an all-Alaska route for the delivery of supplies of
19 natural gas to the contiguous 48 states;

20 (3) after approval by the legislature of the agreement providing
21 for the sale of royalty natural gas, Tenneco, Inc., has publicly admitted to
22 the transfer of significant quantities of natural gas from interstate com-
23 merce to more lucrative intrastate markets;

24 (4) the disclosure, related in documents filed by the company with
25 the Securities and Exchange Commission and reported in the national press,
26 involved transactions in natural gas which, in the words of company spokesmen
27 reported in news articles, "may have failed to meet all the regulatory re-
28 quirements therefor under the Natural Gas Act";

29 (5) the disclosure of information to the Securities and Exchange

1 Commission calls into question the reputation of the company as a responsible
2 party supporting the trans-Alaska gas project, jeopardizes the credibility
3 of the company before the regulatory agencies, Congress and the general public,
4 and casts doubt upon the ability of the company to effectively influence
5 support for and selection of an all-Alaska natural gas pipeline route;

6 (6) the credibility of Tenneco, Alaska, Inc., and its associate
7 companies was a material factor in the decision of the legislature to approve
8 the agreement, and the subsequent disclosures diminish the reputation of the
9 companies and materially detract from the ability of the contracting party
10 to provide effective support for an all-Alaska natural gas pipeline;

11 (7) the interests of the people of the State of Alaska would be
12 best served if the agreement between the state and Tenneco, Alaska, Inc.,
13 is terminated at the earliest possible date.

14 * Sec. 2. TERMINATION OF AGREEMENT. (a) The commissioner of natural
15 resources shall enter into negotiations with officials of Tenneco, Alaska,
16 Inc., to reacquire in the name of the state the interests of the state in its
17 royalty natural gas conveyed by Alaska royalty gas sale number 76-2, and
18 approved by the legislature by adoption of Senate Concurrent Resolution No. 3
19 of the Tenth Alaska Legislature.

20 (b) In the event the commissioner is unable to successfully
21 negotiate termination of the contract specified in (a) of this section, the
22 attorney general shall, after advising the Legislative Council, commence an
23 action to nullify and set aside the agreement between the parties.

24 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).