

Introduced: 1/31/79  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY RANDOLPH

2 HOUSE BILL NO. 104

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the leasing of state land for oil  
7 and gas development."

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

9 \* Section 1. AS 38.05.180(a)(2) is amended by adding a new subparagraph  
10 to read:

11 (C) permit the widest range of competitive participation  
12 in the leasing of state land for oil and gas development.

13 \* Sec. 2. AS 38.05.180(f) is amended to read:

14 (f) The commissioner shall [MAY] issue oil and gas leases on state  
15 land (1) at least once each month on a noncompetitive basis under regu-  
16 lations adopted by the commissioner; and (2) at least three times each  
17 year to the highest responsible bidder determined by competitive bidding  
18 under regulations adopted by the commissioner. Competitive bidding may  
19 be by sealed bid or according to any other competitive bidding procedure  
20 the commissioner determines is in the best interests of the state.

21 [WHENEVER, UNDER ANY OF THE LEASING METHODS LISTED IN THIS SUBSECTION, A  
22 ROYALTY SHARE IS RESERVED TO THE STATE, IT SHALL BE DELIVERED IN PIPE-  
23 LINE QUALITY AND FREE OF ALL LEASE OR UNIT EXPENSES, INCLUDING BUT NOT  
24 LIMITED TO SEPARATION, CLEANING, DEHYDRATION, GATHERING, SALT WATER  
25 DISPOSAL, AND PREPARATION FOR TRANSPORTATION OFF THE LEASE OR UNIT AREA.  
26 FOLLOWING A PRE-SALE ANALYSIS, THE COMMISSIONER MAY CHOOSE AT LEAST ONE  
27 OF THE FOLLOWING LEASING METHODS:

28 (1) A CASH BONUS BID WITH A FIXED ROYALTY SHARE RESERVED TO  
29 THE STATE OF NOT LESS THAN 12 1/2 PER CENT IN AMOUNT OF VALUE OF THE

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PRODUCTION REMOVED OR SOLD FROM THE LEASE;

(2) A CASH BONUS BID WITH A FIXED ROYALTY SHARE RESERVED TO THE STATE OF NOT LESS THAN 12 1/2 PER CENT IN AMOUNT OF VALUE OF THE PRODUCTION REMOVED OR SOLD FROM THE LEASE AND A FIXED SHARE OF THE NET PROFIT DERIVED FROM THE LEASE OF NOT LESS THAN 30 PER CENT RESERVED TO THE STATE;

(3) A FIXED CASH BONUS WITH A ROYALTY SHARE RESERVED TO THE STATE AS THE BID VARIABLE BUT NO LESS THAN 12 1/2 PER CENT IN AMOUNT OR VALUE OF THE PRODUCTION REMOVED OR SOLD FROM THE LEASE; ROYALTY SHARE AS A BID VARIABLE SHALL BE USED ONLY WHEN THE COMMISSIONER DETERMINES THERE IS EVIDENCE THAT UNLEASED ACREAGE IS SUBJECT TO DRAINAGE BY OFFSETTING WELLS;

(4) A FIXED CASH BONUS WITH THE SHARE OF THE NET PROFIT DERIVED FROM THE LEASE RESERVED TO THE STATE AS THE BID VARIABLE;

(5) A FIXED CASH BONUS WITH A FIXED ROYALTY SHARE RESERVED TO THE STATE OF NOT LESS THAN 12 1/2 PER CENT IN AMOUNT OR VALUE OF THE PRODUCTION REMOVED OR SOLD FROM THE LEASE WITH THE SHARE OF THE NET PROFIT DERIVED FROM THE LEASE RESERVED TO THE STATE AS THE BID VARIABLE.]

\* Sec. 3. AS 38.05.180(w) is repealed.

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