

Introduced: 1/18/80  
Referred: Resources and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 557

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to scheduling oil and gas lease  
7 sales; and providing for an effective date."

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

9 \* Section 1. AS 38.05.180(c) is amended to read:

10 (c) Except as provided in (d) of this section, no oil and gas  
11 lease issued by the commissioner is [SHALL BE] valid unless it was in-  
12 cluded in a proposed leasing program submitted to the legislature dur-  
13 ing the third [AND FOURTH] calendar year [YEARS] preceding the year in  
14 which the lease is issued, except that an area proposed for leasing in  
15 the third [FOURTH] calendar year after the year in which the program  
16 is submitted to the legislature may be leased if the commissioner re-  
17 submits the area to the following regular legislative session.

18 \* Sec. 2. AS 38.05.180(d) is amended to read:

19 (d) The commissioner may issue oil and gas leases in an area  
20 that has not been included in a leasing program submitted, in accord-  
21 ance with (b) of this section, to the legislature if

22 (1) the land to be leased was previously subject to a valid  
23 state or federal oil and gas lease; or

24 (2) the land to be leased is contiguous to land already  
25 under state, federal or private lease and the commissioner makes a  
26 written finding, after hearing, that leasing of the land would result  
27 in a substantial probability of early evaluation and development of  
28 the land to be leased; or

29 (3) the land to be leased is adjacent to land owned or

1 controlled by another party on which a discovery of commercial quanti-  
2 ties of oil or gas has been made, and where the commissioner finds,  
3 after hearing, that there is a reasonable probability that the land to  
4 be leased contains oil or gas in communication with the oil or gas  
5 discovered on the land of the other party; or

6 (4) the land to be leased is adjacent to land included in  
7 the federal five-year leasing program under 43 U.S.C. sec. 1344, and  
8 the commissioner makes a written finding, after hearing, that coordi-  
9 nated or simultaneous leasing with the federal government would be in  
10 the public interest.

11 \* Sec. 3. AS 38.05.180(w) is amended to read;

12 (w) Notwithstanding any other provision of this section, land  
13 which has been offered for lease within the previous five years and  
14 which received no bids at competitive sale or for which no bid was  
15 accepted may be, at the discretion of the commissioner, immediately  
16 offered for lease, under regulations adopted by him, upon terms appear-  
17 ing most advantageous to the state; however, non-competitive leasing  
18 is prohibited. The commissioner shall establish a royalty as he  
19 determines to be in the public interest but not less than 12 1/2 per  
20 cent. A lease must provide for payment to the state or rental but  
21 need not adhere to the rental schedule in (n) of this section or to  
22 the 5,760-acres-per-lease limitation in (m) of this section. The  
23 lease term may not exceed five years except as provided in (m) and (o)  
24 of this section.

25 \* Sec. 4. Section 7, ch. 155 SLA 1978, as amended by sec. 2, ch. 65 SLA  
26 1979, is amended to read:

27 Sec. 7. TRANSITIONAL PROVISIONS. By the 20th day of the First  
28 Session of the Eleventh Legislature the commissioner of natural  
29 resources shall submit a proposed oil and gas leasing program to the

1 legislature in accordance with AS 38.05.180(b), except that the pro-  
2 posed program shall cover all areas to be leased in 1979 through 1983.  
3 No lease, except as authorized under AS 38.05.180(d) or 38.05.180(w),  
4 shall be issued during 1979, 1980, [OR] 1981, or 1982 unless the land  
5 to be leased was included in this proposed leasing program.

6 \* Sec. 5. Sections 1 -- 3 of this Act are retroactive to January 14,  
7 1980.

8 \* Sec. 6. Section 4 of this Act is retroactive to January 1, 1979.

9 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.-  
10 10.070(c).

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29