

Introduced: 2/14/80
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SPONSOR SUBSTITUTE FOR 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(b) is amended to read:

10 (b) The commissioner shall annually prepare and submit to the
11 legislature, between the first and the fifteenth day of each regular
12 legislative session, a five-year proposed oil and gas leasing program
13 consisting of a schedule of proposed lease sales and specifying as
14 precisely as practicable the location of tracts proposed to be offered
15 for oil and gas leasing during the [THIRD AND FOURTH CALENDAR YEARS
16 FOLLOWING THE] calendar year in which the proposed program is submitted
17 to the legislature and the following four calendar years.

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

19 (c) Except as provided in (d) and (w) of this section, no oil
20 and gas lease sale may be held [ISSUED BY THE COMMISSIONER SHALL BE
21 VALID] unless it was included in the [A] proposed leasing programs
22 [PROGRAM] submitted to the legislature during the three [THIRD AND
23 FOURTH] calendar years preceding the year in which the sale [LEASE]
24 is held [ISSUED, EXCEPT THAT AN AREA PROPOSED FOR LEASING IN THE
25 FOURTH CALENDAR YEAR AFTER THE YEAR IN WHICH THE PROGRAM IS SUBMITTED
26 TO THE LEGISLATURE MAY BE LEASED IF THE COMMISSIONER RESUBMITS THE
27 AREA TO THE FOLLOWING REGULAR LEGISLATIVE SESSION]. A lease sale may
28 be held in the calendar year for which it was scheduled in the program
29 in which it initially was proposed or in any calendar year thereafter,

1 but may not be held in an earlier calendar year.

2 * Sec. 3. AS 38.05.180(d) is amended to read:

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

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

8 (2) the land to be leased is contiguous to land already
9 under state, federal or private lease and the commissioner makes a
10 written finding, after hearing, that leasing of the land would result
11 in a substantial probability of early evaluation and development of
12 the land to be leased; or

13 (3) the land to be leased is adjacent to land owned or
14 controlled by another party on which a discovery of commercial quanti-
15 ties of oil or gas has been made, and where the commissioner finds,
16 after hearing, that there is a reasonable probability that the land to
17 be leased contains oil or gas in communication with the oil or gas
18 discovered on the land of the other party; or

19 (4) the land to be leased is adjacent to land included in
20 the federal five-year Outer Continental Shelf leasing program under 43
21 U.S.C. sec. 1344, and the commissioner makes a written finding, after
22 hearing, that coordinated or simultaneous leasing with the federal
23 government would be in the public interest.

24 * Sec. 4. AS 38.05.180(e)(2) is amended to read:

25 (2) if determined, a description of the bidding methods to
26 be used for all lease sales to be held during the current and next two
27 succeeding calendar years [AND, IF DETERMINED, THE BIDDING METHODS TO
28 BE USED];

29 * Sec. 5. AS 38.05.180(w) is amended to read:

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

14 * Sec. 6. Section 7, ch. 155 SLA 1978, as amended by sec. 2, ch. 65 SLA
15 1979, is amended to read:

16 Sec. 7. TRANSITIONAL PROVISIONS. By the 20th day of the First
17 Session of the Eleventh Legislature the commissioner of natural re-
18 sources shall submit a proposed oil and gas leasing program to the
19 legislature in accordance with AS 38.05.180(b), except that the pro-
20 posed program shall cover all areas to be leased in 1979 through 1983.
21 No lease, except as authorized under AS 38.05.180(d) or 38.05.180(w),
22 shall be issued during 1979, 1980, [OR] 1981, or 1982 unless the land
23 to be leased was included in this proposed leasing program.

24 * Sec. 7. TRANSITIONAL PROVISIONS. By the thirtieth day following the
25 effective date of this Act, the commissioner of natural resources may sub-
26 mit to the legislature a revised five-year leasing program making those re-
27 visions in the January 23, 1980 "State Five-Year Leasing Program Presented
28 to the Second Session, Eleventh Alaska Legislature," which that document
29 indicated would be desirable in the event AS 38.05.180 and ch. 155 SLA are

1 amended in the manner set out in secs. 1 - 6 above. It is the legislature's
2 intent that this section be construed as authorizing the commissioner of
3 natural resources to make the indicated program revisions and to conduct
4 lease sales in accordance with the revised program as if the revised pro-
5 gram had been submitted by the fifteenth day of the Second Session of the
6 Eleventh Legislature.

7 * Sec. 8. Sections 1 -- 5 of this Act are retroactive to January 14,
8 1980.

9 * Sec. 9. Section 6 of this Act is retroactive to January 1, 1979.

10 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
11 10.070(c).

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