

Original sponsor: Rules/Governor

Offered: 5/2/80  
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

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CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 557

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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 sales;  
7 and providing for an effective date."

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

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

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

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(c) Except as provided in (d) and (w) of this section, an [NO] oil and gas lease sale may not be held [ISSUED BY THE COMMISSIONER SHALL BE VALID] unless it was included in the [A] proposed leasing programs [PROGRAM] submitted to the legislature during the two [THIRD AND FOURTH] calendar years preceding the year in which the sale [LEASE] is held [ISSUED, EXCEPT THAT AN AREA PROPOSED FOR LEASING IN THE FOURTH CALENDAR YEAR AFTER THE YEAR IN WHICH THE PROGRAM IS SUBMITTED TO THE LEGISLATURE MAY BE LEASED IF THE COMMISSIONER RESUBMITS THE AREA TO THE FOLLOWING REGULAR LEGISLATIVE SESSION]. A lease sale shall be held on the date for which it is scheduled in the proposed oil and gas leasing program but may be delayed by the commissioner to a date which is not later than

1 60 days after the date the sale is scheduled if the commissioner deter-  
2 mines that a delay is in the best interest of the state. A lease sale  
3 which is scheduled and not held on the date scheduled in the oil and  
4 gas leasing program, or in the following 60-day period for a delay  
5 authorized by this subsection, may be held only if scheduled as provided  
6 in (b) of this section. A lease sale may not be held before the date it  
7 is scheduled in the proposed oil and gas leasing program.

8 \* Sec. 3. AS 38.05.180(e)(2) is amended to read:

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

13 \* Sec. 4. AS 38.05.180(w) is amended to read:

14 (w) Notwithstanding any other provision of this section, land  
15 which has been offered for lease within the previous five years and  
16 which received no bids at competitive sale or for which no bid was  
17 accepted may be, at the discretion of the commissioner, immediately  
18 offered for lease, under regulations adopted by him, upon terms appear-  
19 ing most advantageous to the state; however, non-competitive leasing is  
20 prohibited. The commissioner shall establish a royalty as he determines  
21 to be in the public interest but not less than 12 1/2 percent. A lease  
22 must provide for payment to the state or rental but need not adhere to  
23 the rental schedule in (n) of this section nor to the 5,760-acres-per-  
24 lease limitation in (m) of this section. The lease term may not exceed  
25 five years except as provided in (m) and (o) of this section.

26 \* Sec. 5. Section 7, ch. 155 SLA 1978, as amended by sec. 2, ch. 65 SLA  
27 1979, is amended to read:

28 Sec. 7. TRANSITIONAL PROVISIONS. By the 20th day of the First  
29 Session of the Eleventh Legislature the commissioner of natural re-

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

7 \* Sec. 6. TRANSITIONAL PROVISIONS. (a) By the 30th day following the  
8 effective date of this Act, the commissioner of natural resources shall  
9 revise the five-year oil and gas leasing program which was submitted on  
10 January 23, 1980, to the Second Session of the Eleventh Legislature. The  
11 revised five-year oil and gas leasing program shall be based on the current  
12 ability of the Department of Natural Resources to finish geologic and geo-  
13 physical evaluations of individual tracts for lease sales during 1980 and  
14 1981.

15 (b) The commissioner of natural resources shall make the necessary  
16 revisions of the five-year oil and gas leasing program under (a) of this  
17 section and conduct lease sales in accordance with the revised five-year oil  
18 and gas leasing program as if the revised program had been submitted by the  
19 fifteenth day of the Second Session of the Eleventh Legislature.

20 \* Sec. 7. Sections 1 - 4 of this Act are retroactive to January 14, 1980.

21 \* Sec. 8. Section 5 of this Act is retroactive to January 1, 1979.

22 \* Sec. 9. This Act takes effect immediately in accordance with AS 01.-  
23 10.070(c).