

Offered: 5/27/80
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR 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 sales;
7 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, an [NO] oil
20 and gas lease sale may not 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 two [THIRD AND FOURTH]
23 calendar years preceding the year in which the sale [LEASE] is held
24 [ISSUED, EXCEPT THAT AN AREA PROPOSED FOR LEASING IN THE FOURTH CALENDAR
25 YEAR AFTER THE YEAR IN WHICH THE PROGRAM IS SUBMITTED TO THE LEGISLATURE
26 MAY BE LEASED IF THE COMMISSIONER RESUBMITS THE AREA TO THE FOLLOWING
27 REGULAR LEGISLATIVE SESSION]. A lease sale shall be held during the
28 calendar quarter for which it is scheduled in the proposed oil and gas
29 leasing program but may be delayed by the commissioner for not more than

1 90 days after the last day of the calendar quarter for which it was
2 scheduled if the commissioner determines that a delay is in the best
3 interest of the state. A lease sale which is not held during the cal-
4 endar quarter for which it was scheduled in the oil and gas leasing pro-
5 gram, or in the following 90-day period authorized by this subsection,
6 may be held only if rescheduled as provided in (b) of this section. A
7 lease sale may not be held before the date it is scheduled in the pro-
8 posed oil and gas leasing program.

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

10 (d) The commissioner may issue oil and gas leases in an area that
11 has not been included in a leasing program submitted, in accordance with
12 (b) of this section, to the legislature if

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

15 (2) the land to be leased is contiguous to land already under
16 state, federal or private lease and the commissioner makes a written
17 finding, after hearing, that leasing of the land would result in a
18 substantial probability of early evaluation and development of the land
19 to be leased; or

20 (3) the land to be leased is adjacent to land owned or con-
21 trolled by another party on which a discovery of commercial quantities
22 of oil or gas has been made, and where the commissioner finds, after
23 hearing, that there is a reasonable probability that the land to be
24 leased contains oil or gas in communication with the oil or gas dis-
25 covered on the land of the other party; or

26 (4) the land to be leased is adjacent to land included in
27 the federal five-year Outer Continental Shelf leasing program under 43
28 U.S.C. sec. 1344, and the commissioner makes a written finding, after
29 hearing, that coordinated or simultaneous leasing with the federal

1 government is in the public interest.

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

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

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

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

20 * Sec. 6. Section 7, ch. 155 SLA 1978, as amended by sec. 2, ch. 65 SLA
21 1979, is amended to read:

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

1 * Sec. 7. TRANSITIONAL PROVISIONS. (a) By the 30th day following the
2 effective date of this section, the commissioner of natural resources shall
3 revise the five-year oil and gas leasing program which was submitted on
4 January 23, 1980, to the Second Session of the Eleventh Legislature. The
5 commissioner of natural resources shall make the necessary revisions of the
6 five-year oil and gas leasing program under this subsection and conduct lease
7 sales in accordance with the revised five-year oil and gas leasing program as
8 if the revised program had been submitted by the 15th day of the Second
9 Session of the Eleventh Legislature.

10 (b) To provide maximum opportunity for participation in state oil and
11 gas leasing programs by individual bidders who do not possess the financial
12 resources of major companies, the commissioner of natural resources shall
13 investigate methods by which those individual bidders, and the citizens of
14 the state generally, may participate in the development of oil and gas
15 resources and report to the legislature his recommendations concerning
16 implementation of those methods. The commissioner's recommendations under
17 this subsection shall be submitted in a report transmitted to the legislature
18 not later than the 10th day of the First Session of the Twelfth Legislature.

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

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

21 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
22 10.070(c).

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