

Introduced: 6/2/80  
Referred: Resources

BY THE RULES COMMITTEE  
BY REQUEST

1 IN THE SENATE

2 SENATE BILL NO. 590 am H

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 state royalty oil, and providing  
7 for an effective date."

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

9 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

10 (1) an agreement for the sale and purchase of state royalty oil  
11 was executed on February 22, 1978, by the State of Alaska and the Alaska  
12 Petrochemical Company, was amended on May 17, 1978, and was assigned to the  
13 Alpetco Company under an assignment executed on December 13, 1979, and ap-  
14 proved by the state on February 4, 1980;

15 (2) the agreement for the sale and purchase of state royalty oil  
16 between the state and the Alaska Petrochemical Company may be amended under  
17 article XXII of the agreement;

18 (3) the state and the Alpetco Company mutually desire to reduce  
19 the amount of crude oil that the state must sell to the Alpetco Company under  
20 the agreement;

21 (4) the state and the Alpetco Company mutually desire that certain  
22 provisions of the agreement be amended to clarify the obligations of the  
23 state and the Alpetco Company under the agreement;

24 (5) an amendment to the agreement for the sale and purchase of  
25 state royalty oil under article XXII of the agreement may be executed by the  
26 state and the Alpetco Company only with proper prior authorization, including  
27 approval by the legislature; and

28 (6) the second amendment to the agreement for the sale and pur-  
29 chase of state royalty oil has been submitted to the legislature for its

1 consideration and approval.

2 (b) It is the purpose of this Act to approve the second amendment to  
3 the agreement for the sale and purchase of state royalty oil between the  
4 State of Alaska and the Alpetco Company, dated May 30, 1980, in accordance  
5 with the terms of the agreement providing for the sale and purchase of state  
6 royalty oil entitled "Agreement for the Sale and Purchase of State Royalty  
7 Oil", dated February 22, 1978, and to do so in a manner which

8 (1) conforms to provisions of law requiring legislative review and  
9 approval of contracts for the sale of state royalty oil and gas; and

10 (2) is consistent with the opinion in State of Alaska and Depart-  
11 ment of Revenue v. A.L.I.V.E. Voluntary, 606 P.2d 769 (1980), which calls  
12 into question the use of a concurrent resolution to take legislative action  
13 that binds parties other than the legislature.

14 \* Sec. 2. AMENDMENT APPROVED. The amendment to the "Agreement for the  
15 Sale and Purchase of State Royalty Oil" between the State of Alaska, acting  
16 through the commissioner of natural resources, and the Alpetco Company, dated  
17 May 30, 1980, and presented for legislative review and approval by the gover-  
18 nor on May 30, 1980, is approved, and the agreement, as so amended, is  
19 ratified and confirmed.

20 \* Sec. 3. AS 38.05.183 is amended by adding a new subsection to read:

21 (e) Notwithstanding the other provisions of AS 38, the commissioner  
22 of natural resources may sell state royalty oil to the highest bidder.  
23 State royalty oil sold under the provisions of this section may not be  
24 sold for a contract term exceeding two years. The commissioner shall  
25 adopt reasonable notice provisions and specifications for the sale of  
26 state royalty oil under this section.

27 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-  
28 070(c).

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