

Original sponsor: Resources Committee

Offered: 4/16/82
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 732 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mineral extraction from state land;
7 and providing for an effective date."

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

9 * Section 1. PURPOSE. The purpose of sec. 2 of this Act is to require a
10 locator or lessee of locatable mineral deposits on state land to obtain a
11 license from the Department of Natural Resources authorizing production from
12 that land. This requirement applies to all existing and future mining opera-
13 tions on state land. The legislature finds that the requirement is consistent
14 with the provisions of art. VIII, sec. 11 of the Constitution of the State of
15 Alaska and believes that it satisfies the requirements of sec. 6(1) of the
16 Alaska Statehood Act (P.L. 85-508).

17 * Sec. 2. AS 38.05 is amended by adding a new section to read:

18 Sec. 38.05.207. PRODUCTION LICENSE. (a) An application for a
19 production license must be filed with the commissioner when a locator of
20 a mining claim under AS 38.05.195 or a lessee of a mining location under
21 AS 38.05.205 is prepared to produce minerals for sale in commercial
22 quantities. The application shall state under oath the location of the
23 land and ownership of the mineral deposits involved in the mining opera-
24 tion and the date production began or is expected to begin. Upon receipt
25 of an application, the commissioner shall publish in a paper of general
26 circulation in the area of the location notice of the application and
27 notice that a production license will be issued. The notice may be
28 combined with notices of other applications either in the same general
29 area or statewide. Pending completion of this public notice requirement

1 and issuance of the production license, the locator or lessee has the
2 right to produce minerals from the property.

3 (b) If the commissioner determines under AS 38.05.185(b) that a
4 locator or lessee has complied as nearly as possible under the circum-
5 stances of the case with the provisions of AS 38.05.185 - 38.05.280 and
6 that no conflicting rights are asserted by any other person, the commis-
7 sioner shall issue a transferable production license for mineral extrac-
8 tion. If conflicting rights are asserted the commissioner may resolve
9 the conflict.

10 * Sec. 3. AS 38.05.345 is amended by adding a new subsection to read:

11 (f) The provisions of this section do not apply to a production
12 license issued under AS 38.05.207.

13 * Sec. 4. AS 38.05.140(c) is amended to read:

14 (c) No person may take or hold at one time phosphate leases on
15 state land exceeding in the aggregate 10,240 acres. No person may take
16 or hold sodium leases or permits during the life of sodium leases on
17 state land exceeding in the aggregate acreage 5,120 acres, except that
18 the commissioner may, where it is necessary in order to secure the
19 economic mining of sodium compounds, permit a person to take or hold
20 sodium leases or permits for up to 15,360 acres. No person may take or
21 hold offshore prospecting permits or leases for minerals subject to
22 AS 38.05.185 - 38.05.280 exceeding an aggregate of 46,080 acres. No
23 person may take or hold at any one time oil or gas leases exceeding in
24 the aggregate 500,000 acres granted on tide and submerged land and
25 500,000 acres on all land other than tide and submerged land, including
26 leases held both as lessee and under option or operating agreement from
27 others. Where more than a single person holds an interest in an oil or
28 gas lease, each person shall be charged only with that percentage of the
29 total acreage which corresponds to its percentage share of the total

1 beneficial interest in the lease.

2 * Sec. 5. AS 38.05.250 is amended to read:

3 Sec. 38.05.250. TIDE AND SUBMERGED LANDS. (a) The exclusive
4 right to prospect for deposits of minerals subject to AS 38.05.185 -
5 38.05.275 in or on tide and submerged state lands may be granted by a
6 permit issued by the director. Permits shall be granted to the first
7 qualified applicant. No permit may include an area larger than 2,560
8 acres, subject to the rule of approximation. Lands subject to a pros-
9 pecting permit shall be as compact in form as possible taking into
10 consideration the area involved. The term of the permit shall be seven
11 [10] years. Prospecting permits shall be conditioned upon payment of
12 rental against which credit shall be given for useful expenditures on
13 land covered by the permit or group of contiguous permits under common
14 ownership or assignment. Excess expenditures may be applied against
15 rentals due for the following two years. The rental shall be \$3 [\$1]
16 per acre [FOR THE FIRST TWO-YEAR PERIOD OF THE PERMIT, PAYABLE AT THE
17 END OF THE PERIOD, AND \$1 PER ACRE] for each year [THEREAFTER], payable
18 at the end of each year. No minerals from lands under a prospecting
19 permit may be mined and marketed or used, except for limited amounts
20 necessary for sampling or testing.

21 (b) Upon discovery, the right to possess and extract the minerals
22 may be acquired by noncompetitive lease. A noncompetitive lease shall
23 be granted to a holder of a prospecting permit for so much of the land
24 subject to the permit as is shown to the satisfaction of the director to
25 contain workable mineral deposits. Submerged lands containing known
26 deposits of minerals subject to AS 38.05.185 - 38.05.275 may, in the
27 discretion of the director, be offered by competitive bid. These lands
28 shall be leased to the responsible qualified person offering the highest
29 amount of cash bonus.

1 (c) Leases for submerged lands shall be conditioned upon payment
2 of an annual rental of \$3 [\$1] an acre. Expenditures on or for the
3 benefit of the leasehold may be credited against the rental. Rent shall
4 be paid or a statement of annual labor shall be filed within 90 days
5 after each anniversary date of the lease. All submerged land mining
6 leases shall be for a period of up to 10 [55] years, and for so long as
7 there is production in paying quantities from the leased area. [THE
8 LESSEE HAS A RIGHT TO A NEW LEASE AT THE END OF EACH LEASE PERIOD.] The
9 commissioner may make reasonable adjustments of the rental rate at the
10 end of each 10 [20] year period, based upon changed conditions in
11 production costs and market.

12 * Sec. 6. Sections 1 - 3 of this Act take effect January 1, 1983.

13 * Sec. 7. Section 4 of this Act takes effect July 1, 1982.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29