

Original sponsor: Resources Committee

Offered: 5/7/82
Referred: Rules

1 IN THE SENATE

BY THE RULES COMMITTEE

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

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 AND FINDING. The purpose of AS 38.05.207 added by
10 sec. 2 of this Act is to require a locator or lessee of locatable mineral
11 deposits on state land to obtain a license from the Department of Natural
12 Resources authorizing production from that land. This requirement applies to
13 all existing and future mining operations on state land. The legislature
14 finds that the requirement is consistent with the provisions of art. VIII,
15 sec. 11 of the Constitution of the State of Alaska and believes that it
16 satisfies the requirements of sec. 6(i) of the Alaska Statehood Act (P.L.
17 85-508).

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

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

1 area or statewide. Pending completion of this public notice requirement
2 and issuance of the production license, the locator or lessee has the
3 right to produce minerals from the property.

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

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

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

14 * Sec. 4. AS 38.05.250 is amended to read:

15 Sec. 38.05.250. TIDE AND SUBMERGED LANDS. (a) The exclusive
16 right to prospect for deposits of minerals subject to AS 38.05.185 -
17 38.05.275 in or on tide and submerged state lands may be granted by a
18 permit issued by the director. Permits shall be granted to the first
19 qualified applicant. No permit may include an area larger than 2,560
20 acres, subject to the rule of approximation. Lands subject to a pros-
21 pecting permit shall be as compact in form as possible taking into
22 consideration the area involved. The term of the permit shall be seven
23 [10] years. Prospecting permits shall be conditioned upon payment of
24 rental against which credit shall be given for useful expenditures on
25 land covered by the permit or group of contiguous permits under common
26 ownership or assignment. Excess expenditures may be applied against
27 rentals due for the following two years. The rental shall be \$3 [\$1]
28 per acre [FOR THE FIRST TWO-YEAR PERIOD OF THE PERMIT, PAYABLE AT THE
29 END OF THE PERIOD, AND \$1 PER ACRE] for each year [THEREAFTER], payable

1 at the end of each year. No minerals from lands under a prospecting
2 permit may be mined and marketed or used, except for limited amounts
3 necessary for sampling or testing. No person may take or hold prospec-
4 ting permits for minerals on state land under this section exceeding in
5 the aggregate 100,000 acres. No person may take or hold leases for
6 minerals on state land under this section exceeding in the aggregate
7 46,080 acres.

8 (b) Upon discovery, the right to possess and extract the minerals
9 may be acquired by noncompetitive lease. A noncompetitive lease shall
10 be granted to a holder of a prospecting permit for so much of the land
11 subject to the permit as is shown to the satisfaction of the director to
12 contain workable mineral deposits. Submerged lands containing known
13 deposits of minerals subject to AS 38.05.185 - 38.05.275 may, in the
14 discretion of the director, be offered by competitive bid. These lands
15 shall be leased to the responsible qualified person offering the highest
16 amount of cash bonus.

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

28 * Sec. 5. Sections 1 - 3 of this Act take effect January 1, 1983.

29 * Sec. 6. Section 4 of this Act takes effect July 1, 1982.