

Offered: 5/2/85
Referred: Resources and
Finance

Original sponsor: House Special Committee
on Oil and Gas

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON OIL AND GAS

2 CS FOR HOUSE BILL NO. 366 (Oil and Gas)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to royalty oil and gas."

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

8 * Section 1. AS 38.05.183(d) is amended to read:

9 (d) Oil or gas taken in kind by the state as its royalty share
10 may not be sold or otherwise disposed of for export from the state
11 until the commissioner determines that the sale is in the best inter-
12 est of the state [ROYALTY-IN-KIND OIL OR GAS IS SURPLUS TO THE PRESENT
13 AND PROJECTED INTRASTATE DOMESTIC AND INDUSTRIAL NEEDS]. The commis-
14 sioner shall make public, in writing, the specific findings and rea-
15 sons on which the determination is based and shall, within 10 days of
16 the convening of a regular session of the legislature, submit a report
17 showing the immediate and long-range domestic and industrial needs of
18 the state for oil and gas and an analysis of how these needs are to be
19 met.

20 * Sec. 2. AS 38.05.183(f) is amended to read:

21 (f) The commissioner may not enter into a contract for the sale
22 of royalty oil unless the contract provides that

23 (1) any material amendment to the contract that appreciably
24 reduces the consideration received by the state requires prior ap-
25 proval of the legislature;

26 (2) an assignment of unrefined royalty oil purchased from
27 the state may not occur unless the assignor or assignee demonstrates
28 to the satisfaction of the department and the Alaska Royalty Oil and
29 Gas Development Advisory Board that

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(A) the assignment will result in a significant increase of direct monetary benefit to energy consumers; and

(B) the total direct monetary benefit to energy consumers from the assignment will outweigh the monetary benefit to the assignor and assignee.

* Sec. 3. AS 38.06.020 is amended to read:

Sec. 38.06.020. ESTABLISHMENT. There is established in the Department of Natural Resources [COMMERCE AND ECONOMIC DEVELOPMENT] the Alaska Royalty Oil and Gas Development Advisory Board.