

Introduced: 4/26/85
Referred: House Special Committee
on Oil & Gas, Resources and Finance

1 IN THE HOUSE

BY PIGNALBERI

2

HOUSE BILL NO. 403

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 the royalty value of a natural
7 gas lease on state land; and providing for an effective
8 date."

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

10 * Section 1. FINDING. The legislature finds that to provide for the
11 utilization, development and conservation of gas resources for the maximum
12 benefit of the people of the state, the value of production of gas for
13 purposes of computing the royalty reserved to the state must be based
14 primarily on the contract price of gas rather than the current market value
15 of the gas. This will encourage stable markets, promote investment, assure
16 reasonable energy prices and provide the maximum benefit to the people of
17 the state.

18 * Sec. 2. AS 38.05.180 is amended by adding a new subsection to read:

19 (aa) Notwithstanding other provisions of this section, if the
20 commissioner issues a gas lease under (f) of this section and the
21 royalty value of the production of gas removed or sold from the lease
22 is measured by a long-term contract price, the commissioner may not
23 adjust the long-term contract price to reflect the current market
24 value of gas if the commissioner determines the current market value
25 price adjustment would result in an increase in the consumer price of
26 the gas or unless the commissioner determines in a written finding
27 supported by clear and convincing evidence that the long term contract
28 price is unreasonably low.

29 * Sec. 3. This Act applies to leases issued before or after the

1 effective date of this Act.

2 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).