

COMMITTEE REPORT

4/2/75

SENATE

Mr. President:

Date 9/5/76

The Committee on Finance has had SR 720  
~~reacquisition of oil and gas leasehold interest in Kachemak Bay~~  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- (X) recommends it BE REPLACED WITH CS FOR SR 720 AND THAT  
CS FOR SR 720 DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

[Signature] \_\_\_\_\_

Members NCT concurring in the Majority report:

\_\_\_\_\_ recommends: no

\_\_\_\_\_ recommends: no

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 720

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the reacquisition of oil and gas

7

leasehold interests in Kachemak Bay; and providing for

8

an effective date."

9

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

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\* Section 1. AS 38.05 is amended by adding a new section to read:

11

Sec. 38.05.184. LIMITATION ON OIL AND GAS LEASES IN CERTAIN AREAS,

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AND REACQUISITION OF LEASES. (a) No additional oil or gas leases may

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be issued by the Department of Natural Resources or any other state

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agency for the exploration for or the development or production of oil

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and gas on state-owned land and waters seaward of the mean higher high

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water line, beginning at Anchor Point; then around the perimeter of

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Kachemak Bay, to Point Pogibshi; then west to the three mile limit of

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state land and waters; then north to a point three miles west of Anchor

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Point; then east to the mean higher high water line of Anchor Point, the

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point of beginning.

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(b) The commissioner of natural resources may enter into negotia-

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tions to reacquire by purchase in the name of the state, title to or

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accountable interests in oil or gas leases within the boundaries de-

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scribed in (a) of this section which were issued before the effective

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date of this Act.

26

(c) In lieu of cash payment for a negotiated purchase of a

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leasehold interest, the commissioner shall authorize a credit of the

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purchase price plus interest at the rate prescribed by AS 09.30.070 to

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be granted the seller to be applied against future lease bonus or rental

1 payments, permit fees, royalties, or oil and gas taxes which may become  
2 owing on new production from other leases or property on state land held  
3 by the seller for oil and gas development. The commissioner may also  
4 negotiate to reimburse in like manner by credit provision, the full  
5 bonus paid by the lessee to the state plus an amount not to exceed 20  
6 per cent of the bonus to compensate the lessee for expenses and other  
7 costs incurred by the lessee.

8 \* Sec. 2. Nothing in this Act is intended to diminish a valid existing  
9 exploration, operating, or production right of the lessee, including reason-  
10 able access to and from the lease site and the transportation of production  
11 from the lease to a shore-based facility or to a refinery or other market,  
12 until full reacquisition of the lease by the state through negotiations.

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).  
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*Referred to Finance  
Friday, 4/2*

Introduced: 3/30/76  
Referred: Resources and  
Finance

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SENATE RESOURCES COMMITTEE  
KAY POLAND, CHAIRMAN

WEDNESDAY MARCH 31, 1976

SB 720 - "An Act relating to the reacquisition of oil and gas leasehold interests in Kachemak Bay; and providing for an effective date."

WHAT THE BILL INTENDS TO DO

1. Prohibits additional oil and gas leases until repeal or amendment of the Section.
2. Permits the Administration to enter into negotiations to re-acquire by purchase from any willing seller.
3. Permits reimbursement for:
  - a. Interests
  - b. Out of pocket expenses on the lease
  - c. Bonus payments plus 20%
4. Permits payment through credit on future obligations.

THE BILL DOES NOT INTEND

1. To establish a park or sanctuary.
2. Allow for the condemnation of leases.
3. Allow for the payment of cash.
4. To diminish any valid operating right until full acquisition.
5. Deny reasonable access to and from lease site locations.

These last two points may require additional language, such as:

Section 2 Nothing in this Act is intended to diminish any valid existing exploration, operating, or production rights of the leasee until full reacquisition of the lease by the State through negotiations, including reasonable access to and from the lease site and the transportation of any production from the lease to a shore based facility or to a refinery or other market.