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SENATE LETTER OF INTENT

CSSB 232 (FIN)

It is the intent of the Senate that the discretionary authority granted in this legislation not be used to extend the term of the minimum work commitment in any situation where constitutional constraints dictate otherwise.

Adopted by the Senate May 9, 1985.

SENATE PASSED

Moen
5/8/85 ✓

Original sponsor: Rules/Governor

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 232 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to minimum work commitments in oil and gas leases; and providing for an effective date."

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

* Section 1. AS 38.05.180(h) is amended to read:

(h) The commissioner may include terms in any oil and gas lease imposing a minimum work commitment on the lessee. These terms shall be made public before the sale, and may include appropriate penalty provisions to take effect in the event the lessee does not fulfill the minimum work commitment. If [SHOULD] it is [BE] demonstrated that a lease has been proven unproductive by actions of adjacent lease holders, the commissioner may set aside a work commitment. If a minimum work commitment is not fulfilled because conditions preventing drilling or exploration were not reasonably foreseeable by the lessee or were beyond the lessee's control, the commissioner may waive for two years any term of the minimum work commitment.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Rules Committee, 5/11/85, 5:30 pm

A

COMMITTEE REPORT
HOUSE

5/11
Rules

(7)

FURTHER:

5/10/85

Date: 5/11/85

The Committee on RULES has had SB 232

"An Act relating to minimum work commitments in oil and gas leases; and providing for an effective date."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^HCS for SB 232 (Rules) same title new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ~~individual~~ recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

M.W. Miller

Terry Marshall

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Ben [unclear] (No Rec)

F. Koyballis (No Rec)

M.W. Miller
CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE RULES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 232 (Rules)

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 minimum work commitments in oil
7 and gas leases; and providing for an effective date."

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

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11 imposing a minimum work commitment on the lessee. These terms shall
12 be made public before the sale, and may include appropriate penalty
13 provisions to take effect in the event the lessee does not fulfill the
14 minimum work commitment. If [SHOULD] it is [BE] demonstrated that a
15 lease has been proven unproductive by actions of adjacent lease hold-
16 ers, the commissioner may set aside a work commitment. The commis-
17 sioner may waive for two years any term of a minimum work commitment
18 if conditions preventing drilling or exploration were not reasonably
19 foreseeable by the lessee or were beyond the lessee's control or if
20 the lessee demonstrates through good faith efforts an intent and
21 ability to drill or develop the lease during the term of the waiver.

22 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

POUCH M
JUNEAU, ALASKA 99811
PHONE:

May 11, 1985

The Honorable Mike W. Miller
Chairman, House Rules Committee
Alaska State House
Pouch V
Juneau, Alaska 99811

Dear Representative Miller:

The Department of Natural Resources supports the amendment to AS 38.05.180(h) proposed in House CS for Senate Bill 232 (Rules). The bill would give the commissioner the discretion to waive for two years an oil and gas lease work commitment if the lessee demonstrates through good faith efforts the intent and ability to drill or develop the lease during the term of the waiver.

I believe that, on balance, the additional flexibility will further the state's goal of early exploration and development of state lands.

Sincerely,


Esther C. Wunnicke
Commissioner

cc: Senator Fahrenkamp
Kay Brown

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: May 10, 1985

REQUEST

Bill/Resolution No. HCSSSB 232 (Kyles)
 Title: Work Commitments in Oil and Gas Leases
 Sponsor: Rules Committee
 Requestor: Rules Committee
 Date of Request: 5/10/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 5/10/85
 Approved by Commissioner: Arthur C. Wunniche Date: _____
 Agency: Natural Resources

Distribution (by Agency preparing fiscal note):
 Legislative Finance
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7/1/84