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YUKON PACIFIC CORPORATION

March 28, 1985

Mr. Harold Simon
Chief, Stevens Village
Stevens Village, Alaska 99774

Dear Mr. Simon,

I enjoyed meeting you and other residents of Stevens Village when you were in Anchorage for the AFN convention.

As you know, Yukon Pacific Corporation is an Alaskan company formed to try to convince the oil companies, the federal and state government, and potential gas buyers in Japan, Korea, and Taiwan that a pipeline should be built to bring the gas out of Prudhoe Bay.

Currently, Alaska law does not allow disposition of state land within five miles of the Dalton Highway for any purpose, including transportation of oil and gas, communications systems, or mining of gravel to build or maintain pipelines, access roads or the pad. That means it is illegal to build another pipeline across Alaska on the same corridor as the oil pipeline. It just doesn't make sense.

For that reason, we have sought passage of SB115 and HB143 which would allow the state to lease land in the pipeline corridor for oil and gas exploration, development, and transportation only, and for no other purpose.

At the same time we are aware that the State of Alaska has asked the federal government to modify two land withdrawal orders which now prevent the state from selecting land along the Dalton Highway between the Yukon River and the North Slope Borough boundary. We are also aware that the state has undertaken an informal study of how that land might be disposed or developed if selection did take place. We are also aware that Stevens Village has opposed a decision by either the federal or state government on selecting those lands until the citizens of Stevens Village are involved in planning for the use of those lands.

Mr. Harold Simon
March 28, 1985
page two

In our own work with the federal government and the state government we have questioned the need for the state to select lands along the pipeline corridor at this time. We also have encouraged the state to look at this issue more closely and to bring the residents of Stevens Village into the planning process. It is our belief, based on discussions with officials at the Department of Interior, that a quick decision on modifying the land withdrawal orders in the area is not likely.

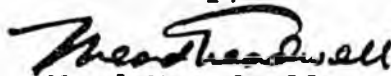
Accordingly, we support the efforts of Stevens Village to have a meeting with state officials to discuss how land selection in the area would affect Stevens Village. Further, we expect that once work on an environmental impact statement on a gas pipeline begins we ourselves will be back to talk with Stevens Village. I also expect, from our conversation, there may be a number of ways for us to help each other in the meantime.

Alaska needs to get its ducks in a row if we are going to bring about another pipeline. Our competition, in Australia, the Soviet Union, Malaysia, Indonesia, and other countries has shown they can be ready when we have not been. Passage of a bill this session to allow a pipeline, without making a decision to allow other kinds of disposal, could help us both --and the state-- prepare for this opportunity.

I hope we can work together.

With best wishes,

Sincerely,



Mead Treadwell
Corporate Secretary



YUKON PACIFIC CORPORATION

APR 11 1985

April 9, 1985

Representative Bette Cato
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Bette,

Thank you for your time last week.

Our work has continued to clarify state law so that a gas pipeline right-of-way can be granted. Since seeing you, we've kept up our discussions with residents of Stevens Village, a community near the proposed gas pipeline route. The state is working more closely on land selection issues in the area. And we're using our best persuasive power with existing businesses operating along the route to help strengthen the economies of some of the villages.

I understand that SB115 or HB143 comes up in House Transportation Thursday morning April 11. We appreciate your help in moving this legislation forward.

With best wishes,

Sincerely,

Mead Treadwell



YUKON PACIFIC CORPORATION

March 7, 1985

MAR 14 1985
MAR 1 1985

Representative Bette Cato
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Bette,

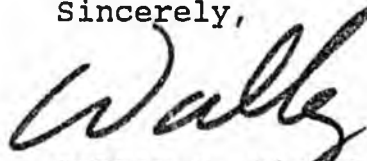
Thank you for your time and help the other day.

I will be traveling out of state until the first week of April. Sometime soon afterwards, we hope to be in Juneau to brief you on our efforts.

Mead Treadwell will be giving a presentation in Valdez on April 6th for the members of the City Council who are headed to Asia. Your paths may cross there.

With best regards,

Sincerely,



Walter J. Hickel

Petroleum:

North Aleutian OCS

Review of the new federal OCS leasing schedule just released by Congress has again provided the state opportunity to focus criticism on the forthcoming North Aleutian Shelf OCS sale. The North Aleutian sale is federal sale No. 92 and is set for December of this year. Alaska Gov. Bill Sheffield has, and will use this opportunity to focus his request for delay of the sale on congressmen. However, the Alaska Support Industry Alliance is also present in Washington and is very active in lobbying in support of Sale 92, which Alaskan critics prefer to refer as 'Bristol Bay.'

HB 143/SB 115
Kuparuk Uplands Sale Delayed

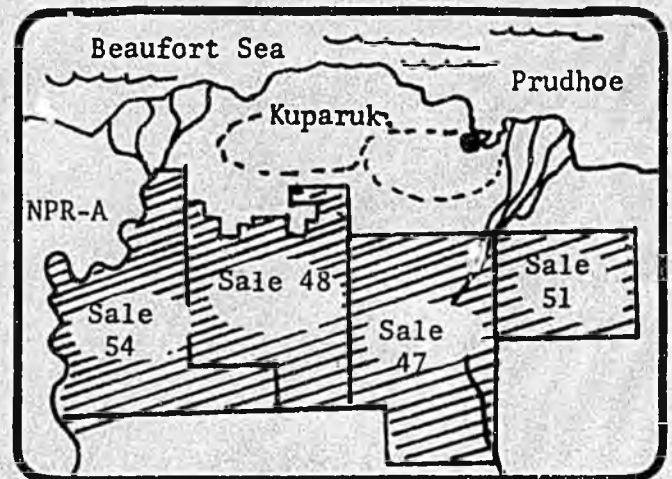
The State Department of Natural Resources has postponed until September the Kuparuk Uplands state Sale No. 47. The sale was previously scheduled for May, but will now be combined with offerings of other lands called 'Sale 45A.'

The sale area is directly south of Prudhoe Bay, and is one of four state oil sale areas that line-up east/west across the uplands of the North Slope. Sale 48 is just to the west of the Sale 47 area, and is to be offered in 1986, while a large block to the east of Sale 47 (Sale 51) is to be offered in 1987. Finally Sale 54 further to the west adjacent to the National Petroleum reserve will be offered in 1988.

New "OCS" Schedule

Navarin Basin.....	9/86
Beaufort Sea.....	12/86
Chukchi Sea.....	5/87
Shumagin.....	12/87
Gulf of Alaska.....	3/88
St. George Basin.....	7/88
N. Aleutian Basin.....	12/88
Norton Basin.....	3/89
Navarin Basin.....	9/89
Beaufort Sea.....	12/89
Chukchi Sea.....	2/90
Cook Inlet.....	6/90
Shumagin.....	9/90
Kodiak.....	1/91
St. George Basin.....	4/91
Hope Basin (Kotzebue Area).....	6/91

It should be noted that many of the above sales are 'releasing' of lands in previous sale areas.



"OIL TAX BULLETIN"
Separate Accounting Tax Bill

A new oil income tax bill is set to be introduced in the State House at press time. The bill would take the state back to a 'separate accounting' income tax similar to what the state had prior to 1981. The bill will reportedly be tied to the state 'winning' the current law suit between Prudhoe Bay producers and the state over the 1978-1981 law. Sponsors say the industry would obviously 'pick up' its \$2 billion in winnings if they prevail, so the state should be set to pick up its share too. There is reported-another tax measure also in the making.

The Alaska Economic Report

From Japanese View:

April 3, 1985
No. 6/85

A Far East Gas Market ???

OFFICE COPY

Japan will have a need for additional imports of liquified natural gas (LNG) in the 1990s, but the size of that market "opening" will likely be too small to absorb output of a tidewater Alaska LNG processing plant for North Slope natural gas.

This was the assessment of Dr. Tsutomu Toichi, a Japanese energy analyst with the Institute of Energy Economics in Tokyo. Dr. Toichi is doing research at the Massachusetts Institute of Technology and gave his assessment of Japan's energy outlook in a Harvard University program on U.S./Japan Relations recently. Japanese government agencies and electric utilities are now looking at four potential sources of additional LNG supply: Alaska North Slope gas via a tidewater pipeline/LNG system, a Japan/Soviet joint venture in the Sakhalin Islands, an LNG project in Thailand, and another LNG project in Qatar.

Alaska "Too Large"

Although the U.S. Government has encouraged Japan to consider the Alaska Option, Dr. Toichi said that electrical Utilities were wary of the Alaska project because of its huge size and high capital investment. LNG output would have to be shared with Korea and Taiwan to make the Alaska project feasible, since Japan demand would not be large enough.

(Continued on page 6)

Oil Bright Spot ???

A faint 'bright spot' in oil prices has been registered with a 50¢/barrel price hike for Texas intermediate by Texaco. Citgo also increased price.

Oil Tax Alert . . . Page 2

More State Oil Revenue "Slippage"

The state March oil revenue forecasts have not only confirmed the earlier gloomy forecasts, but have provided additional 'bad news' for Alaska lawmakers in the midst of constructing the FY-1986 budget. Juneau lawmakers have been working under assumptions that they would have to pare \$300 million from the proposed budget, but the new revenue forecasts appear to add another \$163 million to those cuts. Legislators were just beginning to work out the \$300 million in cuts while retaining a few items on 'wish lists,' The new revenue news came like the sound of a 'flushing toilet,' with legislator's remaining 'wishes' perhaps going down the drain.

The new cuts will likely gut much of what lawmakers were seeking to retain in some kind of capital budget, could hit proposed state pay raises, and spell doom for pumping more money into Susitna Dam. The new cuts could impact pending permanent fund policy decisions.

Petroleum:

North Aleutian OCS

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HB 143/SB 115

Kuparuk Uplands Sale Delayed

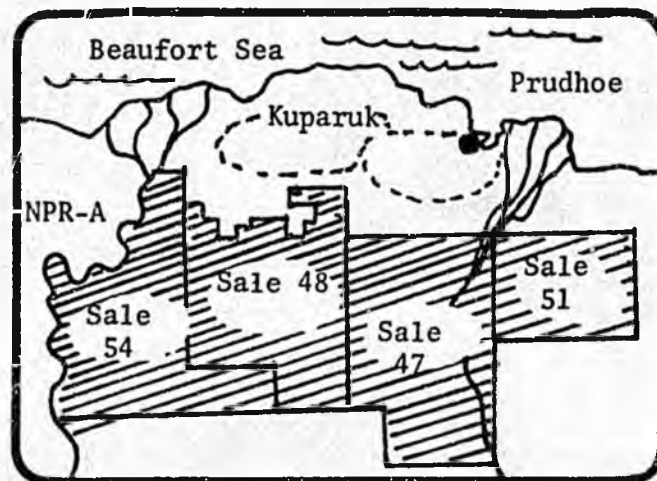
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BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND AND WATER MANAGEMENT

555 CORDOVA STREET
POUCH 7-005
ANCHORAGE, ALASKA 99510-7005
PHONE: (907) 278-2653

March 28, 1985

Mr. Harold W. Simon, Chief
Stevens Village Council
Stevens Village, Alaska 99774

Dear Chief Simon:

Thanks for your continued interest in state land selections within the TAPS corridor.

As you know, the state has asked the BLM to modify the existing federal withdrawal in order to allow the state the opportunity to examine the area and consider various selection opportunities. Accordingly, the department has assembled a planning team to study the issue and provide recommendations to the commissioner. The planning team is assisted by an advisory committee of interested parties (including Dave Lacey of Dinyea Corp). As I am informed the Native Village of Stevens is not yet officially a member of the advisory committee, please accept my personal invite to join the committee's membership, effective immediately. The planning team will conduct informational meetings during late April and May in Stevens Village, Allakaket, Evansville and Coldfoot. Other communities and locations are also being considered. I expect that final selection recommendations will occur sometime thereafter.

I encourage your participation in this process and assure you that local interests will receive our full attention and consideration. For more information on the planning process and associated meetings, please contact Ron Hurlburt, Northern Region Office, in Fairbanks at 479-2243. Please let me know if I may be of further assistance.

Sincerely,


Tom Hawkins
Director

cc: Representative Kay Wallis
Commissioner Wunnicke
Kay Brown, DO&G
Mead Treadwell, Yukon-Pacific
Rick Thompson, NRO
Jerry Brossia, NRD
Dave Lacey, Dinyea Corp.

COMMITTEE REPORTS (Senate)(cont'd)

SB 87 (cont'd)

--Repeals spending limit enacted in 1974 (AS 15.13.070(e) - (g)) and AS 15.13.120(d) (transferred to AS 15.13.045).

--Adds an immediate effective date.

Oil & Gas
Activities
(haul road
rights-of-
way)

SENATE BILL NO. 115, (see page 169). Reported back to the Senate February 11 from Resources with the committee recommending it be replaced with a Resources CS and that it do pass. Concurring: Sturgulewski (Chairman), Coghill, Fahrenkamp, Zharoff, Eliason, Vic Fischer and Halford. To Transportation.

The committee submitted a letter of intent, which states: "It is the intent of the Senate Resources Committee that leases necessary for communication equipment or facilities related to oil or gas activity is included as allowable under Section 1(b)(2) of CS SB 115 (Resources)."

The Resources CS changes amendment to AS 19.40.200 (Prohibition on Disposal of Land Within Five Miles of the Highway). Adds new subsection (b) which states that the prohibition does not apply to "(1) disposal necessary for an oil and gas lease under AS 38.05.180; (2) a state lease or materials sale necessary for exploration, development, production, or transportation of oil and gas or reconstruction or maintenance of the highway."

Also adds new (c): "Before the sale of materials under (b)(2) of this section to a private entity or person or to a state agency the state shall give due consideration to the availability of materials from private sources in the area where the materials are needed."

Makes bill retroactive to October 5, 1980 and effective immediately.

Small Business
Development

SENATE CONCURRENT RESOLUTION NO. 2, (see page 31). Reported back to the Senate on February 12 by Labor & Commerce with the majority recommending it do pass. Concurring: Zharoff (Chairman), Bennett and Eliason. To Finance.

BILLS PASSED IN THE SENATE

Workers'
Compensation
Board

SENATE CS FOR HOUSE BILL NO. 66 (L&C), (see pages 58;176; 213;224;287). Before the Senate on February 11, the bill passed, 17-0-2. Excused: Ray and Ziegler. Absent: Ferguson. The effective date clause was adopted.

Judicial
Vacancy

SENATE BILL NO. 124, (see page 215; 226). Before the Senate on February 11. The bill passed the Senate the same day: 17-0-2. Excused: Ray and Ziegler. Absent: Ferguson. The effective date clause was adopted.

COMMITTEE REPORTS (Senate)(cont'd)

SB 152 (cont'd)

On February 21 the bill was given a referral to Finance at the request of Senator Faiks. To Finance.

BILLS PASSED IN THE SENATE

Foreign Trade Committee (establishing) HOUSE CONCURRENT RESOLUTION NO. 7, (see pages 267; 283; 287). On February 21 the bill passed the Senate, 17-2-1. Nays: Ferguson and Halford. Absent: Sackett. (See page for list of members appointed by President Bennett.)

Student Loan Program (eligibility) SENATE BILL NO. 17, (see pages 7;224;320). Reported back to the Senate on February 20 by Finance with the committee recommending it do pass. Concurring: Faiks (Co-Chmn.), Kerttula, Paul Fischer, Eliason and Sackett. To Rules.

Passed the Senate February 21, 20-0. The effective date was adopted.

William A. Egan Day SENATE BILL NO. 18, (see pages 8;126;176;268;320). On the February 18 calendar. Held over one day. February 19 the Senate passed the bill, 18-0-2. Absent: Rodey and Sackett.

On February 18 Sen. Ziegler added his name as co-sponsor. On February 19 Sen. Ray added his name as a co-sponsor.

Criminal Trespass SENATE BILL NO. 112, (see page 166). Reported back to the Senate on February 18 from Judiciary recommending that it do pass. Concurring: Rodey (Chairman), Faiks, Kelly, Ziegler and Halford. To Rules.

On February 22 the Senate passed the bill, 18-0-1-1. Excused: Coghill. Absent: Sackett. Senator Ray gave notice of reconsideration of his vote.

Oil & Gas Activities (haul road rights-of-way) CS FOR SENATE BILL NO. 115 (RESOURCES), (see pages 169; 272; 320). Reported back to the Senate on February 19 by Transportation with the committee recommending the Resources CS do pass. Concurring: Coghill (Chmn.), Faiks, Abood and Paul Fischer. To Rules.

Before the Senate on February 21. The Resources CS was adopted and the bill passed, 20-0. The effective date was adopted. The Resources letter of intent was adopted.

OTHER ACTION IN THE SENATE

Capital Punishment SENATE BILL NO. 119, (see page 170; 273). On February 18 a Finance referral was added. To HESS, Judiciary and then Finance.

SENATE BILLS RECEIVED (House)

Student Loan Program (eligibility) SENATE BILL NO. 17, (see pages 7;224; 306). Received in the House February 22 and referred to House Loans, Health, Education & Social Services.

William A. Egan Dav SENATE BILL NO. 18, (see pages 8;126;176;268;306). Received in the House February 20 and referred to State Affairs, Finance.

Oil & Gas Activities (haul road rights-of-way) CS FOR SENATE BILL NO. 115 (RES), (see pages 169;306). Received in the House and referred to House Oil & Gas, Resources, Transportation.

COMMITTEE REPORTS (House)

Civil Air Patrol (transfer of responsib.) EXECUTIVE ORDER NO. 59, (see pages 88;127;160). Reported back to the House February 18 by Finance recommending it be approved. Concurring: Adams (Chair), Ringstad, Larson, Uehling, Rieger, Frank and Binkley. To Rules.

AK Bar Assn. Bd. of Govs. (continuing) CS FOR SENATE BILL NO. 2 (JUD), (see pages 1;126;180;211; 245). Reported back to the House February 22 by Finance recommending it do pass. Concurring: Adams (Chair), Duncan, Szymanski, Larson, Pourchot, Ringstad, Uehling, Frank, Binkley and Cotten. To Rules.

Asbestos Health Hazards (abatement program) SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 5, (see pages 36;245). Reported back to the House February 20 by Labor & Commerce recommending it be replaced with a substitute and as follows: Koponen, Boucher and Davis recommend it do pass. Navarre (Chair), had no recommendation. Hanley signed "do not pass without amendments". Pearce signed "do not pass substitute." To Finance.

On February 20 Rep. Navarre removed his name as co-sponsor.

The Labor & Commerce substitute establishes an abatement program in the public schools and the University of Alaska. Removes "Findings and Purpose" section. Would allow shorter school terms in state public schools with the approval of the Commissioner of Education if the shorter term is necessary for abating asbestos health hazards in the school and the school board has submitted an acceptable plan under which the students will receive the approximate educational equivalent of a 180-day term.

Would require the Dept. of Labor to inspect school buildings in districts or REAA's that have not complied with federal EPA regulations, for the presence of asbestos, take samples as needed, answer questions, ensure quality control of samples, and enter into contracts for these purposes. The guidelines established by Dept. of Labor would have to be in conformity with EPA regulations. New section added requiring the Dept. of Labor to establish classifications of hazards according to the severity of the hazard and determine, based on the classifications, the order in which to proceed. Adds language requiring the Dept. of Labor to assist the University in its efforts to get rid of asbestos.

BILLS PASSED IN THE HOUSE

CSHB 102 (FIN), (cont'd)

While the authority granted in CS HB 102 (Finance), allows credit terms of sale for ARC assets to extend beyond 1989, it is the intent of the legislature that this authority be used only when there is a compelling economic reason to allow terms of sale other than cash payment, and then only to the extent that any credit granted is collateralized. No terms of sale should require state management effort beyond that needed for any other high-quality note receivable.

The Finance substitute would amortize payments over a period of 25 years or less (was "over a period of years"). It also states the debt created by the conversion "may include amortization of payments over a period of 25 years or less."

On February 27 the Finance substitute was adopted, and the bill passed, 31-7-1-1. Nays: Collins, Furnace, Jenkins, Martin, Pettyjohn, Phillips, Pignalberi. Excused: Herrmann. Absent: Wallis. The effective date clause was adopted. The letter of intent was adopted. Rep. Goll gave notice of reconsideration.

Reconsideration taken up March 1. Attempts to amend the bill failed and it passed on reconsideration, 29-7-4. Nays: Furnace, Goll, Jenkins, Martin, Pettyjohn, Phillips, Pignalberi. Excused: Cato, Frank, Herrmann, M. W. Miller. The effective date and letter of intent were again adopted.

Air Service
(essential)

CS FOR HOUSE JOINT RESOLUTION NO. 16 (TRSP) (AM), (see pages 244;326). On February 25 amendment 1 by Martin was adopted. It adds Majority Leader of the U. S. Senate, Robert Dole, to the list of those to whom the resolution will be sent. The resolution then passed the House, 32-3-2-3. Nays: Furnace, Marrou, Martin. Excused: Hurley, Pearce. Absent: Goll, Koponen, Shultz.

International
Youth Year

HOUSE CONCURRENT RESOLUTION NO. 10, (see page 375). Passed the House February 27, 36-1-1-2. Nay: Pettyjohn. Excused: Herrmann. Absent: Hurley, Wallis.

OTHER ACTION IN THE HOUSE

Oil & Gas
Activities
(haul road
rights-of-way)

CS SENATE BILL NO. 115 (RES), (see pages 169;272;306;320). On March 1 the Speaker waived the Oil & Gas referral. To Resources, then Transportation.

Reapportion-
ment of the
Legislature

HOUSE JOINT RESOLUTION NO. 4, (see page 80). On February 25 Rep. Taylor added his name as co-sponsor.

Ak Statutes
(corrective
amendments)

CS FOR HOUSE BILL NO. 157 (JUD) (AM), (see pages 200; 327). On February 25 the bill was not taken up for reconsideration and was transmitted to the Senate.

OTHER ACTION IN THE HOUSE

Oil & Gas Activities (haul road rights-of-way) CS FOR SENATE BILL NO. 115 (RES), (see pages 169; 272; 306; 320; 383). On March 4 the speaker waived the Resources referral. To Transportation.

Setting of Venue HOUSE BILL NO. 115, (see pages 144; 249). On March 6 the Speaker waived the Judiciary referral. To Rules.

Housing Loans (for perm. disabled) HOUSE BILL 146, (see page 191). On March 6 Rep. Davis added his name as co-sponsor.

State Employment (state leave) CS FOR HOUSE BILL NO. 153 (SA)(title am), (see pages 198; 286;379). On March 8 the State Affairs substitute was adopted (see page 286). Amendment 1 by Phillips was adopted, changing the title of the bill. The bill then failed to pass the House, 20-15-5. Nays: Binkley, Collins, Frank, Furnace, Hanley, Jenkins, Marrou, Martin, Pearce, Pettyjohn, Phillips, Rieger, Ringstad, Uehling, Wallis. Excused: Cotten, Davis, Koponen, Pignalberi, Shultz. Rep. Clocksin gave notice of reconsideration and the bill may be taken up again.

Motor-driven Cycle HOUSE BILL NO. 199, (see pages 279; 381). On March 6 the Speaker waived the Judiciary referral. To Rules.

Excise Tax on Cigarettes (increasing) HOUSE BILL NO. 249, (see page 370). On March 4 Rep. Gruenberg added his name as co-sponsor.

Native Children (care & custody of) HOUSE BILL NO. 255, (see page 374). On March 4 Rep. Herrmann added her name as co-sponsor.

GOVERNOR'S ACTION

Sewer System Failure (Haines) CS FOR HOUSE BILL NO. 134 (FINANCE), (see pages 183; 249; 267; 287; 358). Signed by the Governor on March 5 - Chapter 3, SLA 1985 (authorizing the expenditure of no more than \$1,600,000 from the disaster relief fund for a sewer system failure in Haines; and providing for an effective date).

This report is a simple compilation of information and it is not, nor is it intended to present, a legal interpretation.

This report includes all bills and resolutions introduced and all action taken in the Alaska House and Senate from March 4 through March 10, 1985.

STATE OF ALASKA



POUCH V
JUNEAU, ALASKA 99811
(907) 465-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

CSSB 115/CSHB 143

Sectional Analysis

CSSB 115 and CSHB 143 are identical bills, except for differences in their titles. Although the intent of both bills is exclusively to allow oil and gas activities to take place within the Dalton Highway right-of-way, the title of CSHB 143 is more specific to this purpose.

The Dalton Highway was constructed for the purpose of oil and gas exploration, development, and transportation, and it is the feeling of this committee that prohibitions within the highway corridor were never intended to apply to these activities. Passage of these bills would allow for the sale of oil and gas leases within the Dalton Highway right-of-way, as well as allowing for related oil and gas activities and the associated use of off-road vehicles. Timely passage of this legislation would also allow the Department of Natural Resources' May 1985 Kuparuk Uplands Sale #47 to take place on schedule.

Section 1.

(b)(1) This subsection addresses AS 38.05.180, which specifically applies to land disposals related to oil and gas leases. Disposals other than those related to oil and gas leasing cannot take place under this section.

(b)(2) This subsection refers to all other leases and materials sales necessary for oil and gas activities. These disposals include oil and gas pipeline right-of-way leases (AS 38.35) and materials sales (AS 38.05.110-120 and .810). Materials sales refer specifically to the sale of sand and gravel.

(c) Due consideration shall be given by the state to purchasing sand and gravel needed for reconstruction or maintenance of the highway from private sources in the area. This subsection is not intended to imply that preference should be given to purchasing materials from these sources, but only that due consideration be given to them.

Section 2.

This section allows off-road vehicles to be used within the Dalton Highway right-of-way when necessary for oil and gas activities. No changes are made to the existing exemption which allows miners to use off-road vehicles within the right-of-way to reach their claims.

Section 3.

This act is retroactive to October 5, 1980; the date at which this statute was first enacted. The reason for the retroactive date is that several leases and material sales have taken place within the right-of-way since 1980.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

January 31, 1985

The Honorable Mike Davis, Chairman
House Special Committee on Oil and Gas
Pouch V
Juneau, AK 99811

Dear Representative Davis:

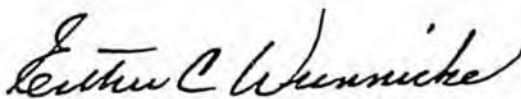
The Department of Natural Resources is requesting amendment of AS 19.40.200 and AS 19.40.210 to allow oil and gas exploration and development within five miles of the right-of-way of the Dalton Highway (North Slope Haul Road).

The statute presently prohibits the disposal of state land under AS 38 and use of off-road vehicles within five miles of the highway. "State land" under AS 38 includes oil and gas leases for exploration and production rights.

Although the department does not believe it was the intent of the 1980 Legislature to prohibit oil and gas activities along the highway, the statute as presently written may be interpreted to have that effect. Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985 and contains approximately 611,840 acres. Of that total, some 230,000 acres (52 of the 113 tracts) are within the five-mile corridor and will have to be deleted from the sale without clarification of the statutes cited above. Final notice of Sale 47 is scheduled to be given March 22, 1985.

I appreciate the willingness of your Committee to introduce HB 143, which would rectify the apparent oversight. Thank you in advance for your consideration and timely action on the bills.

Sincerely,



Esther C. Wunnicke
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 143
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Rep. Davis
 Date of Request: 1/31/85

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-

CAPITAL						
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REVENUE						
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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

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office

Phone: 465-2400
 Date: January 31, 1985

Approved by Commissioner: Wm D. Amundson
 Agency: Natural Resources

Date: January 31, 1985

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 115
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Sen. Stursulewski
 Date of Request: 1/31/85

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						
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700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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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

No fiscal impact.

Prepared By: Ned Farquhar
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BACKGROUND ON SB 115
DEPARTMENT OF NATURAL RESOURCES
February 8, 1985
Senate Resources Committee

DISPOSALS UNDER AS 38 NECESSARY FOR OIL AND GAS DEVELOPMENT:

- Oil and gas leases under AS 38.05.180 convey exploratory drilling rights and production rights for any oil and gas discovered.
- Material (sand and gravel) sales are made to private entities under AS 38.05.110-120 for roads, drill pads, offshore artificial drilling islands, causeways, and other facilities. "Sales" are also made to the Department of Transportation and Public Facilities for highway reconstruction and maintenance under AS 38.05.810 (public and charitable use).
- Oil and gas pipeline right-of-way leases under AS 38.35 are the required authorization to construct an oil or gas pipeline on or across state land.
- Leases under AS 38.05.070 are held by private service companies and contractors in the Prudhoe Bay Industrial Tract Subdivision. These companies and contractors sell, rent, and repair equipment and provide services to oil and gas lessees. Alyeska Pipeline Service Co. also holds leases (for example, construction camp site).

ACTIVITIES IMMEDIATELY AFFECTED BY THE PROPOSED LEGISLATION

- Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985, and contains approximately 611,840 acres. Of that total, about 230,000 acres (52 of the 113 tracts) are within five miles of the highway and would have to be deleted from the sale without the proposed clarification of existing statute. Final notice of Sale 47 is scheduled to be given March 22, 1985.
- Seismic exploration using off-road vehicles is currently prohibited within the 10-mile corridor.
- Several existing material sales to the Department of Transportation and Public Facilities, and current pending applications for continued materials requirements of Alyeska will be in jeopardy.

BILL SHEFFIELD, GOVERNOR

REPLY TO:

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 12, 1985

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: CSSB 115 (Res)

Dear Senator Sturgulewski:

Kay Brown, director of the division of oil and gas, has asked us to respond to your inquiry whether there would be any negative legal implications from the retroactive application of the proposed amendments to AS 19.40.200 - 19.40.210 contained in the referenced bill. 1/ We believe that there would not.

Although retrospective laws are generally not favored, curative legislation is encouraged. Here, the legislation is in part being proposed to validate certain existing AS 38.05 disposals and off-road vehicle activities which might otherwise be void for failure to conform with the existing proscriptions of

1/ You will recall that the inquiry was made at your meeting of February 8, at which time Ms. Brown proposed that the provisions of CSSB 115 (Res) be made retroactive. We had earlier advised Ms. Brown that any question regarding the validity of existing uses of state land along the Dalton Highway could be resolved in the context of an attorney general's opinion. However, on February 4, it was brought to our attention that at least one existing oil and gas lease would be void unless made valid by retroactive application of the proposed amendments contained in the bill.

AS 19.40.200 - 19.40.210. These disposals and activities were authorized by state officials under the mistaken belief that the provisions of AS 19.40.200 - 19.40.210 were limited in scope to certain circumstances of primary concern to the legislature when the original Act was passed, namely, the prohibition of cabin site and other land surface disposals under AS 38.05 and of hunting with ORVs along the Haul Road corridor. The plain language of the statute, however, exceeds this narrow application, even though a broad interpretation reportedly was not the legislature's original intent.

Nevertheless, even curative legislation must comply with certain legal requirements. Among these is the requirement of AS 01.10.090 for an express statement of retroactivity. The legislative drafting manual suggests that language providing for retroactive application of a bill be set out in a separate section immediately preceding the effective date section, and that the retroactive section and the sections of the bill that are to be retroactive have immediate effective dates. Thus, CSSB 115 (Res) should contain an additional section to read:

* Sec. 3. Sections 1 - 2 of this Act are retroactive to October 5, 1980. 2/

From a constitutional standpoint, a curative Act may not impair the obligation of contracts, take property without due process of law, or interfere with purely judicial matters. We are not aware of any potential problems arising in these three areas of concern if the presently proposed amendments to AS 19.40.200 - 19.40.210 are made retroactive to the effective date of the original Act. To the contrary, retroactive application will avoid the possibility of finding invalid existing uses of state land previously authorized by state officials.

In sum, we are of the opinion that CSSB 115 (Res), which grants new rights rather than takes away existing rights,

2/ The present Section 3, providing for an immediate effective date, would be renumbered Section 4.

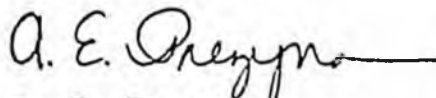
The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee

February 12, 1985
Page 3

will present no negative legal implications if its provisions are applied retroactively. To the contrary, because of the uncertain validity of some existing uses of state land, we strongly encourage inclusion in the bill of a retrospective clause such as the one we have suggested.

Very truly yours,

NORMAN GORSUCH
ATTORNEY GENERAL



By: Ann E. Prezyna
Assistant Attorney General

AEP/ma

cc: Kay Brown, Director
Division of Oil and Gas
Department of Natural Resources

Arthur H. Peterson
Assistant Attorney General
Department of Law - Juneau



Alaska State Legislature

House

Official Business

February 21, 1985

Pouch V
State Capitol
Juneau, Alaska 99811

Representative Bette Cato
Chairman
House Transportation Committee
Pouch V
Juneau, AK 99811

Dear Representative Cato:

Please hold HB 143 in your committee, at least until Representative Herrmann returns from her district. In the next day or so, I will forward to you an amendment that I think will be worthy of your review.

I would appreciate it if your committee would consider the amendment before moving HB 143. Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "F. Kay Wallis".

F. Kay Wallis
Representative

Offered: 2/11/85
Referred: Transportation

Original sponsor: Resources Committee

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 115 (Resources)

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 land use and disposal near a
7 highway right-of-way; and providing for an effective
8 date."

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

10 * Section 1. AS 19.40.200 is amended by adding new subsections to read:

11 (b) The prohibition on disposal of state land under (a) of this
12 section does not apply to a

13 (1) disposal necessary for an oil and gas lease under
14 AS 38.05.180;

15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas ^{north of 68 degrees north} or ^{latitude}
17 reconstruction or maintenance of the highway.

18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.

22 * Sec. 2. AS 19.40.210 is amended to read:

23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation or to a person who holds a mining claim in the
28 vicinity of the highway and who must use land within five miles of the
29 right-of-way of the highway to gain access to the [HIS] mining claim.

MAR 12 1985

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND AND WATER MANAGEMENT

March 5, 1985

555 CORDOVA STREET
POUCH 7-005
ANCHORAGE, ALASKA 99510-7005
PHONE: (907) 276-2653

The Honorable F. Kay Wallis, Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Wallis:

I appreciate the concerns expressed in your recent letter opposing state land selections in the Yukon Crossing area of the Trans-Alaska Pipeline System (TAPS) corridor. I have recently received similar sentiments from the Dinyea Corporation, Tanana Chiefs' Conference and Alaska Native Land Managers Association.

The state's effort to have the Bureau of Land Management (BLM) modify the TAPS corridor withdrawal from the Yukon River to the North Slope Borough boundary to allow possible state land selection is an extension of our attempt to receive the best available land as part of Alaska's remaining statehood entitlement. As you know, this area includes an important interior transportation route and land potentially valuable for multiple resources and uses. As such, it meets the legislature's intent through AS 38.05.290(a) that the commissioner give preference of selection to land which will provide maximum benefits to all the people of the state. The state has until 1994 to select the approximately 24 million acres remaining in our statehood entitlement. Given that the TAPS corridor is reasonably accessible and adjacent to some areas already selected or owned by the state, it is a favorable selection candidate. The alternative federal land available for state selection is generally very remote and not as attractive from a resource value or overall public benefit perspective. We look to the legislature for comment and direction as we complete the selection of Alaska's land base.

The department has recently initiated a planning process to establish which portions of the TAPS corridor should be selected. Department staff have consulted with representatives from the Dinyea Corporation on several occasions in order to gain a better understanding of local concerns and desires and to become more knowledgeable of local concerns associated with state ownership within the TAPS corridor. A representative from Stevens Village is also on the advisory committee to the planning team whose responsibility it is to recommend new selections, if any, in the TAPS corridor. We are studying this issue now and have requested BLM to revoke the existing withdrawal. However, citing numerous instances of an overriding "federal interest", BLM has been unresponsive to our interests.

March 5, 1985

Future land ownership and management in the TAPS corridor near the Yukon Crossing is also very important to the State of Alaska. Already there has occurred some service-related development at the Yukon Crossing. The existence of additional private land (several Native allotments and Cook Inlet Region, Inc. selections) at the Yukon Crossing suggests that further development will take place. Therefore, it is essential that management of the remaining public land (whether federal or state) be held accountable to a comprehensive land use planning process which involves local participation. The department will take into account local residents' traditional way of life as it has in other planning efforts, such as the Bristol Bay Area Plan.

Finally, I'd also like to emphasize that the Yukon Crossing land, although traditionally used, was never actually available for selection by Steven's Village under terms of the Alaska Native Claim Settlement Act (ANCSA). ANCSA set up a village selection withdrawal for Stevens Village which did not encompass this area. Therefore, I believe it is difficult to expect the state to recognize land claims not accepted by the BLM. However, through the planning process, we intend to address local needs and desires to the maximum extent practical.

Please let me know if I can provide further information or clarification. I will keep you informed of any further departmental activities in this area. Thanks for your interest and valuable comment.

Sincerely,

Tom Hawkins

Tom Hawkins
Director

cc: Commissioner Wunnicke
Governor Sheffield
Senator Ferguson
Senator Sackett
Dinyea Corporation
Steven's Village
Senator Sturgulewski
Representative Hermann
Representative Schultz
Representative Sund
Representative Thompson
Representative Miller (North Pole)
Representative Cato
Representative Pearce
Representative Jenkins
Jerry Brossia, Northern Region Director, DNR

Sec. 19.40.100. Use of the highway by industrial or commercial traffic. (a) The department shall maintain the highway and keep it open to industrial or commercial traffic throughout the year.

(b) "Industrial or commercial travel" means

(1) travel necessary and related to resource exploration and development or to support of those activities, if the individual engaged in those activities has all necessary permits; or

(2) travel necessary and related to access by local residents to their property; or

(3) motor carriers engaged in commerce which are common carriers or contract carriers regulated by the Alaska Transportation Commission under AS 42.10. (§ 3 ch 177 SLA 1980)

Sec. 19.40.110. Public use of a portion of the highway. The department shall maintain the section of the highway between the Yukon River and Dietrich Camp and shall keep that section of the highway open to use by the public between June 1 and September 1 each year. (§ 4 ch 177 SLA 1980; AS 19.40.120)

Revisor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.40.120. Closure of the highway to traffic. The provisions of AS 19.10.100 apply to the closure of the highway by the department. (§ 3 ch 177, SLA 1980; AS 19.40.110)

Revisor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.40.200. Prohibition on disposal of land within five miles of the highway. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. (§ 5 ch 177 SLA 1980)

Legislative history reports. — For 1781. For attorney general's opinion advising the governor that the house and senate did not pass the same bill, see Op. Attv. Gen. July 1, 1980.

Sec. 19.40.210. Prohibition of off-road vehicles. Off-road vehicles are prohibited on land within five miles of the right-of-way of the highway. However, this prohibition does not apply to a person who holds a mining claim in the vicinity of the highway and who must use land within five miles of the right-of-way of the highway to gain access to his claim. (§ 5 ch 177 SLA 1980; AS 19.40.200(b))

Revisor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Cl

Section

01. Definitions

02. Penalties

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Sec. 19.45

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per cent of the quantity or gross value of the output of potassium compounds and other related products, except sodium, at the point of shipment to market. The commissioner may lease land known to contain valuable deposits of potassium compounds that is not covered by permits or leases through advertisement, competitive bidding, or other methods prescribed by regulation. The area covered by the lease may not exceed 2,560 acres.

(b) Each lease shall be conditioned upon payment by the lessee of a royalty of not less than two per cent of the quantity or gross value of the output of potassium compounds and other related products, except sodium, at the point of shipment to market, and the payment in advance of a rental of 25 cents an acre for the first calendar year or fraction of it, 50 cents an acre for the second calendar year, third calendar year, fourth calendar year, and fifth calendar year, and \$1 an acre a year thereafter during the continuance of the lease. The rental for any one year shall be credited against royalties accruing for that year.

(c) Each lease shall be for a term of 20 years and so long thereafter as the lessee complies with the terms and conditions of the lease. (§ 3(6) art VIII ch 169 SLA 1959)

Sec. 38.05.180. Oil and gas leasing. (a) The legislature finds that

(1) the people of Alaska have an interest in the development of the state's oil and gas resources to

- (A) maximize the economic and physical recovery of the resources;
- (B) maximize competition among parties seeking to explore and develop the resources;
- (C) maximize use of Alaska's human resources in the development of the resources;

(2) it is in the best interests of the state to encourage an assessment of its oil and gas resources and to allow the maximum flexibility in the methods of issuing leases to

- (A) recognize the many varied geographical regions of the state and the different costs of exploring for oil and gas in these regions;
- (B) minimize the adverse impact of exploration, development, production, and transportation activity.

(b) The commissioner shall annually prepare and submit to the legislature, between the first and the fifteenth day of each regular legislative session, a five-year proposed oil and gas leasing program consisting of a schedule of proposed lease sales and specifying as precisely as practicable the location of tracts proposed to be offered for oil and gas leasing during the calendar year in which the proposed program is submitted to the legislature and the following four calendar years.

(c) Except as provided in (d) and (w) of this section, an oil and gas lease sale may not be held unless it was included in the proposed leasing programs submitted to the legislature during the two calendar

missioner determines is in the best interests of the state. Whenever, under any of the leasing methods listed in this subsection, a royalty share is reserved to the state, it shall be delivered in pipeline quality and free of all lease or unit expenses, including but not limited to separation, cleaning, dehydration, gathering, salt water disposal, and preparation for transportation off the lease or unit area. Following a pre-sale analysis, the commissioner may choose at least one of the following leasing methods:

(1) a cash bonus bid with a fixed royalty share reserved to the state of not less than 12½ per cent in amount or value of the production removed or sold from the lease;

(2) a cash bonus bid with a fixed royalty share reserved to the state of not less than 12½ per cent in amount or value of the production removed or sold from the lease and a fixed share of the net profit derived from the lease of not less than 30 per cent reserved to the state;

(3) a fixed cash bonus with a royalty share reserved to the state as the bid variable but no less than 12½ per cent in amount or value of the production removed or sold from the lease;

(4) a fixed cash bonus with the share of the net profit derived from the lease reserved to the state as the bid variable;

(5) a fixed cash bonus with a fixed royalty share reserved to the state of not less than 12½ per cent in amount or value of the production removed or sold from the lease with the share of the net profit derived from the lease reserved to the state as the bid variable;

(6) a cash bonus bid with a fixed royalty share reserved to the state based on a sliding scale according to the volume of production or other factor but in no event less than 12½ per cent in amount or value of the production removed or sold from the lease;

(7) a fixed cash bonus with a royalty share reserved to the state based on a sliding scale according to the volume of production or other factor as the bid variable but not less than 12½ per cent in amount or value of the production removed or sold from the lease.

(g) The share of the net profit derived from a lease reserved to the state under (f) of this section is royalty sale proceeds for the purposes of the Alaska permanent fund under AS 37.13.010.

(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. Should it be demonstrated that a lease has been proven unproductive by actions of adjacent lease holders, the commissioner may set aside a work commitment.

(i) The commissioner may provide for the establishment of an exploration incentive credit system under which a lessee of state land drilling an exploratory well on that land may earn credits based upon the footage drilled and the region in which the well is situated. The

years preceding the year in which the sale is held. A lease sale shall be held during the calendar quarter for which it is scheduled in the proposed oil and gas leasing program but may be delayed by the commissioner for not more than 90 days after the last day of the calendar quarter for which it was scheduled if the commissioner determines that a delay is in the best interest of the state. A lease sale which is not held during the calendar quarter for which it was scheduled in the oil and gas leasing program, or in the following 90-day period authorized by this subsection, may be held only if rescheduled as provided in (b) of this section. A lease sale may not be held before the date it is scheduled in the proposed oil and gas leasing program.

(d) The commissioner may issue oil and gas leases in an area that has not been included in a leasing program submitted, in accordance with (b) of this section, to the legislature if

(1) the land to be leased was previously subject to a valid state or federal oil and gas lease; or

(2) the land to be leased is contiguous to land already under state, federal or private lease and the commissioner makes a written finding, after hearing, that leasing of the land would result in a substantial probability of early evaluation and development of the land to be leased; or

(3) the land to be leased is adjacent to land owned or controlled by another party on which a discovery of commercial quantities of oil or gas has been made, and the commissioner finds, after hearing, that there is a reasonable probability that the land to be leased contains oil or gas in communication with the oil or gas discovered on the land of the other party; or

(4) the land to be leased is adjacent to land included in the federal five-year Outer Continental Shelf leasing program under 43 U.S.C. sec. 1344, and the commissioner makes a written finding, after hearing, that concurrent or simultaneous leasing with the federal government is in the public interest.

Simultaneously with submission of the leasing program required under (b) of this section, the commissioner shall submit to the legislature a report containing the following:

(1) the schedule of all lease sales held during the preceding calendar year, the bidding method or methods utilized, and an analysis of the results of the bidding;

(2) if determined, a description of the bidding methods to be used for all lease sales to be held during the current and next two succeeding calendar years;

(3) the reasons a particular bidding method has been selected.

(f) The commissioner may issue oil and gas leases on state land to the highest responsible qualified bidder determined by competitive bidding under regulations adopted by the commissioner. Bidding may be by sealed bid or according to any other bidding procedure the com-

commissioner may also provide for credits to be earned by persons performing geophysical work on state land, if that work is performed during the two seasons immediately preceding an announced lease sale and on land included within the sale area and the geophysical information is made public following the sale. Credits may not exceed 50 percent of the cost of the drilling or geophysical work. Credits may be used during a limited period established by the commissioner and may be assigned during that period. Credits may be applied against (1) oil and gas royalty and rental payments payable to the state or (2) taxes payable under AS 43.55. A credit may not exceed 50 percent of the payment toward which it is being applied. Amounts due the Alaska permanent fund (AS 37.13.010) shall be calculated before the application of credits under this subsection.

(j) To prolong the economic life of an oil and gas field, the commissioner shall adopt regulations for all bidding methods to allow reduction of royalty on leases within the field to compensate for increasing costs in the later stages of production decline. The commissioner may not grant a reduction of royalty until two years' initial production from the field has occurred and each lessee requesting the reduction has made a clear showing that the revenue from all hydrocarbons produced from the field is insufficient to produce a reasonable rate of return with respect to that lessee's total investment in the field.

(k) The commissioner shall define all terms and adopt all regulations necessary for a reasonable understanding and evaluation of a particular bidding method before the public announcement of the terms of proposed sale employing that method.

(l) Subject to the provisions of AS 31.05, the commissioner has discretion to enter into an agreement whereby, with the consent of the lessee, the state's royalty share of oil and gas production may be stored or retained in storage by the lessee, or the commissioner may enter into an agreement with one or more of the affected field lease holders to trade current royalty production from a field for a like amount, kind, and quality of future production, on the condition that the state receives back its stored or traded royalty share during the first half of the estimated field life or no later than 15 years after start of production, whichever is sooner.

(m) An oil and gas lease must cover a reasonably compact area not exceeding 5,760 acres, and may be for a maximum period of 10 years, except that the commissioner may issue a lease for a period not less than five years upon a finding that it is in the best interests of the state. An oil and gas lease shall be automatically extended if and for so long thereafter as oil or gas is produced in paying quantities from the lease or if the lease is committed to a unit approved by the commissioner. A lease issued under this section covering land on which there is a well capable of producing oil or gas in paying quantities does not expire because the lessee fails to produce oil or gas unless the lessee is allowed

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reasonable time to place the well on a producing status. Upon extension, the commissioner may increase lease rentals so long as the increased rental rate does not exceed 150 per cent of the rate for the preceding year. If drilling has commenced on the expiration date of the primary term of the lease and is continued with reasonable diligence, including such operations as re-drilling, sidetracking, or other means necessary to reach the originally proposed bottom hole location, the lease continues in effect until 90 days after drilling has ceased and for so long thereafter as oil or gas is produced in paying quantities. An oil and gas lease issued under this section which is subject to termination by reason of cessation of production does not terminate if, within 60 days after production ceases, reworking or drilling operations are commenced on the land under lease and are thereafter conducted with reasonable diligence during the period of nonproduction.

(n) The commissioner may establish by regulation that after a well has been plugged and abandoned, the rental rate which was in effect during the year of abandonment is maintained for the remainder of the term. Rental is payable in advance and continues until income to the state from royalty or net profit share exceeds rental income to the state for that year. Oil and gas leases shall provide for payment to the state of rental on the following basis:

- (1) for the first year, \$1.00 per acre;
- (2) for the second year, \$1.50 per acre;
- (3) for the third year, \$2.00 per acre;
- (4) for the fourth year, \$2.50 per acre;
- (5) for the fifth and following years, \$3.00 per acre.

(o) Upon timely application as provided by regulation, the state may issue to the holder of a federal or private lease, a state shoreland lease covering land within the exterior boundaries of the federal or private lease which has been excluded on the basis of navigability or which is later administratively or judicially determined to be shoreland. The term of such a state shoreland lease shall be the same as the term of the federal or private lease.

(p) To conserve the natural resources of all or a part of an oil or gas pool, field, or like area, the lessees and their representatives may unite with each other, or jointly or separately with others, in collectively adopting or operating under a cooperative or a unit plan of development or operation of the pool, field, or like area, or a part of it, when determined and certified by the commissioner to be necessary or advisable in the public interest. The commissioner may, with the consent of the holders of leases involved, establish, change, or revoke drilling, producing, and royalty requirements of the leases and adopt regulations with reference to the leases, with like consent on the part of the lessees, in connection with the institution and operation of a cooperative or unit plan as the commissioner determines necessary or proper to secure the proper protection of the public interest. The com-

missioner may require oil and gas leases issued under this section to contain a provision requiring the lessee to operate under a reasonable cooperative or unit plan, and may prescribe a plan under which the lessee must operate. The plan must adequately protect all parties in interest, including the state.

(q) A plan authorized by (p) of this section, which includes land owned by the state, may contain a provision vesting the commissioner, or a person, committee, or state agency, with authority to modify from time to time the rate of prospecting and development and the quantity and rate of production under the plan. All leases operated under a plan approved or prescribed by the commissioner are excepted in determining holdings or control under AS 38.05.140. The provisions of this section concerning cooperative or unit plans are in addition to and do not affect AS 31.05.

(r) Producing acreage on a known geologic structure of a producing oil or gas field is excluded from chargeability as against the acreage limitation provisions of AS 38.05.140.

(s) When separate tracts cannot be individually developed and operated in conformity with an established well-spacing or development program, a lease, or a portion of a lease, may be pooled with other land, whether or not owned by the state, under a communization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the commissioner to be in the public interest. Operations or production under the agreement are considered as operations or production as to each lease committed to the agreement.

(t) The commissioner may prescribe conditions and approve, on conditions, drilling, or development contracts made by one or more lessees of oil or gas leases, with one or more persons, when, in the discretion of the commissioner, the conservation of natural resources or the public convenience or necessity requires it or the interests of the state are best served. All leases operated under approved drilling or development contracts and interests under them, are excepted in determining holding or control under AS 38.05.140.

(u) To avoid waste or to promote conservation of natural resources, the commissioner may authorize the subsurface storage of oil or gas whether or not produced from state land, in land leased or subject to lease under this section. This authorization may provide for the payment of a storage fee or rental on the stored oil or gas, or, instead of the fee or rental, for a royalty other than that prescribed in the lease when the stored oil or gas is produced in conjunction with oil or gas not previously produced. A lease on which storage is so authorized shall be extended at least for the period of storage and so long thereafter as oil or gas not previously produced is produced in paying quantities.

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(v) [Repealed, § 36 ch 94 SLA 1980.]

(w) Notwithstanding any other provisions of this section, land which has been offered for lease within the previous five years and which received no bids at competitive sale or for which no bid was accepted may be, at the discretion of the commissioner, immediately offered for lease, under regulations adopted by the commissioner, upon terms appearing most advantageous to the state; however, noncompetitive leasing is prohibited. The commissioner shall establish a royalty determined to be in the public interest but not less than 12½ percent. A lease must provide for payment to the state or rental but need not adhere to the rental schedule in (n) of this section nor to the 5,760-acres-per-lease limitation in (m) of this section. The lease term may not exceed five years except as provided in (m) and (o) of this section.

(x) A lessee conducting or permitting any exploration for, or development or production of, oil or gas on state land shall provide the commissioner access to all noninterpretive data obtained from that lease and shall provide copies of that data, as the commissioner may request. The confidentiality provisions of AS 38.05.035 apply to the information obtained under this subsection.

(y) A noncompetitive lease existing at October 10, 1978 shall be extended for a period of two years and so long thereafter as oil and gas is produced in paying quantities. A noncompetitive lease extended under this subsection is subject to the regulations in force at the expiration of the initial five-year term of the lease. No extension may be granted, however, unless within a period of 90 days before the expiration date an application for extension is filed by the record title holder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval.

(z) No leases may be issued under this section without the inclusion of the following language: "The landowners' royalty share of the unit production allocated to each separately owned tract shall be regarded as royalty to be distributed to and among, or the proceeds of it paid to, the landowners, free and clear of all unit expense and free of any lien for it." Leases issued in violation of this subsection shall, for all purposes, be construed as containing the language required by this subsection. (§ 3(7) art VIII ch 169 SLA 1959; am § 18 ch 61 SLA 1960; am § 1 ch 124 SLA 1962; am §§ 4—7 ch 30 SLA 1964; am § 20 ch 70 SLA 1964; am § 2 ch 91 SLA 1967; am § 1 ch 65 SLA 1969; am § 1 ch 86 SLA 1970; am § 1 ch 155 SLA 1978; am § 16 ch 160 SLA 1978; am §§ 3, 4 ch 65 SLA 1979; am § 6 ch 18 SLA 1980; am § 36 ch 94 SLA 1980; am §§ 1—5 ch 111 SLA 1980; am §§ 11, 12 ch 161 SLA 1984)

Cross references. — For establishment 1980 amendment substituted "AS of drilling units for pools, see AS 37.13.010" for "AS 37.10.065" following 31.05.100. "permanent fund under" near the middle

Effect of amendments. — The first of subsection (g).

The second 1980 amendment repealed subsection (v).

The third 1980 amendment, in subsection (b), inserted "five-year" and "consisting of a schedule of proposed lease sales and," deleted "third and fourth calendar years following the" preceding "calendar year," and added at the end of the subsection "and the following four calendar years"; rewrote subsection (c); in subsection (d), added "or" at the end of paragraph (3), and added paragraph (4); in paragraph (2) of subsection (e), added "if determined" at the beginning of the paragraph, inserted "the bidding methods to be used for," and deleted "and, if determined, the bidding methods to be used" following "calendar years" at the end of the paragraph; and in subsection (w), inserted "or for which no bid was accepted" near the beginning of the subsection.

The 1984 amendment deleted a reference to the Alaska renewable resources development fund under AS 37.11.020 at the end of subsection (g) and in the last sentence of subsection (i), and made a

minor stylistic change in the next-to-last sentence of subsection (i).

Opinions of attorney general. — Former AS 38.05.305(a) did not apply to actions approving unit agreements in which one automatic consequence of unitization would be extension of the lease terms where the leases were issued prior to September 22, 1977, since extension of a lease term upon unitization did not constitute "renewal" within the meaning of former AS 38.05.305(a); moreover, there was good reason to believe that former AS 38.05.305(a) would also be inapplicable in the case of a unit involving state leases issued after September 22, 1977. November 25, 1977, Op. Att'y Gen.

The public notice requirement of AS 38.05.945 probably does not apply to the automatic lease term extension that occurs as a consequence of unitization since such extension is a measure to enhance the feasibility of unitized operation, not a disposal action. November 25, 1977, Op. Att'y Gen.

NOTES TO DECISIONS

Purpose of subsection (a). — The provisions of subsection (a) of this section were intended to insure that leases on valuable oil and gas producing state lands will be made available to the public on a fair and equitable basis, that the state will be adequately compensated for its natural resources, and that the state's resources are developed in an orderly fashion. For the commissioner to decide that these purposes are furthered by providing for bidding by cash bonus cannot be said to be unreasonable. *Kelly v. Zamarello*, Sup. Ct. Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

And construction thereof. — The only reasonable construction that can be placed on subsection (a) of this section is that the legislature intended to give the commissioner broad authority to determine the kind of bonus he will accept. The legislature at the time it passed subsection (a) was undoubtedly aware that under competitive bidding procedures different forms of bonuses might be offered. It did not itself prescribe a particular form, but instead provided that competitive bidding shall be "under general regulations," and that lands shall be leased upon the payment of "such bonus as may be accepted by the commissioner." The plain language of the statute shows that royalties were to be

fixed independently of the acceptance of the highest bonus. *Kelly v. Zamarello*, Sup. Ct. Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

The legislature has given the commissioner "broad authority" concerning competitive bidding procedures. *Champion Oil Co. v. Herbert*, Sup. Ct. Op. No. 1621 (File No. 3385), 578 P.2d 961, cert. denied, 439 U.S. 980, 99 S. Ct. 565, 58 L. Ed. 2d 650 (1978).

Subsection (a) of this section does not embody an overbroad delegation of legislative authority to the commissioner. *Champion Oil Co. v. Herbert*, Sup. Ct. Op. No. 1621 (File No. 3385), 578 P.2d 961, cert. denied, 439 U.S. 980, 99 S. Ct. 565, 58 L. Ed. 2d 650 (1978).

Power to change law respecting lease extensions is vested in state. — The governmental power to change the law respecting the granting of lease extensions, vested in Congress prior to statehood and preserved by § 6(k) of the Alaska Statehood Act, became vested in the state when the lands subject to the lease were granted to the state as its property. *Kirkpatrick v. Commissioner, Dep't of Natural Resources*, Sup. Ct. Op. No. 201 (File No. 388), 391 P.2d 7 (1964).

And has been exercised by the Alaska Land Act. — The state has exer-

the next-to-last

general. —
did not apply to
agreements in
consequence of
expiration of the lease
issued prior to
extension of a
did not consti-
tute the meaning of
the word. Moreover, there
was no former AS
rule applicable in
the case of state leases
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Commissioner of AS
did not apply to the
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Zamarelli,
File Nos. 1255,

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Champion Oil
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No. 1621) denied, 439
U.S. 980, 99 S. Ct. 565, 58 L. Ed. 2d 650

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berlain, Sup. Ct. Op. No. 1621
(File No. 1621), cert. denied, 439
U.S. 980, 99 S. Ct. 565, 58 L. Ed. 2d 650

respecting
the state. —
change the
terms of lease
issued prior to
expiration of the
lease (6th) of the
lease vested in
the state subject to the
provisions of its prop-
erty laws. Dep't
of Natural Resources, Sup. Ct. Op. No. 201
(File No. 388), 391 P.2d 7 (1964).

exercised by the
state has exer-

cised its power to change the law
respecting lease extensions by the Alaska
Land Act and by regulations adopted
under its authority. *Kirkpatrick v. Com-
missioner, Dep't of Natural Resources*,
Sup. Ct. Op. No. 201 (File No. 388), 391
P.2d 7 (1964).

Subsection (c) has no application to
pre-statehood federal leases. — Read in
the context of article 6 of this chapter, it
becomes apparent that subsection (c) of
this section, as to extensions, relates only
to leases issued by the state under the
authority of the Alaska Land Act, and is
not pertinent with respect to pre-statehood
federal leases. *Kirkpatrick v. Commis-
sioner, Dep't of Natural Resources*, Sup.
Ct. Op. No. 201 (File No. 388), 391 P.2d 7
(1964).

Subsection (c) of this section, relating to
extensions of state oil and gas leases, has
no application to federal leases of lands
granted to the state by the Alaska
Statehood Act. Hence, appellant had no
right to an extension of its federal lease,
but only a right, which it was granted
under the commissioner's regulations, to a
state lease for a period of two years
following expiration of the original
five-year term of its federal lease.
*Kirkpatrick v. Commissioner, Dep't of
Natural Resources*, Sup. Ct. Op. No. 201
(File No. 388), 391 P.2d 7 (1964).

Nor to lands classified by Statehood
Act as competitive. — The language of
this section is not directed to a situation
where lands have been classified as com-
petitive by the Alaska Land Act itself, and
where there is no room for the exercise of
the commissioner's authority to make
classifications. *Kirkpatrick v. Commis-
sioner, Dep't of Natural Resources*, Sup.
Ct. Op. No. 201 (File No. 388), 391 P.2d 7
(1964).

Effect of Alaska Statehood Act and
statutes on pre-statehood federal
leases. — For effect of the Alaska
Statehood Act and statutes enacted by the
Alaska State Legislature on oil and gas
leases of Alaska lands issued by the
United States Department of the Interior
while Alaska was a territory of the United
States, see *Kirkpatrick v. Commissioner*,
Dep't of Natural Resources, Sup. Ct. Op.
No. 201 (File No. 388), 391 P.2d 7 (1964).

"Commercial quantities" construed.
— See *Pan Am. Petroleum Corp. v. Shell
Oil Co.*, Sup. Ct. Op. No. 553 (File No. 918),
455 P.2d 12 (1969).

The words "bonus" and "royalty" in
their broadest concepts and meanings are
conflicting and overlapping. On the other

hand, when it is necessary that they be
distinguished, there is a narrower concept
of the two terms as they are ordinarily and
commonly used and understood in the oil
and gas industry in which they do not con-
flict but are harmonious. In this narrower
sense, a reservation or a payment of a part
or percentage of production under a lease
which is to continue throughout the life of
the lease is regarded as "royalty," and a
sum certain to be paid in cash or out of
production is regarded as "bonus." *Kelly v.
Zamarelli*, Sup. Ct. Op. No. 705 (File Nos.
1255, 1256), 486 P.2d 906 (1971).

In its broadest sense, "bonus" is any con-
sideration given for a lease over and
beyond the usual $\frac{1}{8}$ th royalty, whether
the additional consideration be paid or
payable and whether paid in cash or pay-
able out of production. *Kelly v. Zamarelli*,
Sup. Ct. Op. No. 705 (File Nos. 1255,
1256), 486 P.2d 906 (1971).

In its broadest aspect, "royalty" is a
share of the product or profit reserved by
the owner for permitting another to use
the property. In this broad sense, a sum
certain to be paid out of production,
although "bonus" in that it is con-
sideration in addition to the usual $\frac{1}{8}$ th
royalty, would also be "royalty." *Kelly v.
Zamarelli*, Sup. Ct. Op. No. 705 (File Nos.
1255, 1256), 486 P.2d 906 (1971).

Choosing concept of "bonus" most
commonly encountered. — In choosing
the concept of "bonus" most commonly
encountered in the oil and gas industry,
defendants acted neither unreasonably
nor arbitrarily. *Kelly v. Zamarelli*, Sup.
Ct. Op. No. 705 (File Nos. 1255, 1256), 486
P.2d 906 (1971).

Requiring compensation for lease
immediately upon award of lease. — It
is not unreasonable for the commissioner
to determine that it is in the state's best
interest to receive compensation for the
leases immediately upon the award of the
lease, rather than to wait for uncertain
sums to arrive in the form of premium
royalties. *Kelly v. Zamarelli*, Sup. Ct. Op.
No. 705 (File Nos. 1255, 1256), 486 P.2d
906 (1971); *Champion Oil Co. v. Herbert*,
Sup. Ct. Op. No. 1621 (File No. 3385), 578
P.2d 961, cert. denied, 439 U.S. 980, 99 S.
Ct. 565, 58 L. Ed. 2d 650 (1978).

Considering only cash portions of
bids. — In considering only the cash por-
tion of plaintiffs' 33 bids, defendants acted
pursuant to valid regulations which pro-
vided that a lease would be awarded to the
bidder offering the highest cash bonus.
Since other bids on the 33 tracts contained
higher cash offerings than plaintiffs' bids,

the defendants acted properly in determining that the high cash bids on those 33 tracts were the apparent high bids, not plaintiffs' bids. *Kelly v. Zamarello*, Sup. Ct. Op. No. 705 (File Nos. 1255, 1256), 486 P.2d 906 (1971).

Commissioner empowered to grant royalty reduction. — This section empowers the commissioner of the Department of Natural Resources, not the director, division of lands, to grant the specified royalty reduction. *Union Oil Co. v. State Dept. of Natural Resources*, Sup. Ct. Op.

No. 1087 (File No. 2025), 526 P.2d 1357 (1974).

Applied in *Union Oil Co. v. State*, Sup. Ct. Op. No. 1563 (File No. 2550), 574 P.2d 1266 (1978); *Hammond v. North Slope Borough*, Sup. Ct. Op. No. 2499 (File Nos. 5550, 5558), 645 P.2d 750 (1982); *Chevron U.S.A., Inc. v. LeResche*, Sup. Ct. Op. No. 2659 (File Nos. 6396, 6648), 665 P.2d 923 (1983).

Stated in *McKinnon v. Alpetco Co.*, Sup. Ct. Op. No. 2413 (File No. 5546), 633 P.2d 281 (1981).

Collateral references. — Abandonment of oil or gas lease by parol declaration, 13 ALR2d 951.

Validity of compulsory pooling or unitization statute or ordinance requiring owners or lessees of oil and gas lands to develop their holdings as a single drilling unit and the like, 37 ALR2d 434.

Oil and gas as "minerals" within deed, lease, or license, 37 ALR2d 1440.

Secondary recovery of oil and gas, 93 ALR2d 451.

Rights of parties to oil and gas lease or royalty deed after expiration of fixed term where production temporarily ceases, 100 ALR2d 385.

Right and measure of recovery for breach of obligation to drill exploratory oil or gas wells, 4 ALR3d 284.

"Dry hole" as "well" within undertaking to drill well, 15 ALR3d 450.

Water use: construction of oil and gas lease provision giving lessee free use of water from lessor's land, 23 ALR3d 1434.

Construction of oil and gas lease as to

the lessee's right and duty of geophysical or seismograph exploration or survey, 28 ALR3d 1426.

Distillate: rights, under oil and gas lease, deed, or sales contract, to "distillate," "condensate," or "natural gasoline", 38 ALR3d 983.

Meaning of "paying quantities" in oil and gas lease, 43 ALR3d 8.

Validity, construction, and application of entirety clause in gas and oil lease, 48 ALR3d 706.

Abandoned well: duty and liability as to plugging oil or gas well abandoned or taken out of production, 50 ALR3d 240.

Grant, lease, exception, or reservation of "oil, gas, and other minerals, or the like," as including coal or metallic ores, 59 ALR3d 1146.

Market value: meaning of, and proper method for determining, market value or market price in oil and gas lease requiring royalty to be paid on standard measured by such terms, 10 ALR4th 732.

Sec. 38.05.181. Geothermal resources. (a) The commissioner may, under regulations adopted by the commissioner, grant prospecting permits and leases to a qualified person to explore for, develop, or use geothermal resources. When title to the surface parcel is held by a person other than the state, that person shall have a preferential right to a geothermal prospecting permit or lease for the area underlying the surface parcel. The surface owner must exercise the preference right within 30 days after receiving notice of the application for a permit, or by agreeing to meet the terms of a bid within 60 days after receiving notice of the acceptance of the bid for a lease.

(b) The commissioner may designate a geothermal area or portion of it a competitive geothermal area. A designation as a competitive geothermal area must be on the basis of substantial geologic indications of geothermal resources or on the basis of competitive interest in geothermal resources of the area.

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D.C. BAR ONLY
 AD. C. AND ALASKA BAR
 ALL OTHERS ALASKA BAR ONLY

March 5, 1985

Barbara Kato
 Alaska State Legislature
 Room 1 V (MS3100)
 Juneau, Alaska 99811

Via Telecopy

Dear Representative Kato:

I am writing this letter on behalf of Yukon Pacific Corporation, sponsors of the TransAlaska Gas System, at the direction of Mead Treadwell. I am counsel for the Yukon Pacific Corporation.

Yukon Pacific Corporation fully supports passage of H.B. 143 and Senate Bill 115. Either bill would allow for a state pipeline right-of-way lease for transportation of gas along the Dalton Highway.

It is imperative that language similar to that used in CSSB 115 be maintained in H.B. 143 so that the state will continue to have every opportunity to maximize development of the North Slope resources. To be quite honest, under the law now stands, no company could realistically submit an application for a new pipeline project in Alaska. Under the State Right-of-Way Leasing Act (A.S. 38.35, et. seq.) members of the public are given ample opportunity to impact pipeline decisions. During discussions of our application for a state right-of-way we will be working closely with affected communities along the entire route. However that process can't begin without this bill.

Bette Kato
March 5, 1985
Page 2

We appreciate your attention to this matter.

Sincerely,

BIRCH, HORTON, BITTNER,
PESTINGER & ANDERSON

Jeffrey Lowenfels / By R.M.C.

Jeffrey B. Lowenfels
Counsel for Yukon Pacific
Corporation

JBL/rmc

LETTER FROM JEFFREY B. LOWENFELS,
COUNSEL FOR THE YUKON PACIFIC CORPORATION

* * * * *

I am writing this letter on behalf of Yukon Pacific Corporation, sponsor of the TransAlaska Gas System, at the direction of Mead Treadwell. I am counsel for the Yukon Pacific Corporation.

Yukon Pacific Corporation fully supports passage of H.B. 143 and Senate Bill 115. Either bill would allow for a state pipeline right-of-way lease for transportation of gas along the Dalton Highway.

It is imperative that language similar to that used in CSSB 115 be maintained in H.B. 143 so that the state will continue to have every opportunity to maximize development of the North Slope resources. To be quite honest, as the law now stands, no company could realistically submit an application for a new pipeline project in Alaska. Under the State Right-of-Way Leasing Act (A.S. 38.35. et. seq.) members of the public are given ample opportunity to impact pipeline decisions. During discussions of our application for a state right-of-way we will be working closely with affected communities along the entire route. However that process can't begin without this bill.

We appreciate your attention to this matter.



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

SENATE LETTER OF INTENT
FOR
CSSB 115(Res)

It is the intent of the Senate Resources Committee that leases necessary for communication equipment or facilities related to oil or gas activity is included as allowable under Section 1(b)(2) of CSSB 115(Resources).

Adopted by the Senate, February 21, 1985.

COMMITTEE REPORT

4/11

HOUSE

Rules

(7)

FURTHER:

3/4/85

(O & G waived 3/1/85)
(Res waived 3/4/85)

Date: 11 April 1975

Mr. Speaker:

The Committee on TRANSPORTATION has had CSSB 115(Res)

"An Act relating to land use and disposal near a highway right-of-way; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches ^{*Supports Senate*} a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Marvin Miller

Mont Furuse

Mike Dean

A. G. H.

Dick Smith

Little Note

Arthur Brown

Little Note

CHAIRMAN

Alaska State Legislature



House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

MEMORANDUM

Date: 11 April 1985
To: Irene Cashen, Chief Clerk
From: The House Transportation Committee
Re: Senate Letter of Intent for CSSB 115(Res)

Dear Ms. Cashen:

The House Transportation Committee supports the Senate Letter of Intent for CSSB 115(Res) and passes it out of committee.

February 21, 1985

SB 17 cont'd

Senator Halford moved and asked unanimous consent that SENATE BILL NO. 17 be considered, engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

SENATE BILL NO. 17 was read the third time.

The question being: "Shall SENATE BILL NO. 17 (applicability of the scholarship loan program to students attending more than one postsecondary educational institution; efd) pass the Senate?" The roll was taken with the following result:

SB 17 3RD

Yeas: 20 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Josephson,
Kelly, Kerttula, Ray, Rodey,
Sackett, Sturgulewski, Zharoff,
Ziegler

Nays: 0

and so, SENATE BILL NO. 17 passed the Senate.

Senator Halford moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

SENATE BILL NO. 17 was referred to the secretary for engrossment.

SB 115

SENATE BILL NO. 115 (oil and gas exploration along highway rights-of-way) was read the second time.

Senator Sturgulewski moved and asked unanimous consent for the adoption of the Resources Committee Substitute offered on page 264. Without objection CS FOR SENATE BILL NO. 115 (RES) (land use and disposal near a highway right-of-way; efd) was adopted.

CS FOR SENATE BILL NO. 115 (RES) was read the second time.

February 21, 1985

SB 115 cont'd

Senator Halford moved and asked unanimous consent that CS FOR SENATE BILL NO. 115 (RES) be considered, engrossed, advanced to third reading and placed on final passage. Senator Ray objected, then withdrew his objection. There being no further objection, it was so ordered.

CS FOR SENATE BILL NO. 115 (RES) was read the third time.

Senator Halford moved and asked unanimous consent that the title change be adopted. Without objection, the new title was adopted.

The question being: "Shall CS FOR SENATE BILL NO. 115 (RES) (land use and disposal near a highway right-of-way; efd) pass the Senate?" The roll was taken with the following result:

CSSB 115 RES 3RD

Yeas: 20 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Josephson,
Kelly, Kerttula, Ray, Rodey,
Sackett, Sturgulewski, Zharoff,
Ziegler

Nays: 0

and so, CS FOR SENATE BILL NO. 115 (RES) passed the Senate.

Senator Halford moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

Senator Ziegler made a parliamentary inquiry, asking at what stage a letter of intent is adopted.

President Berett stated that hereafter letters of intent would be adopted prior to the vote on a bill.

Senator Halford moved and asked unanimous consent that the Resources Committee Letter of Intent offered on page 264 be adopted as a Senate Letter of Intent. Without objection, the Senate Letter of Intent was adopted.

CS FOR SENATE BILL NO. 115 (RES) was referred to the Secretary for engrossment.

SECOND READING OF HOUSE RESOLUTIONS

HCR 7

HOUSE CONCURRENT RESOLUTION NO. 7 (Joint Special Committee on Foreign Trade) was read the second time.

HOUSE CONCURRENT RESOLUTION NO. 7 was before the Senate on final passage.

The question being: "Shall HOUSE CONCURRENT RESOLUTION NO. 7 (Joint Special Committee on Foreign Trade) pass the Senate?" The roll was taken with the following result:

HCR 7

Yeas: 17 Abood, Bennett, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Fischer Paul, Fischer Vic, Josephson, Kelly, Kerttula, Ray, Rodey, Sturgulewski, Zharoff, Ziegler

Nays: 2 Ferguson, Halford

Absent: 1 Sackett

Kerttula changed from nay to yea

and so, HOUSE CONCURRENT RESOLUTION NO. 7 passed the Senate, was signed by the President and Secretary and returned to the House.

CITATIONS

Senator Halford moved and asked unanimous consent that the following citations be adopted:

In Memoriam - Stanley Taff
by Senator Sackett
Representative Binkley

Honoring - Western Council Boy Scouts of America
by Representatives Martin, Hanley, Gruenberg, Marrou and Clocksin
Senators Vic Fischer, Sturgulewski, Halford, DeVries, Paul Fischer and Rodey

Without objection, the citations were adopted and referred to the Secretary for transmittal.

SB 183

SENATE BILL NO. 183 by Senator DeVries, entitled:

"An Act making a special appropriation for payment as a grant to the Matanuska-Susitna Borough for various capital improvement projects within the Matanuska-Susitna Borough School District; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services Committee and the Finance Committee.

SB 184

SENATE BILL NO. 184 by Senator DeVries, entitled:

"An Act making a special appropriation for payment as a grant to the City of Wasilla for water system expansion and making a special appropriation for payment as a grant to the City of Palmer for water main replacement and storm sewers; and providing for an effective date."

was read the first time and referred to the Resources Committee and the Finance Committee.

SB 185

SENATE BILL NO. 185 by Senators Fahrenkamp, Halford, Faiks, Ziegler, Kerttula and Paul Fischer, entitled:

"An Act relating to legislative disapproval of the Alaska Coastal Management Program."

was read the first time and referred to the Resources Committee.

CONSIDERATION OF THE CALENDAR

SECOND READING OF SENATE BILLS

SB 17

SENATE BILL NO. 17 (applicability of the scholarship loan program to students attending more than one postsecondary educational institution; efd) was read the second time.

Representative Ringstad - March 15, 1985

Representative Fuller - March 14 through
plane time March 18, 1985

Representative Cotten - March 6 through
March 11, 1985

Representative Davis - March 6 through
March 11, 1985

Representative Pignalberi - March 6 through
March 11, 1985

There being no objection, it was so ordered.

CSSB 115(Res)

The Speaker waived the Resources Committee referral on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 115 (Resources) (relating to land use and disposal near a highway right-of-way; effective date) at the request of the Co-Chairman. CSSB 115(Res) was sent to the Transportation Committee.

HB 249

Representative Gruenberg added his name as co-sponsor to HOUSE BILL NO. 249 (increasing the excise tax on cigarettes; effective date).

HB 255

Representative Herrmann added her name as co-sponsor to HOUSE BILL NO. 255 (authorizing the Department of Health and Social Services to enter into agreements concerning the care and custody of Native children).

ENGROSSMENT AND ENROLLMENT

CSHB 30(Fin)

CSHB 30(Fin) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

CSHB 134(Fin)

The following was enrolled, signed by the Speaker and Chief Clerk, President and Secretary of the Senate and the engrossed and enrolled copies were transmitted to the Office of the Governor at 4:03 p.m., March 1, 1985:

CSHB 134(Fin)

Authorizing the expenditure of no more than \$1,600,000 from the disaster relief fund for a sewer system failure in Haines; effective date.

ANNOUNCEMENTS

Reception Association of Alaska School Boards	A.J. Room Baranof Hotel	5:00 p.m., 3/4
Reception Alaska State Hospital Association & the Alaska Rural Electric Coop. Assoc.	Treadwell Room Baranof Hotel	5:30 p.m., 3/4
Breakfast Human Services Coalition	Baranof Hotel	7:15 a.m., 3/6

Revised Weekly Committee Schedule printed under separate cover this date.

ADJOURNMENT

Representative Clocksin moved and asked unanimous consent that the House adjourn until 10:00 a.m., March 6, 1985. There being no objection, the House adjourned at 11:45 a.m.

Irene Cashen
Chief Clerk

SPECIAL ORDERS

Senator Vic Fischer moved and asked unanimous consent that he be excused from a call of the Senate on March 1 and March 4. Without objection, Senator Vic Fischer was excused.

Senator Zharoff moved and asked unanimous consent that he be excused from a call of the Senate February 26-March 1. Without objection, Senator Zharoff was excused.

Senator Coghill moved and asked unanimous consent that he be excused from a call of the Senate on March 1. Without objection, Senator Coghill was excused.

ENGROSSMENT

SB 17

SENATE BILL NO. 17 was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

SB 115

CS FOR SENATE BILL NO. 115 (RES) was engrossed, signed by the President and Secretary and transmitted to the House for consideration with a Senate Letter of Intent.

ADJOURNMENT

Senator Halford moved and asked unanimous consent that the Senate adjourn until 11:00 a.m., February 22, 1985. Without objection, the Senate adjourned at 11:58 a.m.

Peggy Mulligan
Secretary of the Senate

February 1985

Committee meetings in the Capitol
 Change in time or place

COMMUNITY AND REGIONAL AFFAIRS - BELTZ RM 211 - 3:30

Feb 21 Local Boundary Commission cont'd
 SB 47 Appropriations for water and sewer projects
 SB 113 Senior Citizen tax exemptions
 26 Unfinished committee bills
 28 SB 69 Sale of alcoholic beverages
 SB 137 Senior citizen housing

FINANCE - SENATE FINANCE - 8:30 am

Feb 22 U of A, Governor, Depts Environmental Conservation,
 Revenue, Community & Regional Affairs capital budgets

HEALTH EDUCATION & SOCIAL SERVICES - BELTZ RM 211 - 1:30

Feb 21 Gov Council for Handicapped and Gifted briefing
 26 Mental health lands, Fairbanks Mental Health
 Facility
 28 TELECONFERENCE SB 165 Child care centers
 SB 109 Chiropractic services under Medicaid

JUDICIARY - BUTROVICH RM 205 - 1:30

Feb 21 SB 56 Longevity bonus; permanent fund; annuity
 programs

LABOR & COMMERCE - BELTZ RM 211 - 3:30

Feb 22 Confirmation hearing: Commissioner Lounsbury,
 Dept Commerce & Economic Development

RESOURCES - BUTROVICH RM 205 - 1:30

Feb 22 HB 7 Dept Fish & Game releas. confidential records
 SJR 5 Land Use Council oppose Steese and White
 Mountain Management Plans
 SJR 10 Rights-of-way on BLM plats (RS 2477)
 25 DNR overview of Susitna, Tanana & Bristol Bay Plans
 SJR 14 Simeonof Island cattle slaughter
 27 SB 105 Palmer Hay Flats State Game Refuge
 SB 11 Fisheries business tax
 Mar 1 Limited Entry Commission overview
 SB 83 Limited Entry Act

STATE AFFAIRS - BUTROVICH RM 205 - 8:30 am

Feb 26 SB 173 Campaign reform
 27 SB 62 Prohibit aerial wolf hunting TELECONFERENCE

TRANSPORTATION - BUTROVICH RM 205 - 3:30

Feb 22 No meeting
 25 SB 82 Weights and measures
 Air fare hearing, Alaska and United
 27 SJR 11 Jones Act
 Mar 1 No meeting
 Mar 11-15 School bus hearings

MAJORITY CAUCUS - BUTROVICH RM 205 - AFTER SESSION

Feb 21

ANCHORAGE CAUCUS - HOUSE FINANCE RM - NOON

Feb 22 No meeting

UNFINISHED BUSINESS

Representative Clocksin moved and asked unanimous consent that the following members be excused from a call of the House:

Representative Rieger - March 15, 1985

Representative Pignalberi - March 6 through plane time March 10, 1985

Representative Boucher - After session March 8 through March 11, 1985

Representative Szymanski - March 4, 1985

Representative Shultz - March 7 through March 10, 1985

There being no objection, it was so ordered.

HB 168

The Speaker waived the Judiciary Committee referral on HOUSE BILL NO. 168 (construction contractors; effective date) at the request of the Chairman.

HB 168 was sent to the Finance Committee.

CSSB 115(Res)

The Speaker waived the House Special Committee on Oil & Gas referral on COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 115 (Resources) (land use and disposal near a highway right-of-way; effective date) at the request of the Chairman.

CSSB 115(Res) was sent to the Resources Committee with a further referral to the Transportation Committee.

ENGROSSMENTCSHB 1(Trsp)

CSHB 1(Trsp) was engrossed, signed by the Speaker and Chief clerk and transmitted to the Senate for consideration.

CSHB 102(Fin)

CSHB 102(Fin) was engrossed, signed by the Speaker and Chief Clerk and transmitted to the Senate for consideration.

ANNOUNCEMENTS

Budget & Audit	Capitol 519	Noon, 3/1
Minority Caucus	Capitol 24	Noon, 3/1
Finance	Capitol 519	1:30 p.m., 3/1
HB 130 Educational employees' collective bargaining agreements; eff. date		

Revised Weekly Committee Schedule is printed under separate cover this date.

ADJOURNMENT

Representative Clocksin moved and asked unanimous consent that the House adjourn until 11:00 a.m., March 4, 1985. There being no objection, the House adjourned at 11:55 a.m.

Irene Cashen
Chief Clerk

REPORTS OF STANDING COMMITTEESSB 106

The State Affairs Committee has considered SENATE BILL NO. 106 (relating to Alaska bidder preference) and reports it back as follows: Hurley (Chairman), Cato, Collins, Jenkins, M.M. Miller, Boucher and Navarre recommend do pass. Two zero fiscal notes were attached.

SB 106 was referred to the Finance Committee.

CSSB 115(Res)

The Transportation Committee has considered COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 115 (Resources) (relating to land use and disposal near a highway right-of-way; effective date) and reports it back as follows: Cato (Chairman), Pignalberi, Furnace, Davis, Marrou and Shultz recommend do pass; Herrmann has no recommendation. The Committee supports the Senate Letter of Intent (page 264, Senate Journal).

CSSB 115(Res) was referred to the Rules Committee for placement on the calendar.

HCR 26

The Rules Committee has considered HOUSE CONCURRENT RESOLUTION NO. 26 (proposing amendments to Rule 23 of the Uniform Rules of the Alaska State Legislature relating to committee meetings; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE CONCURRENT RESOLUTION NO. 26 (Rules) (same title) and reports it back as follows: M.W. Miller (Chairman), Fuller, Grussendorf, Davis and Wallis recommend do pass; Pignalberi has no recommendation; Martin signed "Will be good for a one year experiment."

HCR 26 was returned to the Rules Committee for placement on the calendar.

HB 15

The Community & Regional Affairs Committee has considered HOUSE BILL NO. 15 (requiring an advisory election before an annexation may be proposed to the legislature), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 15 (Community & Regional Affairs):

HB 15

"An Act relating to advisory elections on certain annexation proposals."

and reports it back as follows: Goll (Chairman), Koponen, Marrou and Wallis recommend do pass; Gruenberg, Phillips and Furnace have no recommendation. A fiscal note was attached.

HB 15 was referred to the State Affairs Committee.

The fiscal note appears in House Journal Supplement No. 46.

HB 44

The House Judiciary Committee submitted a letter of intent to accompany their committee report (page 819) for HOUSE BILL NO. 44 (establishing additional state land as marine park units of the state park system). The letter, which was signed by Chairman M.M. Miller, appears below:

HOUSE JUDICIARY COMMITTEE
LETTER OF INTENT
FOR
CSHB 44 (Jud)

"The House Judiciary Committee has heard HB 44, establishing a number of marine parks in Southeast Alaska, and has replaced the original bill with CSHB 44 (Judiciary).

It was the intent of the Judiciary Committee, in passing the bill without an additional appropriation to the Department of Natural Resources, that the department should, to the greatest extent possible, initiate planning for the management of marine parks in Southeast and Southcentral Alaska using existing staff and staff time and resources.

This planning process should take into consideration the concerns of legislators that a process be developed for management and the addition of capital improvements as money becomes available and is appropriated by the legislature in future years. The planning should include some initial work on the need for, and proper location of, mooring buoys, docks and other appropriate facilities. The process should also include the initiation of discussions with the U.S. Forest Service for state-federal coordination and cooperation in recreation planning as a part of that federal agency's mandate for recreation improvements as part of their responsibilities of multiple-use management.

The Judiciary Committee is also cognizant of legislative intent of previous years regarding marine parks legislation, that no funding for management or improvement of marine parks established under the program would be made available at least until the late 1980s. In light of that